

SUSTAINABILITY REPORT 2024



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01. General Information

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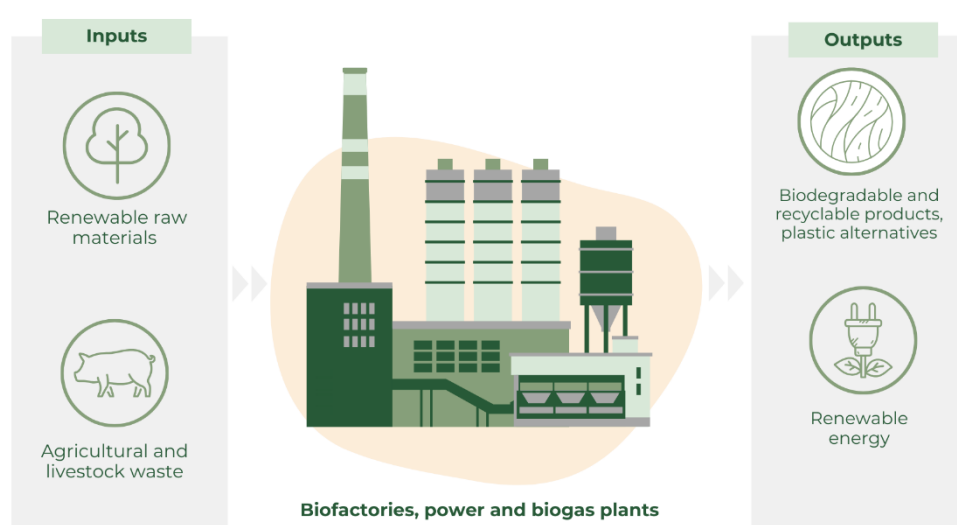
1. General Information

1.1 Business model

Bio-economy as a lever for decarbonisation

Ence's business model is based on the use of renewable and local natural resources to manufacture pulp and high added-value bioproducts and generate green energy. Ence thus offers society renewable alternatives to replace materials from fossil sources and promotes the decarbonisation of the economy, in line with EU environmental objectives.

Ence's **business model is circular**, since most of the raw materials it uses (such as wood) are renewable, and in many cases, it re-uses by-products from other sectors, such as agricultural, forest and livestock biomass, thereby helping to make other value chains more circular too. In this way, Ence offers solutions for these by-products, which, if left unmanaged, can have adverse environmental effects. Furthermore, the vast majority of the by-products that Ence generates as a result of its activity are recovered or reused as secondary raw materials in the same industrial process or in other industries.



In addition, Ence's business model is based on **local resources**, contributing to the generation of value and employment in the rural world and in the communities in which it operates, the company thus playing a very important role in the fight against depopulation and abandonment in these areas, and in reindustrialisation and the just transition. Also, most of its products are marketed in Europe, which limits the organisation's carbon footprint, and the company contributes to offering local alternatives, consolidating the European market.

1.2 Business lines

Ence applies its circular, proximity business model to four business lines, which all share the same vision: pulp production, sustainable forest management, renewable energy generation from biomass and biomethane production.¹ These four business lines are in turn grouped under two business units: Pulp and Renewables.

¹ Materials or products manufactured by Ence are not banned in any market. Furthermore, Ence's activities are not linked to the manufacture of weapons or chemical products, tobacco growing or production or to the fossil fuel sector (coal, oil and gas) in any part of its value chain - upstream (exploration, extraction, processing, refining, etc.), midstream (storage, transport) or downstream (distribution and sales). Ence does produce energy from fossil fuel in the form of natural gas, specifically the co-generation of heat and electricity from natural gas at the Lucena plant in the province of Córdoba, sales deriving from which are reported in chapter 2.1 **Taxonomy**.

While pulp production is a cyclical business, dependent on the market price of the raw material, renewable energy generation is a business that is regulated or backed by long-term power purchase agreements, which provides greater visibility of revenues..

1.2.1 Pulp Business

1.2.1.1 Pulp production

With an installed capacity of 1.2 million metric tons per year, Ence is the leading company in the production of eucalyptus pulp in Europe and the main player in short-fibre speciality pulp.

The company carries out its cellulose production activity in two bio-factories located in Navia (Asturias) and Pontevedra (Galicia), recognised for the quality, flexibility and sustainability of their production.

The cellulose manufacturing process is a clear example of a circular bio-economy, being based on the use of a renewable resource - wood -which is transformed into a biodegradable and recyclable raw material. Moreover, the main chemicals used in the process are also recovered and reused in a closed cycle, thus reducing the consumption of raw materials. As for the waste generated in the process, the vast majority (over 95%) is recovered or reclaimed, which has earned Ence the AENOR “Zero Waste” certification at its two bio-factories.

The process is also self-sufficient in energy; it uses the parts of the tree not used to obtain pulp (biomass, bark lignin) as a source of renewable energy in its generation and cogeneration facilities to cover the plant's needs, exporting the surplus to the electricity grid. In this way, the plants are not only industrial centres of reference in the bio-economy, but also important centres for the production of clean energy that make use of the forest resources of the area in which they are located.

At its plants, Ence applies the best available technologies and a process of continuous improvement to move ahead in its environmental performance; this has earned the company sustainability labels with the most stringent requirements, such as Nordic Swan and Ecolabel.

The pulp production activity also has a positive social impact, since by using local raw materials and promoting collaboration with local suppliers, Ence contributes to the economic and social development of the communities in which it is located. Ence's business thus generates wealth for numerous stakeholders, from the forest owners from whom it buys timber to suppliers, hauliers and silviculture and logging companies, most of which are local SMEs.

Ence's pulp mills are located in regions where certified eucalyptus plantations are abundant, which facilitates the sourcing of local wood from responsible sources and represents an important competitive advantage over other pulp producers in Europe, which need to import wood from other parts of the world or use other wood species such as pine, with lower yields.

Another of Ence's main competitive advantages is based on the availability of a range of special products, with high added value for its customers and with improved environmental profiles, which offer alternatives to plastic products in various applications and which are capable of replacing long-fibre cellulose, which has a higher price. This type of product accounted for 23% of total pulp sales in 2024 and the target is to reach 50% by 2028. For more information on Ence's products, see section **3.4 Customers** of this report.

Finally, Ence's proximity to its European customers gives it an important competitive advantage over other eucalyptus pulp producers, which are mainly located in Latin America, offering its customers a "just in time" service, with delivery times of less than one week, compared with more than five weeks from Latin America, thus helping them to reduce the environmental footprint of their products.

1.2.1.2 Forest Management

To ensure its wood supply, Ence has its own supply team well spread around its bio-factories. In addition, the management of its forest assets reduces dependence on the market for these resources.

Ence is the leading private forest manager in Spain, managing close to 70,000 hectares (270 square miles) of forestland (mostly in the regions of Andalusia - through its subsidiary Silvasur - Galicia, Asturias and Cantabria - through its subsidiary Ence Terra). Most of the managed forests are owned by Ence, but the company also enters into management contracts with private landowners, communities of neighbouring woodlands and local councils. The management of Ence's forestry assets provides raw materials for its other business lines (wood and biomass for cellulose production and renewable energy generation), and also provides wood for supply to third parties.

Ence ensures efficient and sustainable use of forest resources in all the forests it manages, both its own and those of third parties, positioning itself as a benchmark for best forestry practices in the industry. In its management, Ence focuses on improving the productive capacity of the forests and their adaptation to climate change. To achieve this, Ence applies an integrated forest management system and is committed to research, development and innovation (RD&I), focusing on genetic² and forestry improvement and pest and disease control. Ence is also committed to the production of improved plants in its nurseries, not only for use in its own forests, but also for sale to forest owners. These upgraded plants, the fruit of years of research, increase the productivity of the plantation and are better adapted to the effects of climate change. In addition to making these improved plants available to forest owners, Ence also provides advice on selecting which type of plant is most suitable for each particular location and shares best practices to optimise silviculture and forest management. (For further information on Ence's advisory services for forest owners, see **3.3 Affected communities**).

In addition to promoting efficient management throughout the timber production cycle, Ence applies measures to protect biodiversity, provides other ecosystem services and promotes the certification of sustainable forest management by implementing such internationally recognised schemes as FSC® (Forest Stewardship Council®, licence Nos. FSC®-C099970 & FSC®-C081854) and PEFC (Programme for the Endorsement of Forest Certification, licence Nos. PEFC/14-22-00010 & PEFC/14-33-00001) in its own forests and encouraging their implementation in third-party forests.

1.2.2 Renewables Business

Ence's Renewables business was created more than 10 years ago as a result of Ence's experience in using biomass to generate renewable energy at its pulp mills and taking advantage of its leading position in the management of agricultural and forest biomass in Spain.

Ence conducts this business through its subsidiary Ence Renovables, which controls 51% of Magnon Green Energy, 75.5% of Magnon Energy Services (50% directly and 25.5% through Magnon Green Energy) and 100% of Ence Biogas. The activity of this subsidiary focuses on electricity generation from biomass, the generation of renewable thermal energy for industrial customers and the development of bio-fertiliser and bio-methane plants. Magnon also has an internal platform for the development and sale of photovoltaic projects.

1.2.2.1 Electricity generation from biomass

Ence commissioned its first biomass-based renewable energy plant in Huelva in 2012. Today its subsidiary Magnon Green Energy is the leading company in the sector in Spain, with an installed capacity of 266 MW.

Biomass plants use local agricultural and forest waste to generate energy, which is why installations are concentrated in regions with an abundance of these resources, such as Andalusia, Castile-La Mancha and Extremadura. Magnon has eight independent generation plants: three in Huelva, two in the province of Ciudad Real, one in Córdoba, one in Jaén and one in Mérida. In addition to the biomass power generation plants, Magnon also has a natural gas-fired cogeneration plant in Lucena (Córdoba).

Using locally sourced agricultural and forest waste, Magnon's plants not only generate renewable energy that is entirely manageable since it does not depend on meteorological factors such as sun or wind, but also contribute to solving the problem of waste management in the countryside. By putting agricultural pruning residues and biomass from forest clearing and fire prevention to good use, Magnon provides farmers and forest owners with a sustainable alternative for waste management, reducing the risk of fire from uncontrolled burning and the environmental and public health problems this causes. The biomass used in Magnon's biomass plants meets the strictest sustainability criteria, certified according to Germany's SURE System.

The energy from this biomass is also recovered as part of a circular process, in which the vast majority of the ash produced is recovered for use as fertiliser and in other applications such as the manufacture of construction materials. Thus, like the bio-factories, all the biomass plants are AENOR Zero Waste certified, which means that at least 90% of the waste generated is recycled or recovered.

Apart from this, as in the case of cellulose plants, generating energy from biomass has a positive social impact on the rural environment, since it offers quality employment both in its facilities and throughout its local supply chain (logging

² Ence does not use genetically modified organisms. Genetic improvement refers to the improvement of plant characteristics through the selection of individual plants and hybridisation techniques.

companies, suppliers, hauliers), revitalising areas affected by deindustrialisation and at risk of depopulation. In this regard, with its renewable energy subsidiary, Ence also seeks to contribute to a just transition and therefore its new plants take advantage of sites of other industrial activities to maintain local employment, as in the case of Puertollano, which was built on land previously occupied by a coal-fired power plant.

This is a regulated business, which brings greater stability and visibility to the income statement. Magnon sells its electricity at a regulated price that covers all the estimated operating costs of a standard plant, including the cost of biomass. In addition, all Magnon's plants provide back-up services to the electricity system operator; this constitutes an additional source of revenue on top of the annual return on investment for each plant.

1.2.2.2 Generation of renewable thermal energy

In addition to electricity generation, Ence's strategy also involves taking advantage of local biomass resources to produce thermal energy. Through Magnon Energy Services (MES), the company offers comprehensive decarbonisation solutions for industrial thermal applications using biomass. This service enables MES's customers to decarbonise industrial processes that are difficult to electrify and for which heat is needed, using a renewable alternative and generating not only environmental but also economic benefits for their companies since they reduce their exposure to fossil fuel price volatility and emissions rights.

MES's services cover management of the entire renewable thermal energy value chain, from the supply of certified sustainable biomass, through the logistics and processing of biomass and the design and construction of the plant through to its operation and maintenance and the recovery of ash. MES designs a customised logistics and supply plan for each case according to the needs of the boiler and the configuration of the customer's installations.

1.2.2.3 Bio-fertilisers and Bio-methane

Ence set up its subsidiary Ence Biogas in 2022 to develop projects to generate bio-methane and produce bio-fertilisers. A new business line, with the same vision of using local natural resources to generate bioenergy and bioproducts that the company applies to the rest of its activities. Its business model is based on the transformation of agricultural and livestock biomass into biogas which is subsequently purified and injected into the existing gas network. In addition, the digestate generated after the production of biogas production will be used to produce bio-fertilisers by means of composting.

In this way, following the same model as in the biomass energy business, Ence Biogas contributes to solving the problem that the management of these by-products poses for many agricultural and livestock industries, avoiding the environmental impacts such as soil and groundwater contamination that they currently cause. The renewable gas generated in the process (bio-methane) will contribute to the decarbonisation of sectors that are difficult to electrify and decarbonise and is a key part of achieving the EU's energy transition and decarbonisation goals. Moreover, the bio-fertiliser produced will replace inorganic fertilisers that generate significant environmental impacts in their production and will contribute to agricultural sustainability and soil improvement in the areas where it is applied.

Ence Biogas has important differential values in its business model. For example, it applies strict criteria when selecting the location and design of its plants in order to achieve maximum integration into the community. In addition, the plants are located at a sufficient distance from population centres and isolated dwellings and are selected taking into account the access roads, in order to ensure that no lorry traffic will be generated through urban areas. The aim is to operate under the umbrella of the community's social licence.

The process is another example of circular economy and the plants are designed to be as energy self-sufficient as possible (e.g. through the use of self-consumption photovoltaic plants) and to minimise the use of natural resources, as in the case of water; the process uses the water contained in the input materials (e.g. slurry). Moreover, as in the rest of the Ence Group's businesses, the use of local waste as raw material is promoted to avoid generating emissions in transport.

Another thing the biogas business has in common with the Group's other business lines is the plants' significant social impact on their surroundings, since, like the rest of Ence's facilities, they generate quality industrial employment in their areas of influence, combating depopulation and favouring a just transition towards the decarbonisation of society.

In December 2024, Ence Biogas acquired its first bio-methane plant in Tarragona, designed to produce up to 50 GWh per year, and signed a 15-year agreement with a major gas trader to sell the bio-methane produced at the plant. With this milestone, Ence took an important step towards its goal of creating a large bio-methane platform in Spain and reaching a production of 1,000 GWh in 2030.

1.2.2.4 Biomass trading

Leveraging its leading position in the agricultural and forest biomass value chain in Spain, Magnon also sells biomass from nearby to customers who need this renewable fuel to decarbonise their operations. As in all other biomass-related businesses, the supply of biomass starts with making sure of its sustainability by means of internationally recognised certifications such as that of the SURE System.

In addition to its extensive experience in the sector, which has allowed it to have a solid knowledge of the biomass value chain and achieve comprehensive coverage of the supply areas, the company continues to focus on R&D, with the aim of finding solutions for the use of different resources and thus continue to expand the catalogue of biomass products to offer its customers. Ence also works with its collaborators to strengthen and professionalise the value chain, financing machinery for the use of biomass and promoting certification among its suppliers.

1.3 Strategic framework

In 2024, Ence approved its new strategic framework for the 2024-2028 period, which will serve as a roadmap for the development of the company's activity over a five-year period. This strategic framework is based on growth, diversification and efficiency improvements in its two businesses, within the vectors of the circular bio-economy and decarbonisation.

For the development of the strategic framework and its materialisation in annual plans, in addition to market and technological trends, Ence takes into account the points of view of various stakeholders, which are incorporated in the annual strategic reflection process and in the updating of the SWOT matrices used to define the action guidelines and objectives for each year. The stakeholders included in the analysis are: the financial system (financiers, analysts, etc.), institutions (European, national, regional, local, etc.), local communities in the company's areas of operation, customers, suppliers, shareholders and investors, and employees. It also takes into account changes and trends related to natural capital, with a particular focus on the effects of climate change on the forestry and agricultural sector and the availability of resources such as water.

1.3.1 Strategic Framework - Pulp business

Ence's strategy in the pulp business is to increase its cost **competitiveness** and **diversify** its production towards higher-margin pulp and products, taking advantage of its competitive advantages in the European market.

Firstly, 23% of pulp sales in 2024 are already accounted for by the **Ence Advanced** pulp range. This consists of types of pulp with better technical properties and a smaller environmental footprint, capable of replacing long-fibre cellulose, which has a higher price, resulting in a higher margin for these products compared with standard cellulose. The target is to exceed 50% of total pulp sales by 2028.

Secondly, a project is already under way to adapt the Navia bio-factory to produce up to 125,000 metric tons of **Fluff pulp** for the absorbent hygiene products industry in Europe, replacing imported Fluff pulp made from long fibre. In this way, in addition to marketing a product with a higher margin than standard pulp, Ence will offer its customers a European-made alternative with a lower carbon footprint. Production is expected to start in the fourth quarter of 2025. The budgeted investment amounts to more than €30 million until 2026 with an expected return (ROCE) of more than 15%.

Thirdly, Ence has developed a range of **renewable** cellulose-based **packaging** capable of replacing plastic packaging in the food sector, such as trays for fresh and prepared products. The company will start production and marketing of these containers in 2025 and plans to reach a production capacity of 45 million containers by 2026, with the possibility of scaling up in the future. The budgeted investment for a first plant would amount to €12 million in 2025 - 2026, with an expected return (ROCE) of more than 15%.

In terms of **efficiency**, the company is finalising the engineering and processing of the Pontevedra Avanza project, with the aim of reducing the production cost of this bio-factory by €30 per metric ton (€20/t for the Group as a whole), improving its flexibility to use different types of eucalyptus and continuing to shift production towards the **Ence Advanced** cellulose range. The budgeted investment for this project amounts to €120 million, with an expected return (ROCE) of over 12%. The project would be implemented progressively, during the annual maintenance shutdowns from 2025 to 2030.

In addition, the company is finalising the engineering for the project to **decarbonise** its Navia bio-factory by refurbishing the timber yard and replacing natural gas with biomass in the lime kilns. This project will reduce the bio-factory's scope 1 emissions by 60% and improve its production cost by €13 per metric ton (€8/t Group-wide). The budgeted investment amounts to €35 million in 2025-2026, with an expected return (ROCE) of more than 15%. This amount is net of a grant of €13 million from IDAE, the government's Institute for Energy Diversification and Saving, which will be collected at the end of the project.

Finally, the company continues to make progress in the engineering and processing of an innovative project, located in the A Coruña town of As Pontes, for the production of 100,000 metric tons a year of **recycled** and bleached **cellulose** from recovered fibres, without increasing the consumption of wood. This project is not only an example of circular economy, but also a paradigm of just transition, as it will be implemented on industrial land used until now as a coal storage park for a thermal power plant which is in the process of being decommissioned. The project thus offers quality employment opportunities in a renewable industry in a traditionally industrial environment, hitherto linked to the use of fossil fuels.

In the area of forest management, Ence continues to make progress in enhancing the value of its Natural Capital through the identification, management and promotion of the ecosystem services offered by the company's forest assets. In 2022, Ence launched a project to establish a network of forest carbon sinks that contribute to climate change mitigation and offer other organisations the possibility of offsetting emissions by acquiring carbon credits generated in Ence's forests. In 2024, in this new line of value generation for Ence, more than 3,700 hectares (14 square miles) were registered in voluntary offsetting schemes, generating close to 220,000 tCO₂ for marketing.

1.3.2 Strategic Framework - Renewables Business

Ence's strategy in the Renewables business involves the **growth and diversification** of its activities towards new renewable energies, taking advantage of its leading position in the biomass value chain in Spain.

Firstly, through its subsidiary **Magnon Energy Services**, the Group offers comprehensive solutions for the generation of renewable thermal energy from biomass for industrial customers in Spain. The company aims to achieve a production of 2,000 GWh of renewable thermal energy by 2030, with an estimated investment of between €0.1 and €0.2 million per GWh and a return on capital employed (ROCE) of over 11%. At the end of 2024 Magnon signed a contract with Mahou, Spain's leading brewer, for the installation of two biomass boilers of 10 MWt each at its factory in Alovera (Guadalajara) and for the supply of 85 GWht per year of renewable thermal energy for 15 years to decarbonise its operations. Commissioning of the facility is planned for the first half of 2026, with a budgeted investment of €12 million in 2025-2026 and an expected return (ROCE) of more than 11%. This amount is net of a €4 million decarbonisation grant from PERTE, the government's Strategic Project for Economic Recovery & Transformation, which will be collected at the end of the project. In addition, the company already has one project in operation with a major food company in Spain and three more projects in the administrative processing phase.

Secondly, through its subsidiary **Ence Biogas**, the Group is developing bio-methane and bio-fertiliser production plants using a model based on the sustainable and circular management of agricultural and livestock biomass. The company aims to create a large bio-methane platform in Spain and reach a production of 1,000 GWh in 2030, with an estimated investment of €0.4 million per GWh and an expected return on capital employed (ROCE) of more than 12%. In December 2024, Ence Biogas acquired its first bio-methane plant in Tarragona, designed to produce up to 50 GWh per year, and signed a 15-year agreement with a major gas trader for the sale of the bio-methane produced at the plant. At year-end, the company had a portfolio of 16 projects in environmental processing, mainly in Castile and León, Aragón, Catalonia, Castilla-La Mancha, Extremadura and Andalusia, with a further 12 initiatives under development.

Lastly, it is also important to point out that agricultural, forest and livestock biomass is the main source of biogenic CO₂, which is a necessary raw material for the **production of green fuels**. The ENCE group produces around 4 million metric tons a year of biogenic CO₂ and is advancing in the engineering and permits necessary for its potential capture and use in the future.

1.3.2 Main financial results

The Group obtained a profit of €32 million in 2024, driven by improved pulp prices and cost reductions.

Sales of *Ence Advanced* products accounted for 23% of total pulp sales in 2024, with a margin per metric ton €29 higher than that of standard pulp. These products are expected to reach 30% of total sales by 2025.

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Ence's average selling price in 2024 was €647 million, 12% higher than in the previous year, while the average cash cost per metric ton fell by 6% compared with the previous year, to €493, thanks to lower raw material costs and despite a temporary upturn in the fourth quarter.

The operating margin per metric ton reached €154 in 2024 and EBITDA in the pulp business increased threefold from 2023 to €138 million.

EBITDA generated from energy sales was up by 50% on the previous year at €32 million, driven by higher generation volumes and lower operating costs. At the same time EBITDA for the Renewables business as a whole decreased by 38% year-on-year to €26 million, due to the comparative effect of the result of the sale of two PV projects in 2023 and the development costs of the new businesses.

Cash flow generated before changes in working capital and growth and sustainability enhancement investments reached €101 million in 2024, compared with €26 million in 2023.

The change in working capital represented an investment of €66 million in 2024 due to the increase in the price and stocks of pulp, together with a higher remuneration for the operation of the biomass plants as a result of the new methodology approved in 2024.

Payments for expansion and sustainability enhancement investments amounted to €64 million in 2024.

- In December 2024, Ence Biogas acquired a bio-methane plant in La Galera (Tarragona), with the capacity to produce up to 50 GWh per year, for €17.4 million and signed a 15-year agreement with a major gas retailer for the sale of the bio-methane produced by the plant. This acquisition will accelerate the development of a bio-methane platform in Spain with the capacity to generate 1,000 GWh by 2030, which would generate an estimated EBITDA of more than €60 million.
- Magnon Energy Services signed a contract at the end of 2024 with a leading brewery in Spain for the supply of 85 GWh per year of renewable thermal energy for 15 years. This company aims to achieve a production of 2,000 GWh of renewable thermal energy by 2030, which would result in an estimated EBITDA of more than €40 million.
- In the Pulp business, the new line to produce up to 125,000 metric tons of Fluff pulp for the absorbent hygiene products industry in Europe is scheduled to start up in Q4 2025. Ence also plans to start production and marketing of its range of cellulose-based renewable packaging in 2025, capable of replacing plastic packaging in the food sector. In terms of efficiency, the company has launched the decarbonisation project at its Navia bio-factory, which will reduce its scope 1 emissions by 60% and improve its production cost by €13/t.

In 2024, Ence distributed interim dividends totalling €34 million, representing a shareholder return of 5%, calculated on the share price at the beginning of the year.

The Group's net financial debt at year-end, including lease liabilities, amounted to €321 million, of which €242 million corresponded to the Pulp business and €79 Mn to the Renewables business. The strength of the Group's balance sheet and the expected cash generation provide a solid basis for achieving the planned growth and diversification targets in both businesses.

Ence continues to be the leading company in sustainability in the pulp sector worldwide for the fourth consecutive year according to the latest rating from Sustainalytics, which in 2024 improved its overall score for Ence's environmental, social and corporate governance performance to 93 out of 100 points. Ence also revalidated its membership of the selective FTSE4Good index for the fourth consecutive year in 2024.

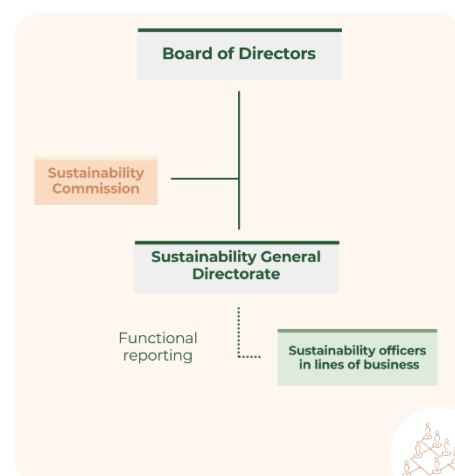
1.4 Sustainability management

1.4.1 Governance bodies as regards sustainability

Ence's Board of Directors has a specific Sustainability Committee. This **Sustainability Committee** is chaired by an independent director with extensive experience in the management of environmental, social and governance (ESG) issues in international industrial companies. The main duty of this Committee is to set and monitor the sustainability strategy, supervise relations with the company's stakeholders and supervise the information that Ence provides to the market in relation to ESG aspects. The Committee meets at least once every quarter and in 2024 it held a total of five meetings. This approach demonstrates Ence's active commitment to the effective and transparent management of sustainability-related aspects of its corporate governance model.

The main issues addressed by the Sustainability Committee in 2024 were:

- Setting 2025 sustainability targets.
- Quarterly monitoring reports on 2024 Sustainability objectives.
- Update on new regulatory developments in the field of sustainability: Corporate Sustainability Due Diligence Directive (CSDDD).
- Due Diligence Procedure Deployment Plan.
- European Union Deforestation Regulation (EUDR).
- Review of the Double Materiality analysis including a review of the impacts, risks and opportunities (IROs) of each of the material issues. The list of IROs for each material issue is included in each of the thematic chapters.
- Update of the Decarbonisation Plan.
- Review of the Corporate Environmental Policy, Biodiversity Policy, Climate Change Policy and Stakeholder Relations and Positive Social Impact Policy.
- Biodiversity Plan.
- Monitoring of Positive Social Impact Action Plans (Sponsorships).



Both the Management Committee and the Board, especially the Sustainability Committee, undertake ongoing monitoring of the **indicators** established in Ence's Sustainability Master Plan and the key projects promoted by the company in this area. These bodies also carry out regular reviews of the company's **climate risks** analysis, and of any changes in the **regulatory context** that may affect Ence. Furthermore, the ESG risks included in the corporate risk map are reviewed by the Audit Committee, which defines the control and mitigation actions to be taken.

The full scope of the Sustainability Committee's and the Audit Committee's functions is detailed in the [Ence Board of Directors' Operating Regulations](#).

In addition, each year, during the Strategic Reflection Process of the **Executive Committee**, the strategic guidelines and objectives for the year are established. In this process, the expectations of the various stakeholders are reviewed, the ESG aspects included in the SWOT matrices are analysed and the incorporation of ESG aspects in Ence's Purpose, Vision, Mission and Values is reviewed.

At the executive level, Ence has a **Sustainability General Management**, with a corporate sustainability team in charge of coordinating transversal projects and information reporting, and a number of **sustainability managers in the business areas**, who report functionally to General Management. The Chief Sustainability Officer reports directly to the Chairperson of the company.

1.4.1.1 Sustainability objectives linked to variable remuneration

Ence's strategic priorities are translated into objectives linked to the variable remuneration included in the remuneration schemes (short and long-term) of the management teams. In this regard, the 2019-2023 Long Term Incentive Plan (LTIP) expired in 2023 and a new LTIP, including new sustainability targets, was approved for the period 2023-2027. The 2023-2027 LTIP was reported on favourably by the Nomination and Remuneration Committee and approved by the General Meeting of Shareholders in 2023. The Plan has a duration of five years and is divided into three overlapping annual cycles of three years each, independent of each other. Specific objectives for each cycle are set at the beginning of each cycle

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and include economic-financial, value creation and ESG variables. The ESG objectives for the first two cycles of the 2023-2027 LTIP are detailed below:

2023-2027 Long-Term Incentive - ESG objectives

Cycle	Years	Weight of ESG as % of total LTIP	ESG objective (weight as % of total ESG)
I	2023-2025	25%	Reduction of water consumption in bio-factories (8.33%)
			Reduction of minutes of smell in bio-factories (8.33%)
			Improvement of the organisational climate (8.33%)
II	2024-2026	30%	Water resilience Pontevedra (5%)
			Water resilience Navia (5%)
			Decarbonisation Pontevedra (5%) ⁽¹⁾
			Decarbonisation Navia (5%) ⁽¹⁾
			Organizational Climate (5%)
			Security (5%)
III	2025-2027	To be defined in the future	

⁽¹⁾ Targets directly related to achieving the emission reduction targets included in the Decarbonisation Plan

1.4.2 Sustainability policies

In 2018 the Board of Directors approved the **Sustainability Policy** ([website](#)) the purpose of which is to set out Ence's action guidelines to help improve people's well-being, ensure the environmental sustainability of its operations, promote the economic and social development of the communities in which it operates and create value that is sustainable over time for its stakeholders. This Policy, applicable to the entire Ence Group, includes the following **principles of action**:

- Commitment and respect for legality and Ence's ethical principles
- Commitment to Human Rights
- Commitment to people
- Commitment to external and internal clients
- Commitment to institutions
- Commitment to the environment
- Commitment to continuous improvement
- Commitment to results
- Commitment to Ence

The Sustainability Policy also describes the **commitments and** communication channels with the various stakeholders. Apart from this, in order to guarantee a performance monitoring system, it also establishes the Board of Directors as the highest body responsible for supervising compliance with the policy, through its Sustainability Committee, which monitors its principles and commitments.

In addition to this framework policy, Ence has **Specific policies** in different areas of sustainability, all of which are available on the Ence [website](#). The details of each policy are included in the specific chapters for each material issue it addresses:

Specific sustainability policies
Health and Safety Policy (website)
Purchasing policy (website)
Diversity and equality of opportunities policy (website)
Sustainability Due Diligence Policy (website)
Environmental Policy (website)
Biodiversity Policy (website)
Climate Change Policy (website)
Stakeholder Relations and Positive Social Impact Policy (website)

These Policies include the guidelines and principles of action for each specific matter, covering the various related impacts, risks and opportunities. They also establish roles and responsibilities to ensure proper implementation and

monitoring. During the Policy definition phase, Ence takes into account the current context as well as the interests and opinions of the stakeholders identified at that time.

1.4.3 Stakeholder relations

One of Ence's sustainability principles is the creation and maintenance of relationships based on trust and the generation of shared value for all its stakeholders. For this reason, the company has active and fluid communication channels with all of them, in order to learn first-hand about their expectations and concerns and the aspects that are most relevant to their relationship with Ence. Ence's stakeholders are groups that are influenced by or exert influence over the company's activity.

In 2024, Ence's Board of Directors approved the **Stakeholder Relations and Positive Social Impact Policy**, the aim of which is to establish Ence's commitments and principles of action in terms of stakeholder relations and positive social impact, as well as to lay the foundations for planning actions in these areas. This Policy, which applies to the entire Group and to all employees, includes the following **principles of action**:

- Acting with integrity in dealings with stakeholders
- Promoting the creation of shared value
- Identifying stakeholders who may be affected by the Group's activities.
- Actively listening to stakeholders
- Detecting those issues that stakeholders consider important
- Communicating transparently
- Encouraging stakeholder participation and involvement in company activities.
- Ensuring that stakeholders have the ability to contact the company.
- Minimising negative impacts reported by stakeholders
- Establishing positive social impact plans
- Informing and involving employees
- Making information on Ence's strategy, objectives and performance available to all company stakeholders.

The Executive Committee is responsible for defining the Company's objectives and plans as regards stakeholder relations and positive social impact. The Sustainability Committee reviews the stakeholder relations and positive social impact plans and monitors progress against the objectives set out therein, reporting to the Board of Directors accordingly.

The following is a summary of the main stakeholders included in the Stakeholder Relations and Positive Social Impact Policy and the channels used by the company to engage in dialogue with them:

Stakeholders	Channels of communication
Shareholders, investors and the financial community	Specific meetings, roadshows, presentations of results, dedicated space on Ence's website.
Employees	Intranet, AUNA platform, internal channels and applications, monthly surveys, annual climate survey, breakfasts with the Chairperson, internal presentations of results.
Customers	Customer portal, targeted meetings, regular visits, satisfaction surveys, participation in industry events.
Suppliers and contractors	ARIBA platform, supplier portal, meetings, training sessions, interviews, focus groups, etc.
Local communities	Site visits, meetings with local associations, opinion surveys.
Administrations and institutions	Participation in sectoral associations, meetings, participation in industry events, visits.
Other influential groups (analysts, civil society organisations, media, etc.)	Meetings, interviews, focus groups.

In addition to these continuous communication channels, when launching new projects, Ence establishes specific channels for dialogue with local stakeholders, such as presentations to the community or meetings with the administrative bodies of the municipalities involved. In this way, the various groups can express their opinions and/or possible concerns, which are answered first-hand by company representatives. Based on the concerns expressed by stakeholders in these communications, Ence adjusts its strategy for the development of new businesses.

Ence is committed to transparency, and provides information to its stakeholders through general channels such as the company's website, annual reports and the environmental declarations of its facilities. It also has an [Internal Information](#)

[\("Whistleblower"\) Channel](#), so any interest group can contact the company to report possible breaches of its Code of Conduct and other company policies. For more details see section **Integrity Line**.

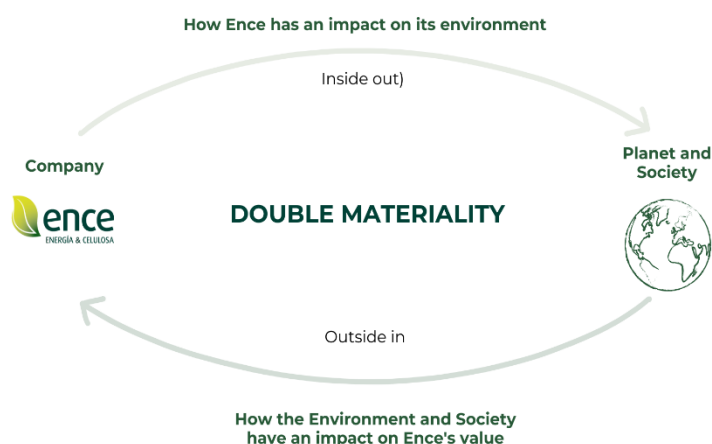
1.4.4 Double materiality analysis

Ence conducted a first materiality analysis in the context of defining its first 2019-2023 sustainability master plan. Throughout this period, the materiality analysis initially performed was updated annually. As a basis for the definition of its new 2024-2028 Sustainability Master Plan, Ence has updated this analysis following the guidelines included in the Implementation Guidance for the Materiality Assessment published by EFRAG (European Financial Reporting Advisory Group), aligned with the ESRS 1. The dual perspective has been included in the analysis process, considering both the impact of Ence's activities on environmental, social and personnel issues, respect for human rights and the fight against corruption and bribery (**impact materiality**) and the impact of each of these issues on Ence's own business (**financial materiality**).

The result of Ence's materiality impact analysis includes actual or potential positive or negative impacts caused directly by the company's activities or linked to the value chain ³of all Ence's businesses on people, society or the environment. The result of the financial materiality analysis includes financial impacts in the form of risks or opportunities that influence or may influence Ence's value generation model (in the short, medium and long term)⁴.

Thus, a sustainability issue is material when it meets the criteria defined for impact materiality, financial materiality or both.

Ence's double materiality analysis has been carried out following the **steps** established in the EFRAG guidelines, which are detailed below:



1.4.4.1 Analysis of the Ence Group's business model

In the first step of the process, an exhaustive analysis of **Ence's operations** and a detailed mapping of the Group's entire **value chain** was carried out, which not only reveals the interactions between different business areas and processes, but also establishes the boundaries of the value chain. Once the value chain structure is defined, the relevant topics to be assessed are identified, including three levels of detail (topics, sub-topics and sub-sub-topics) aligned with the criteria set out in Appendix A to ESRS 1.

1.4.4.2 Identification of IROs

Once the Ence Group's operations and value chain have been analysed, the relevant impacts, risks and opportunities (IROs) that may affect both direct operations and the value chain of the Group's various businesses are identified. To this

³ Ence has taken into account in its double materiality analysis all phases of the value chain of its businesses: pulp, energy, forestry, biogas and corporate. These phases correspond to the extraction/manufacturing of raw materials, management of own forests, upstream transport, production, downstream transport and distribution, utilisation and corporate activities.

⁴ The time intervals defined are short term (one year), medium term (up to five years) and long term (more than five years).

end, research and preliminary analysis is carried out to identify IROs based on previous materiality studies, as well as benchmarks with companies in the sectors in which Ence operates and industrial standards, among others.

In order to include the **opinion of stakeholders** in the identification of IROs, working meetings were held internally with key company personnel to identify the most significant aspects. Externally, Ence's main stakeholders (investors, analysts, customers and suppliers) were consulted to gather their point of view and incorporate it into the identification and assessment of IROs.

Identification of current and potential impacts

On the one hand, this exhaustive assessment makes it possible to identify and determine how Ence's activities, throughout its value chain, affect each of the relevant issues. This exercise identifies both current and potential impacts.

Identification of risks and opportunities

On the other hand, the risks and opportunities associated with these issues are identified, providing a more complete picture of the implications they could have for the business from a financial and strategic point of view.

Section IRO-1 of each chapter details the processes for determining and assessing the Group's current and potential impacts on the environment and society, including human rights, and the associated risks and opportunities. As a result of this process, a detailed list of the IROs that will be essential for the assessment and determination of the double materiality matrix is obtained.

1.4.4.3 Evaluation of IROs

Once the IROs associated with each aspect have been identified, the impacts are assessed from the point of view of impact materiality and the risks and opportunities are assessed from the point of view of financial materiality.

For this purpose, a scoring mechanism has been defined with a quantitative assessment on a scale of 0 to 5 for both impacts and risks and opportunities, and a materiality threshold has been established to determine whether an IRO is considered material or not. Thus, the average of grouped IROs (corresponding to a material issue) has been considered as non-material when its valuation is below 1.5.

Impact materiality analysis

In order to assess the impact that the company can have on each of the aspects identified, a rating system is used on a scale of 0 to 5. This system classifies each impact, whether positive or negative, for the Group's various businesses, based on its Severity (a variable which is in turn composed of magnitude⁵, scope⁶ and irremediability⁷) and on the probability⁸ of its occurring. Furthermore, a distinction is made between actual and potential impacts, as well as between negative and positive impacts.

This quantitative assessment allows the materiality of a potential impact to be calculated by weighting both severity and probability equally, whereas for a current impact, 100% of the severity is considered.

Financial materiality analysis

In the financial area, materiality is assessed according to the magnitude⁹ and likelihood of a risk or opportunity materialising. The same assessment methodology is maintained, with risks and opportunities being assessed on a scale of 0 to 5. Finally, financial materiality is calculated by weighting both magnitude and probability equally.

⁵ Magnitude means the degree to which the environment or people are affected. Its scale from 0 to 5 corresponds to a qualitative assessment with the following values in increasing order: zero, low, moderate, high, significant and very significant.

⁶ Scope is defined as the extent, size or number of elements affected by the impact. Its scale from 0 to 5 corresponds to the values in increasing order: zero, minimal, local, medium, generalised and global.

⁷ Irremediability is understood as the extent to which it is possible to reverse the negative impact generated. Its scale from 0 to 5 corresponds to the values in increasing order: N/A, relatively easy to remedy, remediable with effort, difficult to remedy (medium term), very difficult to remedy (long term) and irremediable.

⁸ Probability is defined as the likelihood of occurrence. Its scale from 0 to 5 corresponds to the values in increasing order: N/A, very unlikely, unlikely, possible, probable and very probable.

⁹ Magnitude in financial materiality is defined as the significance of the risk/opportunity to the company's objectives, profits, earnings or margin. Its scale from 0 to 5 corresponds to a qualitative assessment with the following values in increasing order: Zero, low, moderate, high, significant and catastrophic.

This detailed analysis allows Ence to understand not only what impacts are significant, but also how they may influence its performance in the short, medium and long term. This assessment is essential for subsequent decision making through IRO management and mitigation.

1.4.4.4 Results of the Double Materiality Analysis

Once the impact materiality and financial materiality have been calculated, the determination of material issues is carried out. For this purpose, valuation thresholds are set at which an assessed IRO is considered material.

Finally, the IROs identified as material have been regrouped into **10 material issues**, which are described below:

- **Climate change mitigation and adaptation:** The consequences of climate change for Ence's activities (e.g. viability of plantations in its forests), as well as the impact of its operations in terms of GHG emissions, are aspects of particular significance that Ence has included in the company's strategy: firstly, Ence is committed to identifying, managing and mitigating the impacts of climate change on its operations and its value chain by directly and indirectly reducing its carbon footprint. This includes the implementation of decarbonisation plans and the promotion of renewable energy sources. Secondly, the implementation of climate change adaptation measures is integrated into strategic planning, ensuring the resilience of its operations and business continuity in the future. Ence also bases its business model on the decarbonisation of society and other industrial sectors, offering renewable solutions that replace plastic materials (cellulose business) and generating renewable energy and biogas that contributes to decarbonising the electricity mix, and on the demand for thermal energy in industries that are difficult to electrify (renewable energy business).
- **Pollution prevention:** The negative impacts on air, water and soil deriving from the operations of its facilities and their surrounding value chain and their implications for, among other things, the social licence to operate, are a significant aspect for Ence. The Group seeks to minimise the pollution generated in all its operations and throughout its value chain. This involves implementing robust environmental management systems that reduce emissions to air, water and soil, ensuring not only regulatory compliance but also establishing measures that improve the environmental profile beyond legal compliance by contributing to the protection of the environment, as well as implementing systems that evaluate the environmental performance of its contractors and suppliers. Within this material issue, noise and smell pollution are entity-specific aspects of the Ence Group's business model.
- **Water management:** The dependence of Ence's operations on the availability of water resources, mainly in the pulp business, as well as the impact of its operations as major consumers of this resource, make water management a significant issue for Ence. In this respect, the Group is committed to using water in a sustainable manner, minimising water consumption and protecting local water resources. This includes plans to reduce consumption in its operations, as well as encouraging the reuse of water resources to reduce dependence on natural water sources.
- **Biodiversity:** The potential impacts of its operations on biodiversity, mainly on Ence's forest assets, and the dependence of its business model on ecosystem services make biodiversity conservation a matter of particular relevance for the company. This implies the responsible management of natural resources, respect for habitats and the promotion of practices that minimise the impact on species and surrounding ecosystems and encourage the restoration and recovery of areas of high conservation value.
- **Circular economy:** Ence's business model promotes circularity by optimising resources in its production processes. This includes the use of renewable raw materials, the reincorporation of materials into production processes in a circular model, the use of by-products and the minimisation and recovery of waste in all businesses. This reduces dependence on finite resources and maximises the value of resources throughout the value chain to contribute to a more sustainable and efficient model.
- **Human capital management:** Ence considers its employees to be the company's most valuable asset, which is why it considers human capital management to be a material aspect in all the Group's operations. Ence is committed to creating a safe and healthy working environment and encourages the growth of its team by investing in training and professional development, implementing initiatives to attract and retain talent, and promoting positive working conditions and the well-being of its staff.
- **Human rights in the value chain:** Respect for human rights is one of the foundations of the ethical pillars of Ence's Code of Conduct. The Group promotes respect for human and labour rights, ensuring compliance both among its own employees and throughout the supply chain. Tools such as the internal reporting (whistleblowing)

channel and the evaluation of suppliers and business partners ensure compliance with labour practices and protection of the rights of all workers involved.

- **Relations with local communities:** Proper management of the impact of Ence's operations on local communities and the creation of shared value in the environment are important aspects for guaranteeing lasting relationships with the company's stakeholders. Ence promotes dialogue and the creation of relationships of trust with the communities in which it operates and positive social impact plans to favour local development. To this end, the company uses tools such as identifying the needs of local stakeholders, implementing community participation programmes, facilitating open dialogue and developing social impact projects. Within this material issue, the contribution to local communities is an entity-specific aspect of the Ence Group's business model.
- **Added value for the customer:** Ence's strategy involves designing sustainable, differentiated products with high added value for its customers, which is therefore an entity-specific material aspect of the Ence Group's business model. The company prioritises innovation and continuous improvement to meet market expectations while maintaining a high degree of customer satisfaction.
- **Responsible Governance:** The Group promotes a culture of transparency and ethics in its business conduct and corporate governance. To this end, it implements compliance policies and establishes a management framework that ensures the integrity and accountability of the company in all its activities and business relationships.

The table below sets out the relationship between the identified material issues and the topics set out in EFRAG's ESRS.

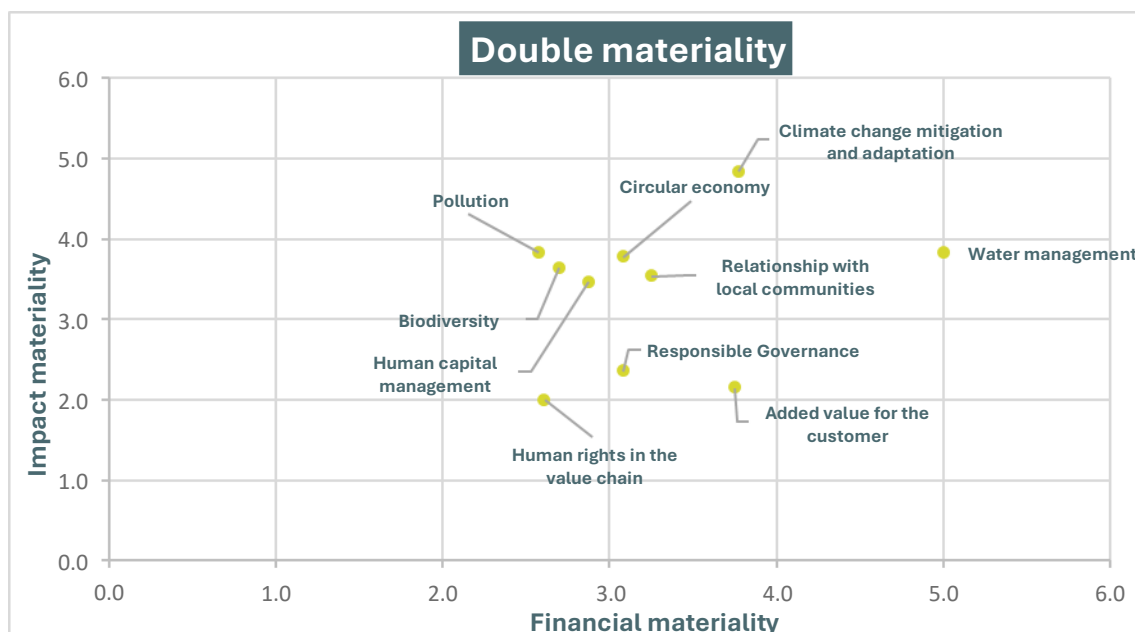
Material issue - Ence Group	ESRS
Climate change mitigation and adaptation	ESRS E1 - Climate Change
Pollution prevention	ESRS E2 - Pollution
Water management	ESRS E3 - Water and marine resources
Biodiversity	ESRS E4 - Biodiversity and ecosystems
Circular economy	ESRS E5 - Resource use & circular economy
Human capital management	ESRS S1 - Own workforce
Human rights in the value chain	ESRS S2 - Workers in the value chain
Relations with local communities	ESRS S3 - Affected communities
Added value for the customer	Entity-specific - Given that the information required for ESRS S4 "consumers and end users" can to some extent be extrapolated to the stakeholder group "customers", Ence has used the ESRS S4 reporting framework to provide the information related to this material issue.
Responsible Government	ESRS G1 - Business conduct

Once the material issues for the Ence Group had been determined, they were organised into two matrices:

- **"Positive" materiality matrix:** It includes opportunities (x-axis) from a financial materiality perspective and positive impacts (y-axis) from an impact materiality perspective.
- **"Negative" materiality matrix:** Composed of risks (x-axis) in relation to financial materiality and negative impacts (y-axis) from an impact materiality point of view.

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Following the implementation guide for the materiality assessment, and in order to avoid offsetting positive impacts with negative ones, both matrices are consolidated into a single **double materiality matrix** for the purposes of this report. This consolidation is done by considering the highest absolute value of the impacts (positive or negative) for the impact materiality axis and the highest absolute value of the risk and opportunity assessment (for the financial materiality axis).








1.4.4.5 Validation of materiality results

The Sustainability Committee and the Audit Committee have conducted a review of the results of the double materiality analysis to confirm that the issues identified as material and their assessment adequately reflect Ence's sustainability priorities.

1.4.5 2024-2028 Sustainability Master Plan and annual targets

At the end of the 2019-2023 Sustainability Master Plan, in 2023 Ence drew up its new 2024-2028 Sustainability Master Plan, which was approved by the Board of Directors in the last quarter of the year and establishes the strategic sustainability priorities for this new period. The new Plan consists of **four strategic pillars and one cross-cutting theme**:

			
Safe and eco-efficient operation	Bio-products and ecosystem services	Responsible supply chain	Positive social impact
This strategic pillar includes lines that pursue operational excellence of industrial and forestry activities in environmental and safety terms.	This strategic pillar includes lines aimed at diversifying and boosting Ence's portfolio of value-added products and services .	This strategic pillar includes lines that seek to improve the management of the main ESG issues throughout the supply chain .	This strategic pillar groups together those lines aimed at creating a positive social footprint both internally (Ence personnel) and in the local communities where we operate.
 <div>System Governance</div>	This transversal theme includes the system governance and the strengthening of the ethics and compliance function.		

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In order to achieve the long-term objectives included in the 2024-2028 Sustainability Master Plan, annual targets are set for each line of action. These objectives are revised on a monthly basis by the Management Committee and reported to the Board of Directors. The Board's Sustainability Committee reviews the progress of the objectives on a quarterly basis. Details of objectives of the 2024-2028 Sustainability Master Plan are set out below, together with the annual objectives for 2024 and the degree of attainment (objectives considered to be strategic or as having the greatest impact on stakeholders):

Lines of action	Main measures	24-28 Objectives	2024 Objective	2024 Performance
1 - SAFE AND ECO-EFFICIENT OPERATION				
Strengthen health and safety programmes to reduce impacts on people.	<ul style="list-style-type: none"> Lost Time Injury Frequency Rate (LTIFR) Severity Rate 	<ul style="list-style-type: none"> Values according to each business line 	<ul style="list-style-type: none"> Values according to each business line 	😊
Maintain the social licence to operate (smell, noise and dust).	<ul style="list-style-type: none"> Reduce noise levels. 	<ul style="list-style-type: none"> Values depending on the facility 	<ul style="list-style-type: none"> Values depending on the facility 	😊
	<ul style="list-style-type: none"> Reduce minutes of smell 	<ul style="list-style-type: none"> Cellulose: <60 min/year (2028) 	<ul style="list-style-type: none"> Pontevedra: 80 min Navia: 60 min 	😊
	<ul style="list-style-type: none"> Dust reduction 	<ul style="list-style-type: none"> Values depending on the facility 	<ul style="list-style-type: none"> Preventive plan at all independent power plants 	😊
	<ul style="list-style-type: none"> Number of complaints 	<ul style="list-style-type: none"> Pulp: 6/year (2028) Energy: 2/year (2028) 	<ul style="list-style-type: none"> Total group: 8 	😊
Securing water supply and reducing consumption	<ul style="list-style-type: none"> Monitoring of access to water availability measures 	<ul style="list-style-type: none"> Navia: Improved capacity for capture and storage, treatment and recirculation of effluent Pontevedra: treatment and recirculation of effluent and recirculation of municipal wastewater treatment plant water 	N/A	-
	<ul style="list-style-type: none"> Specific water consumption reduction targets 	<ul style="list-style-type: none"> Pulp: 24 m³/tAD (2028) Energy: Values depending on the facility Biogas 0 m³/GWh 	<ul style="list-style-type: none"> Pontevedra: 25.5 m³/tAD Navia: 26.5 m³/tAD Energy: Risk map and reduction plan per plant 	😊
Reducing CO₂ emissions	<ul style="list-style-type: none"> Development of a Decarbonisation Plan including specific emission reduction measures and reduction targets. 	<ul style="list-style-type: none"> Decarbonisation Plan and reduction target for the Ence Group (2024) 	<ul style="list-style-type: none"> Decarbonisation plan and reduction target for Ence Group 	😊

Lines of action	Main measures	24-28 Objectives	2024 Objective	2024 Performance
		<ul style="list-style-type: none"> Reduce the Group's scope 1+2 emissions by 55% in 2030 and 75% in 2035 relative to base year 2018 Reduce the Group's Scope 3 emissions by 10% by 2030 and 15% by 2035 relative to 2023 		
Managing climate risks and opportunities	Analysis of Climate Risks and Opportunities Analysis are the new IPCC scenarios and CSRD requirements.	Annual update of the analysis Climate Risks and Opportunities	Updated Analysis of Climate Risks and Opportunities	😊
Developing a Biodiversity Strategy for own forests	<ul style="list-style-type: none"> Elaboration of a Strategic Biodiversity Plan Analysis and potential adoption of TNFD recommendations 	<ul style="list-style-type: none"> Plan developed and KPIs established (2024) TNFD Analysis 	<ul style="list-style-type: none"> Plan developed and KPIs established N/A 	<ul style="list-style-type: none"> 😊 -
2 - BIO-PRODUCTS AND ECOSYSTEM SERVICES				
Increase market penetration of the <i>Ence Advanced</i> product portfolio.	<ul style="list-style-type: none"> Increase market penetration of special products Increased sales of special and Fluff products 	<ul style="list-style-type: none"> 160 product approvals in 2028 >50% on 2028 	<ul style="list-style-type: none"> 122 special product approvals 345,000 metric tons of special products 	<ul style="list-style-type: none"> 😊 😞
Start production of moulded cellulose	Implement actions for moulded cellulose production	Degree of progress depending on actions	N/A	-
Launch production of recovered wood pulp	Implement actions for recovered wood pulp production	Degree of progress depending on actions	N/A	-
Boost the circular economy by developing secondary raw materials	Circular economy certification	Obtain circular economy certification for Magnon	Obtain circular economy certification for Magnon	😊
	Number of R&D projects on new secondary raw materials	<ul style="list-style-type: none"> Pulp: 3 projects (2028) Energy: 2 projects (2028) 	N/A	-
	Increased sales of new secondary raw materials	Pulp: 4,000 metric tons (industrial waste and lignin)	N/A	-
	% of waste recovered + by-products for which we receive financial remuneration / total waste produced	Energy: increase by 2% from 2022, to reach 8%.	Energy: Increase by 2% on 2023, to reach 8%.	😊
Develop ecosystem services and CO ₂ sequestration in own and third-party forests	Promoting the creation of forest sinks	6,000 hectares registered as forest sinks (2028)	3,388.21 hectares recorded as forest sinks	😊
	Promote and increase sales of voluntary carbon credits.	150k t CO ₂ eq (2028)	60,976 tCO ₂ sold	😞

Lines of action		Main measures	24-28 Objectives	2024 Objective	2024 Performance
		▪ Develop other ecosystem services beyond carbon credits	▪ Business plan for new ecosystem services (2024-2025)	▪ Business plan for new ecosystem services (biodiversity in 2024)	😊
	Develop improved plant material	▪ Develop and promote new plant material adapted to climate change	▪ 6 new clones in commercial production (2028)	▪ 3 new clones	😊
	Implement pipeline for bio-methane plants	▪ Implement pipeline for bio-methane plants	▪ Biogas 1 TWh (2028)	N/A	-
	Develop pipeline for renewable thermal energy	▪ Implement pipeline for renewable thermal energy	▪ Installed generation of 600GWh (2028)	N/A	-
	Define and process permits for biogenic CO₂ capture .	▪ Define and process permits for biogenic CO ₂ capture	▪ Start project in 2028 to attain capture of 1,467 kt by 2030.	N/A	-
3 – RESPONSIBLE SUPPLY CHAIN					
Ensure wood sustainability through FSC® and/or PEFC certification		▪ Pulp: Increase the % of FSC® and/or PEFC certified wood.	▪ ≥75% of wood certified (2024-2028)	▪ ≥75% of wood certified	😊
		▪ Forestry: Increase the area of own forest certified FSC® and/or PEFC	▪ 100% of certifiable area (2028)	▪ 89.8%	😊
		▪ Compliance with the % of certified biomass consumption per plant	▪ 90% certified biomass per plant (100% in Lucena)	▪ 90% certified biomass per plant (100% in Lucena)	😊
		▪ Implement the Due Diligence Procedure in line with the Sustainability Due Diligence Policy in all supplier groups.	▪ >90% of purchase volume analysed (2028)	▪ Roll-out plan for supplier due diligence procedure	😊
Establish a Due Diligence process in the value chain		▪ Implement the customer environmental and human rights assessment system.	▪ Pulp and forestry: > 90% of customers (2028)	-	-
		▪ % volume of purchases from audited risk suppliers	▪ > 90% (2028)	-	-
		▪ Supplier sustainability assessment	▪ Methodology developed (2025)	-	-
4 - POSITIVE SOCIAL IMPACT					
Promote equality, development and retention of talent		▪ Increase the % of women in the workforce	▪ 32% (2028)	▪ 28%	😞
		▪ Increase the % of female executives (directors and managers)	▪ 32% (2028)	▪ 29%	😊
		▪ Boost internal promotion (no. of vacancies filled by internal promotions / no. of new recruits)	▪ 30% p.a. (2024-2028)	▪ 30%	😊

Lines of action	Main measures	24-28 Objectives	2024 Objective	2024 Performance	
Foster professional development in local communities	▪ Turnover rate in key positions (no. of voluntary departures of Key Persons / total no. of Key Persons)	▪ <2%	▪ <2%	☹️	
	▪ Continue the training of logging machine operators.	▪ >30 beneficiaries/year (2024-2028)	▪ Forestry: >30 beneficiaries/year	😊	
	▪ Advice to owners through the Management Improvement Team	▪ >350 owners/year (2024-2028)	▪ Forestry: 400 owners/year	😊	
	▪ % of people from local communities hired/total hires	▪ 35	▪ 35%	😊	
	▪ Talent Programme	▪ Incorporation of >4 scholarship holders per year (2024-2028)	▪ Incorporation of 4 scholarship holders per year	😊	
	Develop a Social Investment Plan for Ence to have an impact	▪ Update Socio-Economic Impact Reports	▪ Reports updated (2024)	▪ New reports for Navia and Pontevedra	😊
	Develop and implement a Stakeholder Relations Model .	▪ Stakeholder relations plan	▪ Stakeholder relations plan, visits ▪ Stakeholder relations plan, meetings with stakeholders	▪ Stakeholder relations plan, visits: 600 visits ▪ Stakeholder relations plan, meetings with stakeholders: 11 meetings	😊
		▪ Review the collaboration agreements with local councils and the Pontevedra Social Plan to align them with the stakeholder relations policy.	▪ Agreements and Pontevedra SP reviewed (2024-2028)	▪ Agreements and Pontevedra SP reviewed	😊
▪ Develop social impact KPIs (SROI, etc.)		▪ KPIs developed (2024-2028)	-	-	
← CROSS-CUTTING THEME - SYSTEM GOVERNANCE →					
Strengthen the ethics and compliance function	▪ All Ence employees to accept the Code of Conduct	▪ Code of conduct accepted by 100% of employees (2024-2028)	-	-	
	▪ Ethics and compliance training	▪ ≥90% of employees trained on ethics and compliance issues (2024-2028)	▪ ≥90% of employees trained on ethics and compliance issues (2024-2028)	😐	
	▪ Institute ISO 37001 Anti-Bribery Management System certification	▪ ISO 37001 certified (2025)	-	-	

In defining these objectives the various responsible areas were involved and account was taken, among other things, of the company's strategic priorities, the comparative analysis with companies in the sector, the historical values recorded, and applicable regulations.

1.4.6 Sustainability report

1.4.6.1 Internal Controls over Sustainability Reporting

To guarantee the quality and reliability of the information included in the Sustainability Report, Ence has established **Internal Controls over Sustainability Reporting (ICSR)**. The ICSR are defined as the set of processes carried out by the company to ensure the integrity and reliability of the sustainability information reported in the Sustainability Report.

The ICSR have been defined considering the reporting requirements set out in the CSRD, the principles of the Global Reporting Initiative (GRI) sustainability reporting standards and the internal control principles applicable to non-financial reporting set out by COSO.

For the implementation of the ICSR, Ence has produced an **ICSR Manual** and identified the **key processes** related to sustainability reporting in order to respond to both mandatory and voluntary reporting requirements. The scope of the ICSR includes all processes and sub-processes and is applicable throughout the Group.

ICSR processes	
Administration	Corporate Governance
Environment	Energy Management
Human Capital	Health and safety
Supply chain	Forest Management
Sustainability	RD&I
Commercial	Compliance
Communication	

Each process is also made up of sub-processes with KPIs, for which **specific sheets** have been created that include their definition and detailed methodology for obtaining, calculating and reporting them. The indicators included in the ICSR are brought together in a comprehensive **digital reporting platform** that allows, among other things, information to be recorded, historical data to be reviewed, evidence to be provided to support the data for audits and deviations to be analysed. For each indicator, two reporting levels have been defined: a reporter, who registers the data in the platform; and a validator, responsible for validating the information provided by the reporter. The reporter-validator flows follow segregation of duties criteria in order to ensure efficient data validation.

In addition, a **risk and control matrix** has been drawn up for each process to assess the risks that could compromise the integrity and reliability of the information and to define specific actions to mitigate them. For each risk, at least one control has been defined, for which different variables are defined: the scope, the classification of the control (preventive/corrective); the type of execution of the control (manual/automatic); the evidence of execution of the control; the frequency of execution, and the person responsible for its execution.

Main risks identified and mitigation strategies:

Risks	Controls
Errors in the calculation or estimation of indicators	<ul style="list-style-type: none"> Training for those responsible for obtaining information. Update of the methodology for calculating the indicators in the ICSR sheets. Automation of KPIs to avoid errors in calculations. Protection of spreadsheets.
Data dump error between systems	<ul style="list-style-type: none"> Review of SAP connections to continuous measurement systems (PI).
Error due to manual loading in the system	<ul style="list-style-type: none"> Segregation of duties (reporter-validator) for the review of data consistency.
Changes in legislation	<ul style="list-style-type: none"> Periodic review of applicable legislation.
Inappropriate calibration of measuring instruments	<ul style="list-style-type: none"> Improve calibration plans to include redundancy in critical equipment. Periodic calibration by Accredited Certification Bodies (ACBs).
Conversion factors and error in units used	<ul style="list-style-type: none"> Review of variations between years. Segregation of duties (reporter-validator) for the review of data consistency. Protection of spreadsheets.

Risks	Controls
Error or inconsistency between data used internally and data generated by third parties	<ul style="list-style-type: none"> Reconcile information obtained from third parties with that used for internal management.
Integrity of information	<ul style="list-style-type: none"> Check by the heads of the areas that all business lines are included in the information provided.

The ICSR is subject to internal audits to ensure the proper functioning of the system. The results of the ICSR Internal Audits are submitted to the Audit Committee on an annual basis. In 2024, the main milestone in the context of the ICSR was the inclusion of new indicators and adaptation of existing indicators to comply with CSRD requirements, as well as the creation of related risk and control matrices. In addition, we continued to automate some of the manual reporting indicators.

1.4.6.2 About this report

Scope

The information included in the 2024 Sustainability Report pertains to all the activities carried out by Grupo Ence Energía y Celulosa S.A. from 1 January to 31 December 2024. The scope of this report is the same as that of the Consolidated Financial Statements of Ence Energía y Celulosa, S.A. and its subsidiary companies. Any exceptions to this scope are detailed in the corresponding sections of this report. The scope of the value chain activities included for each of the material issues identified is detailed in the individual chapters.

On 19 December 2024, Ence closed the acquisition of a bio-methane generation plant in the municipality of La Galera (Tarragona). The facility is included in the scope of consolidation of the Annual Accounts and has also been included in the scope of this report, although at year-end Ence did not have information on certain environmental and social metrics of the plant, so it has not been possible to include them in the consolidated results. This omission is not considered material given the impact of the facility on the Group as a whole (e.g. less than 0.5% of the total number of employees at year-end). In 2025, Ence will work to capture and consolidate the information from this facility in the next reporting exercise.

The Sustainability Report constitutes the **Consolidated Non-Financial and Sustainability Information Statement of Ence Energía y Celulosa, S.A. and subsidiaries for the 2024 financial year**, and although it is presented separately, forms part of the consolidated Management Report of Ence Energía y Celulosa, S.A. and subsidiaries. The content of the report has been defined in response to Act 11/2018 of 29 December, which amends the Commercial Code, the revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and Act 22/2015 of 20 July, on Accounts Auditing in the area of non-financial information and diversity. The Non-Financial Information Statement contains information additional to that required by relevant current commercial legislation, specifically Sustainability Information in accordance with the provisions of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on corporate sustainability reporting (CSRD). This sustainability information has also been subject to limited verification. Appendix III to this report contains a table specifying the section of the report relating to each specific requirement set out in Law 11/2018 or explaining its omission if applicable. Furthermore, section “**1.4.6.3 Table of contents CSRD**” of this report contains a table specifying the section of the report relating to each specific requirement indicated or explaining its omission if applicable.

This report also complies with the disclosure requirements set out in Article 8 of **Regulation (EU) 2020/852** of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment (the “Taxonomy Regulation”) and the delegated regulations implementing it (see section **2.1 Taxonomy**).

Events subsequent to the end of the reporting period can be found in Note 36 to the Consolidated Financial Statements of Ence Energía y Celulosa S.A. for the year 2024.

Reference standards

The balanced, reasonable presentation of Ence's performance throughout 2024 required the application of the following principles:

- The principles for defining the content of the report, in terms of stakeholder inclusiveness, sustainability context, materiality, and completeness. These principles ensure that Ence has taken into account the company's activities and impacts as well as the expectations and substantial interests of stakeholders in defining the contents of the report.

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- The principles for defining the quality of the report, in terms of accuracy, balance, clarity, comparability, reliability, and timeliness.

With reference to compliance with the materiality principle, this has been updated following the guidelines established by the CSRD (section **1.4.4 Double materiality analysis**).

With this materiality analysis, Ence ensures that both the priorities set out in its 2024-2028 Sustainability Master Plan and the contents of this report are aligned with the reporting expectations and requirements of its stakeholders. The sections of this report that address the material aspects identified by Ence are detailed below:

Material issue - Ence Group	Report section
Climate change mitigation and adaptation	<i>2.2 Climate change</i>
Pollution prevention	<i>2.3 Pollution</i>
Water management	<i>2.4 Water resources</i>
Biodiversity	<i>2.5 Biodiversity</i>
Circular economy	<i>2.6 Circular economy</i>
Human capital management	<i>3.1 Own workforce</i>
Human rights in the value chain	<i>3.2 Workers in the value chain</i>
Relations with local communities	<i>3.3 Affected communities</i>
Added value for the customer	<i>3.4 Customers</i>
Responsible Government	<i>4.1 Good Corporate Governance</i>

Due Diligence Statement

Ence's due diligence process makes it possible to identify, prevent, mitigate and account for the company's potential or actual impacts on each of the material aspects. Due diligence requires a careful and systematic assessment to ensure that legal and ethical principles are complied with in all operations. This includes identifying the risks and impacts associated with the value chain. This is a continuous process that cuts across all operations. The main elements of the due diligence process and the section of this report where the relevant information is disclosed are set out below:

Essential elements of due diligence	Report section
Integration of due diligence into governance, strategy and business model	Sections 4.2.3 Business conduct policies and procedures and 4.4.3 Due diligence describe Ence's main standards defining its values and principles of action. These standards establish the governance model and guarantee the integration of due diligence into Ence's strategy and business model.
Working together with affected stakeholders at all key stages of due diligence	Sections 1.4.4 Double materiality analysis and 1.4.3 Stakeholder relations describe the processes of dialogue and involvement of affected parties.
Identification and assessment of adverse impacts	Each chapter defines the process for identifying and assessing IROs for material issues. In addition, the mitigation measures and indicators established to monitor material issues are detailed.
Taking measures to deal with such adverse events	
Monitoring the effectiveness of these efforts and communication	

Contact information

For any query, clarification, or suggestion regarding the contents published in this report, please contact the following addresses:

Ence Energía y Celulosa, S.A. Calle Estébanez Calderón 3-5 28020 Madrid

General information: comunicacion@ence.es / Sustainability: sostenibilidad@ence.es

At the end of 2024, the corporate offices of the Madrid headquarters moved to the above address. The selection process for the new building took into account sustainability and energy efficiency criteria for the new offices. The new location, in a building opened in 2018, is certified BREEAM® Excellent (Part 1) and Exceptional (Part 2); it is also certified LEED Platinum and rated "A" for energy-efficiency.

1.4.6.3 Table of contents CSRD

Disclosure requirement		Reference
GENERAL INFORMATION		
ESRS 2 - General Information		
BP-1	General basis for preparation of the sustainability statement	<p>1.4.6.2 About this report</p> <p><u>Time horizons:</u> The time intervals defined are short term (one year), medium term (up to five years) and long term (more than five years), in line with 1.4.4 Double materiality analysis.</p> <p>In cases where different time horizons have been selected, this has been specified and explained in the specific section, as in the case of Climate Risks.</p> <p><u>Sources of estimation and uncertainty of outcome</u> When making calculations, Ence adheres to the following quantification hierarchy:</p> <ul style="list-style-type: none">- Direct measurements,- Calculations from specific activity data- Estimates based on reference bibliographical sources
BP-2	Disclosure in relation to specific circumstances	<p>Specific information on the quantification methodology used to provide specific metrics for each aspect has been incorporated in the environmental and social chapters.</p> <p>Uncertainty derives from the measurement equipment itself or from the calculation methodologies or estimates used. In this regard, uncertainty may be associated with the activity data (primary or secondary) and the conversion and emission factors used. To minimise uncertainty, Ence follows the quantification hierarchy and uses reference standards when making estimates. An example of this is the calculation of Scope 3 greenhouse gas emissions. In this case, some of the categories have limited access to activity data information (e.g. supplier or customer data) and Ence follows the guidelines established by GHG Protocol and ISO 14064 to perform the calculations and estimates, basing the data, for example, on billing amounts and making use of bibliographic emission factors from recognised sources (IPCC, OECC). In addition, to reduce the level of uncertainty, it carries out an annual verification of the Carbon Footprint with a reasonable level of assurance, the maximum level. For more information website. In addition, for other environmental data, in the case of the bio-factories, Ence prepares annual Environmental Declarations, which are also audited by an independent external party. For more information website.</p>

Changes in the preparation or presentation of sustainability information

Ence has revised the methodology for calculating remuneration and pay gap data for its own personnel in line with the specifications of ESRS S1. The change in methodology is specified in section **Remuneration and Pay Gap**.

Information derived from other legislation or from other generally accepted sustainability standards

This report complies with Law 11/2018 on Non-Financial Information; the content of this law, and the sections that respond to it, are included in **Annex III Table of contents Law 11/2018** and CSRD.

Ence no longer reports in accordance with the standards of the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) because the company has adapted its reporting to the European Sustainability Reporting Standards (ESRS). The correspondence between GRI, SASB and ESRS indicators is described in the interoperability indices available at the following [link](#). In addition, information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) has been included in chapter **2.2 Climate change**.

Apart from this, information is included to meet the requirements of Article 8 of Regulation (EU) 2020/852 on European Taxonomy (see section **2.1 Taxonomy**).

Annex V. Relationship of the information with other European standards also includes information on the data included in the Sustainability Report included in other European regulations.

Incorporation by reference

- Apart from the ESG risks included in section **1.4.7.3 ESG risk identification, assessment and management process**, information on the other risks included in Ence's Corporate Risk Map is included in Section E of the Annual Corporate Governance Report ([link](#)).
- For more information on the information included in section **4.1 Good Corporate Governance**, please refer to the Annual Corporate Governance Report (ACGR) and the Annual Report on Directors' Remuneration ([link](#)).

Use of phasing-in arrangements in accordance with Appendix C to ESRS 1

In 2024 Ence has not included information on the financial effects of the risks and opportunities of the various environmental and social aspects, specifically those referring to disclosure requirements E1-9, E2-6, E3-5, E4-6 and E5-6. For this information, a moratorium of one year is established for the incorporation of qualitative information and up to 3 years for the incorporation of quantitative information. In addition, the information relating to the characteristics of non-employees in own workforce, corresponding to disclosure requirement S1-7, has also not been incorporated in accordance with the one-year deadline set out in Appendix C of ESRS 1. Apart from this, due to the complexity of obtaining all related information

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Disclosure requirement		Reference
		on the value chain and in particular on value chain workers (ESRS S2), such information as is available is included in this report and the remainder will be phased in over the three-year timeframe.
		Finally, whenever available or relevant to an understanding of the material issues, Ence has disclosed voluntary information.
GOV-1	The role of the administrative, management and supervisory bodies in relation to sustainability issues	1.4.1 Governance bodies as regards sustainability
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.4.1 Governance bodies as regards sustainability
GOV-3	Integration of sustainability-related performance in incentive schemes	1.4.1.1 Sustainability objectives linked to variable remuneration
GOV-4	Due Diligence Statement	Due Diligence Statement
GOV-5	Risk management and internal controls over sustainability reporting	<ul style="list-style-type: none"> ▪ 1.4.7.1 Risk management approach ▪ 1.4.7.2 Roles and responsibilities ▪ 1.4.7.3 ESG risk identification, assessment and management process
SBM-1	Strategy, business model and value chain	<ul style="list-style-type: none"> ▪ 1.3 Strategic framework ▪ 1.4.5 2024-2028 Sustainability Master Plan and annual targets
SBM-2	Interests and views of stakeholders	<ul style="list-style-type: none"> ▪ General information: 1.4.3 Stakeholder relations ▪ Own workforce (S1): 3.1.4 Dialogue and Participation Processes ▪ Workers in the Value Chain (S2): 3.2.2 Supplier dialogue process ▪ Local communities (S3): 3.3.2 Processes and channels for dialogue with local communities ▪ Customers: 3.4.3 Processes and channels for dialogue with customers
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	<ul style="list-style-type: none"> ▪ General information: 1.4.4 Double materiality analysis ▪ Climate change (E1): 2.2.2 Impacts, risks and opportunities ▪ Pollution (E2): 2.3.1 Impacts, risks and opportunities ▪ Water and marine resources (E3): 2.4.1 Impacts, risks, and opportunities ▪ Biodiversity and ecosystems (E4): 2.5.1 Impacts, risks, and opportunities ▪ Circular economy (E4): 2.6.1 Impacts, risks, and opportunities ▪ Own workforce (S1): 3.1.1 Impacts, risks, and opportunities ▪ Workers in the Value Chain (S2): 3.2.1 Impacts, risks, and opportunities ▪ Affected communities (S3): 3.3.1 Impacts, risks, and opportunities ▪ Customers: 3.4.1 Impacts, risks, and opportunities

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Disclosure requirement		Reference
		During the preparation of the double materiality analysis Ence has assessed the current and expected financial effects of risks and opportunities in a qualitative manner during the determination of financial materiality (see section 1.4.4 Double materiality analysis) and is working to provide a greater degree of detail in future reporting cycles.
IRO-1	Description of the processes for identifying and assessing material impacts, risks and opportunities	1.4.4 Double materiality analysis
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	1.4.6.3 Table of contents CSRD
INFORMATION ON ENVIRONMENTAL ISSUES		
ESRS E1 - Climate Change		
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	1.4.1.1 Sustainability objectives linked to variable remuneration
E1-1	Transition plan for climate change mitigation	2.2.4.2 Decarbonisation Plan: emission reduction targets, actions and resources
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	2.2.4.1 Integrating climate action into the business model
ESRS 2 IRO-1	Description of the processes for determining and assessing IROs related to climate change	2.2.2 Impacts, risks and opportunities
E1-2	Policies related to climate change mitigation and adaptation	2.2.3 Climate Change Policy
E1-3	Actions and resources in relation to climate change policies	2.2.4.2 Decarbonisation Plan: emission reduction targets, actions and resources
E1-4	Targets related to climate change mitigation and adaptation	2.2.4.2 Decarbonisation Plan: emission reduction targets, actions and resources
E1-5	Energy consumption and mix	2.2.5.1 Energy consumption
E1-6	Gross scopes 1, 2 and 3 and total GHG emissions	<ul style="list-style-type: none"> ▪ 2.2.5.2 Carbon footprint 2024 ▪ 2.2.5.4 EU Emissions Trading
E1-7	GHG removals and GHG mitigation projects financed through carbon credits	2.2.5.3 Avoided emissions, forest sinks and offset credits
E1-8	Internal carbon pricing	2.2.5.5 Internal carbon price

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Disclosure requirement		Reference
E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	(1)
ESRS E2 - Pollution		
ESRS 2 IRO-1	Description of the processes for determining and assessing material IROs relating to pollution	2.3.1 Impacts, risks and opportunities
E2-1	Policies related to pollution	2.3.2 Environmental policy
E2-2	Actions and resources related to pollution	<ul style="list-style-type: none"> ▪ Cross-cutting mitigation measures ▪ 2.3.3 Objectives, actions and resources: Actions and resources
E2-3	Targets related to pollution	<ul style="list-style-type: none"> ▪ 2.3.3 Objectives, actions and resources: Strategy and Objectives
E2-4	Air, water and soil pollution	2.3.4 Metrics
E2-5	Substances of concern and substances of very high concern	Ence does not use, nor does it plan to start using, substances of concern or very high concern in its processes in accordance with Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).
E2-6	Anticipated financial effects from pollution-related impacts, risks and opportunities related to pollution	(1)
ESRS E3 Water and marine resources		
ESRS 2 IRO-1	Description of the processes for determining and assessing IROs related to marine and water resources	2.4.1 Impacts, risks, and opportunities
E3-1	Policies relating to water and marine resources	2.4.2 Environmental policy
E3-2	Actions and resources related to water and marine resources	2.4.3 Objectives, actions and resources: Actions and resources
E3-3	Targets related to water and marine resources	2.4.3 Objectives, actions and resources: Objectives
E3-4	Water consumption	2.4.4 Metrics
E3-5	Anticipated financial effects from water and marine resources-related impacts, risks, and opportunities	(1)
ESRS E4 – Biodiversity and ecosystems		

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Disclosure requirement		Reference
E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	2.5.3.1 Biodiversity Plan
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	2.5.1 Impacts, risks, and opportunities
ESRS 2 IRO-1	Description of processes for determining and assessing biodiversity and ecosystem-related IROs	2.5.1 Impacts, risks, and opportunities
E4-2	Policies related to biodiversity and ecosystems	2.5.2 Biodiversity Policy
E4-3	Actions and resources related to biodiversity and ecosystems	<ul style="list-style-type: none"> ▪ 2.5.3 Objectives, actions and metrics ▪ Cross-cutting mitigation measures
E4-4	Targets related to biodiversity and ecosystems	<ul style="list-style-type: none"> ▪ 2.5.3 Objectives, actions and metrics ▪ 2.5.3.2 Other objectives and metrics
E4-5	Impact metrics related to changes in biodiversity and ecosystems	<ul style="list-style-type: none"> ▪ 2.5.3.2 Other objectives and metrics ▪ Management area in protected natural areas
E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	(1)
ESRS E5 - Resource Use and Circular Economy		
ESRS 2 IRO-1	Description of the processes for determining and assessing IROs related to resource use and the circular economy	2.6.1 Impacts, risks, and opportunities
E5-1	Policies related to resource use and the circular economy	2.6.3 Environmental policy
E5-2	Actions and resources related to resource use and the circular economy	<ul style="list-style-type: none"> ▪ 2.6.4 Objectives, actions and resources: Actions and resources
E5-3	Targets related to resource use and the circular economy	<ul style="list-style-type: none"> ▪ 2.6.4 Objectives, actions and resources: Strategy and Objectives
E5-4:	Resource inflows	<ul style="list-style-type: none"> ▪ 2.6.5 Metrics: Consumption of raw materials
E5-5	Resource outflows	<ul style="list-style-type: none"> ▪ 2.6.5 Metrics: Waste

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Disclosure requirement		Reference
E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	(1)
INFORMATION ON SOCIAL ISSUES		
ESRS S1 - Own workforce		
ESRS 2 SBM-2	Interests and views of stakeholders	3.1.4 Dialogue and Participation Processes
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	<ul style="list-style-type: none"> ▪ 3.1.1 Impacts, risks, and opportunities ▪ 3.1.3 Strategic Plan for People ▪ 3.1.8.3 Risk prevention and management model
S1-1	Policies relating to own workforce	<ul style="list-style-type: none"> ▪ 3.1.2 Policies related to in-house employees ▪ 3.1.8.2 Health and Safety Policy and principles of action
S1-2	Processes for engaging with own workforce and workers' representatives about impacts	3.1.4 Dialogue and Participation Processes
S1-3	Processes for remedying negative impacts and channels for own workforce to raise concerns	3.1.4 Dialogue and Participation Processes 3.1.4.3 Internal Information Channel
S1-4	Taking action on impacts on own workforce, and approaches to mitigating risks and pursuing opportunities	3.1.4.3 Internal Information Channel
S1-5	Targets related to managing negative impacts, advancing positive impacts, and managing risks and opportunities	<ul style="list-style-type: none"> ▪ 3.1.3 Strategic Plan for People ▪ Structure and objectives ▪ 3.1.8.5 Objectives and performance
S1-6	Characteristics of the company's employees	<ul style="list-style-type: none"> ▪ 3.1.5.1 Workforce profile ▪ 3.1.5.2 Quality employment
S1-8	Coverage of collective bargaining and social dialogue	3.1.7.1 Right to association and collective bargaining and social dialogue
S1-9	Diversity metrics	3.1.6.2 Diversity indicators
S1-10	Adequate wages	Remuneration
S1-11	Social protection	3.1.7.2 Welfare plans
S1-12	Persons with disabilities	3.1.6.4 Persons with different abilities
S1-13	Training and skills development metrics	3.1.5.3 Managing, attracting and retaining talent
S1-14	Health and safety metrics	<ul style="list-style-type: none"> ▪ 3.1.8 Health and safety

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Disclosure requirement		Reference
		<ul style="list-style-type: none"> ▪ <i>Accidents</i> ▪ <i>Accident rates</i>
S1-15	Work-life balance metrics	3.1.6.3 Work-life balance
S1-16	Remuneration metrics (pay gap and total remuneration)	<ul style="list-style-type: none"> ▪ <i>Remuneration</i> ▪ <i>Pay Gap</i>
S1-17	Incidents, complaints and serious human rights incidences	3.1.4.3 Internal Information Channel
ESRS S2 - Workers in the Value Chain		
ESRS 2 SBM-2	Interests and views of stakeholders	3.2.2 Supplier dialogue process
ESRS 2 SBM-3	Material IROs and their interaction with the strategy and business model	3.2.1 Impacts, risks, and opportunities
S2-1	Policies related to value chain workers	3.2.3 Policies related to value chain workers
S2-2	Processes for engaging with value chain workers about impacts	3.2.2 Supplier dialogue process
S2-3	Processes for remedying negative impacts and channels for value chain workers to raise concerns	<ul style="list-style-type: none"> ▪ 3.2.1 Impacts, risks, and opportunities ▪ 3.2.5 Channels for reporting concerns and incidents
S2-4	Taking action on impacts on value chain workers, and approaches to mitigating risks and pursuing opportunities	3.2.4 Human rights in the value chain
S2-5	Targets related to managing negative impacts, advancing positive impacts, and managing risks and opportunities	3.2.4 Human rights in the value chain
ESRS S3 - Affected communities		
ESRS 2 SBM-2	Interests and views of stakeholders	3.3 Affected communities
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.3.1 Impacts, risks, and opportunities
S3-1	Policies related to affected communities	3.3.3 Policies related to affected communities
S3-2	Processes for engaging with affected communities about impacts	3.3.2 Processes and channels for dialogue with local communities

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Disclosure requirement		Reference
S3-3	Processes for remedying negative impacts and channels for affected communities to raise concerns	3.3.4 Listening processes and remediation of negative impacts
S3-4	Taking action on impacts on affected communities, and approaches to mitigating risks and pursuing opportunities	<ul style="list-style-type: none"> 3.3.1 Impacts, risks, and opportunities 3.3.5 Adoption of measures for the mitigation of negative impacts
Entity-Specific (ES) - Customers		
ES-SBM2	Interests and views of stakeholders	<ul style="list-style-type: none"> 3.4 Customers 3.4.3 Processes and channels for dialogue with customers
ES-SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.4.1 Impacts, risks, and opportunities
ES-1	Policies relating to customers	3.4.2 Customer-related policies
ES -2	Processes for engaging with customers about impacts	<ul style="list-style-type: none"> 3.4.3 Processes and channels for dialogue with customers 3.4.4 Listening processes and remediation of negative impacts
ES -3	Processes for remedying negative impacts and channels for customers and end-users to raise concerns	3.4.4 Listening processes and remediation of negative impacts
ES -4	Taking action on impacts on customers, and approaches to mitigating risks and pursuing opportunities	3.4.5 Adoption of measures and earmarked resources
ES-5	Targets related to managing material adverse events, driving positive events and managing material risks and opportunities	3.4.6 Objectives and metrics
INFORMATION ON GOVERNANCE		
ESRS G1 - Business Conduct		
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	4.2.1 Governance bodies as regards business conduct
ESRS 2 IRO-1	Description of the processes for determining and assessing IROs	4.2.2 Impacts, risks and opportunities
G1-1	Business conduct policies and corporate culture	4.2.3 Business conduct policies and procedures

Disclosure requirement		Reference
G1-2	Management of relations with suppliers	4.4 Supply chain monitoring
G1-3	Prevention and detection of corruption or bribery	4.3 Prevention of corruption and bribery
G1-4	Incidents of corruption or bribery	4.3 Prevention of corruption and bribery
G1-5	Political influence and lobbying activities	4.6 Relationship with administrations and other stakeholders
G1-6	Payment practices	4.4.4 Supplier payment practices

⁽¹⁾ Financial impacts: Delegated Regulation (EU) 2023/2772 of the Commission supplementing Directive 2013/34/EU on sustainability reporting standards provides for the possibility to phase in some of the required content. Specifically, Appendix C "List of phased-in Disclosure Requirements" of ESRS 1 "General requirements" includes the details of the information that is not mandatory to report in the first reporting year, establishing different moratoria depending on the type of information. In this regard, information on the anticipated financial effects of impacts, risks and opportunities related to pollution, water and marine resources, biodiversity and the circular economy may be omitted in the first year. In 2025, Ence will compile this information and make it public in the next reporting year.

1.4.7.1 Risk management approach

Ence manages risks to the organisation through the Risk Management System (RMS), an integrated process focused on identifying, assessing, prioritising, managing and monitoring situations that pose a threat to the Group's activities and objectives.

Ence's RMS covers Ence and all of the Group's companies, all of its businesses - cellulose, energy and forestry - and the activities of its corporate areas and is defined and regulated in the [Risk Management and Control Policy](#) (updated and approved by the Board of Directors in 2023) and the Risk Management Procedure.

In defining its RMS, Ence followed the guidelines of international reference frameworks, in particular COSO's Enterprise Risk Management - Integrated Framework. It is periodically reviewed so as to incorporate the best practices in this area.

Within the framework of the RMS, Ence identifies and assesses new risks on an ongoing basis and monitors the evolution of previously identified risks. It also records those risks that have materialised and closes the file on those to which the company is no longer considered to be exposed. The RMS covers risks to the various objectives established by Ence, distinguishing between strategic, operational, reporting, and regulatory compliance objectives. The RMS also establishes different categories of risks to be analysed depending on their nature - operational, financial or related to non-financial or ESG issues, including risks arising from climate change. The ESG risk identification and management process is described later in this section.

As a result of this process, the **Risk Register** (list of current, materialised and closed risks) and the **Risk Map** (representation of risks according to their probability of occurrence and their impact on the company) are constructed and updated. When assessing the impact, the "owners" of the risks assess the potential seriousness of the risk in gross terms from different perspectives (health and safety, legal consequences, impact on the environment, economic impact, reputational impact and impact on the organisation's objectives). The impact on each of these stakeholders is assessed on a five-level scale from "insignificant" to "very significant". In the case of the probability of occurrence, the risks are assessed on a percentage scale of probability of five levels as well, from "rare" to "almost certain". Once the most relevant risks have been determined, in terms of impact and probability, two additional factors are analysed: speed (time between the occurrence of the risk and its expected impact) and vulnerability (indicative of the effectiveness of the control actions implemented). On the basis of this risk assessment, the area heads establish the appropriate action and control plans to mitigate, reduce or transfer the risk in question. The risk owners then go on to assess the net or residual risk, i.e. the gross risk minus the effect of the mitigating measures once they have been defined.

Ence's risk management process is a continuous process. Within this framework, every six months, Ence identifies and assesses any new risks that may have arisen, monitors the risks identified in previous periods and closes the file on those that are no longer considered a risk. In that same process, it also updates the information relating to the mitigation measures and action plans associated with identified risks.

Thus, the Risk Map is regularly updated and submitted to the Executive Committee for review and subsequently to the Audit Committee for approval and reporting to the Board of Directors. Depending on the results of the Risk Map, the Internal Audit Department prepares the Internal Audit Plan for the following financial year, which establishes measures to check that risks are properly assessed and that the actions envisaged in the mitigation plans are being carried out.

Information related to IROs is included in the specific thematic chapters.

1.4.7.2 Roles and responsibilities

The risk management process involves all areas of the company, each with specific responsibilities in each phase of the process. The roles and responsibilities assigned to the various governance bodies and functional areas of the company in the RMS are described below:

The **Board of Directors** is responsible for determining the risk management policy and supervising the internal reporting and control systems. The Board thus defines the principles of risk management and establishes the internal control systems that make it possible to keep the likely impacts and the probability of occurrence of such risks within the levels of risk appetite determined and accepted by the company.

The **Executive Committee** works together with Ence's Board of Directors to define the principles for managing the risks to which the company is exposed and establishing the internal control systems that make it possible to keep the likely impacts and the probability of occurrence of such risks within the levels of risk appetite determined and accepted by the

company. In this regard, Ence's Executive Committee reviews the Risk Register and the Risk Map before they are submitted to the Audit Committee for approval.

The **Audit Committee** assists the Board in supervising the internal control and risk management systems, including the internal control systems for financial reporting (ICFR) and those for Sustainability reporting (ICSR).

The **Internal Audit Department** is responsible for supervising the RMS in the company's day-to-day operations, establishing criteria and drawing up procedures for risk management and reporting regularly to the Board through the Audit Committee. It also verifies the proper implementation of defined risk management and control principles and policies, and monitors compliance with internal control systems.

The **Ethics and Compliance Department** is responsible for defining and updating Ence's criminal risk map, which identifies the company's activities within the scope of which the criminal offences that must be prevented may be committed. The Ethics and Compliance Directorate reports to the Audit Committee of the Board of Directors.

The **business area managers** are the "owners" of their respective risks and play a continuous risk management role at the most operational level, from the review of the assessment to the definition of the corresponding mitigation measures.

Under this general scheme of action, the correct coordination of all the participants in the various phases of execution, monitoring, control, supervision and reporting of the measures adopted for risk management is guaranteed.

1.4.7.3 ESG risk identification, assessment and management process

Risks arising from ESG aspects are part of the company's RMS. In fact, Ence has been analysing risks related to environmental aspects, health and safety of its workers or social licence to operate since the beginning of the formalisation of its risk management system. In 2020, a specific working group was set up to analyse the risks arising from climate change, and since that year these risks have also been included in the company's RMS.

In 2024, the ESG risk identification process was strengthened thanks to the results of the double materiality analysis that was carried out as a basis for the Sustainability Master Plan 2024-2028. In this analysis, more than 50 risks were identified (both in Ence's operations and along its value chain) related to the following aspects: climate change, pollution, water and marine resources, biodiversity, circular economy, own workforce and value chain workers, affected communities, customers, business conduct, governance and innovation. Those not already included ¹⁰were added to the company's risk register. The **new risks** identified are concentrated in the following areas:

ESG risk	Description
Biodiversity and ecosystems	
Increased costs due to additional biodiversity conservation requirements at the facilities	Possible new regulatory requirements related to biodiversity protection may result in increased costs for the company.
Non-compliances related to forest management	Potential non-compliance with forestry regulations in Ence's harvesting could result in fines or penalties for the company.
Classification of operational areas as protected areas / inclusion of new species in catalogues/protection lists	The potential cataloguing of areas owned by Ence as protected areas or the inclusion of species present on Ence's land in the catalogues of protected species would entail the need to adapt forest management plans and would probably result in a decrease in forest production.
Regulatory changes negatively affecting the creation of eucalyptus sinks	Potential regulation against carbon sink projects based on exotic species such as eucalyptus (especially in the OECC scheme) would be detrimental to Ence, as it would limit the area of land on which these projects can be carried out.
Own workforce	

¹⁰ Many of these new risks are different from those previously analysed in the RMS, in that most of them are risks that may materialise in the medium or long term and their analysis requires the development of scenarios, unlike the risks included in the register, which were defined from a fundamentally operational perspective.

ESG risk	Description
Reputational damage due to pay gap	If a significant gap exists, it may worsen the perception of the company among its stakeholders, especially among potential employees, affecting the Group's ability to attract talent.
Fines/sanctions for labour law and workers' rights issues	Possible breaches of labour law and violations of workers' rights can also lead to fines and sanctions for the company.
Workers in the value chain	
Worsening of relations with suppliers due to the high demands of Ence's procedures.	The regulations and procedures applied by Ence in its supply chain, including sustainability and supplier approval requirements, may entail a risk of worsening the perception of contractors and even their refusal to work with the company.
Reputational damage due to inadequate labour conditions/equality/human rights of suppliers providing raw materials and customers using Ence's products.	Possible breaches of labour regulations or human rights violations by Ence's suppliers could lead to a worsening of the company's public image or even a fall in its ESG ratings,
Fines/sanctions for issues related to suppliers' labour regulations and workers' rights (Due Diligence)	Possible breaches of labour regulations or human rights violations by Ence's suppliers may result in fines or sanctions for the company, especially in the framework of the Corporate Sustainability Due Diligence Directive (CSDDD).
Environmental or social non-compliance of suppliers	Possible breaches of environmental regulations or, in general, the generation of negative environmental impacts by Ence's suppliers may result in fines or sanctions for the company, especially within the framework of the Corporate Sustainability Due Diligence Directive (CSDDD).
Customers and end consumers	
Reputational damage and loss of customers due to insufficient positioning on ESG aspects	Poor performance in ESG ratings/assessments may lead to a worsening of Ence's public image and in particular of the perception of stakeholders such as investors and analysts. Likewise, customers who include sustainability criteria in their procurement policies may decline to work with Ence if it does not meet the minimum required ESG standards.
Business conduct	
Non-compliance with whistleblower protection regulations	Potential breaches of the Whistleblower Protection Act, which regulates the protection of persons who report regulatory and anti-corruption violations, may result in fines or sanctions for the company.
Reputational damage associated with possible cases of corruption / misconduct	In the event of incidents involving corruption or other crimes affecting Ence or its employees, the public perception of the company could worsen, as could its ESG ratings.

In this way, **Ence's global risk register and risk map have been aligned with the IRO study in the materiality analysis**, ensuring that all risks arising from material aspects are included in the company's RMS.

In the revision of the Risk Map, an owner has been assigned to each of the new risks, which have been assessed according to the procedure described in the previous point. In addition, for each new risk, mitigation measures have been defined with their respective responsible parties. While some ESG risks have not been found to be material after assessment, they remain in the risk register and will be reassessed periodically in each mapping exercise. The ESG risks, their assessment in terms of probability of occurrence and impact, as well as the mitigation measures defined are detailed in the relevant chapters of this report.

For further information on Ence's management system and risks not related to ESG aspects, please refer to section "E. **RISK MANAGEMENT AND CONTROL SYSTEMS**" in the company's Annual Corporate Governance Report at this [link](#).

02. Environment

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2. Environment

2.1 Taxonomy

Ence has carried out an **eligibility analysis** to identify the activities of its business lines with the potential to contribute substantially to one of the six environmental objectives included in the EU Taxonomy of sustainable activities (Regulation 2020/852).

1. Climate change mitigation
2. Adaptation to climate change
3. Transition to a circular economy
4. Protection and restoration of biodiversity and ecosystems
5. Sustainable use and protection of water and marine resources
6. Pollution prevention and control

Following the analysis, **eligible activities have been identified for the first four objectives** since they meet one of the definitions of the Delegated Regulations implementing Regulation 2020/852.

For each of the eligible activities identified, an **alignment analysis** has been carried out to determine whether they meet the criteria of substantial contribution to the relevant objective, “do no significant harm” to other objectives (DNSH) and the minimum social safeguards defined in the taxonomy regulation and its delegated regulations.

The analysis includes all Group companies (cellulose, renewable energy and forestry business lines) included in the consolidation perimeter. The process was aimed at calculating the proportion of taxonomically eligible activities in terms of turnover (sales), capital expenditure (CapEx) and operating expenses (OpEx). The details of the construction of these taxonomic KPIs can be found in ***Annex I Construction of taxonomy KPIs***.

2.1.1 Eligibility and alignment analysis

The following Delegated Regulations have been taken into account for the eligibility and alignment analysis:

- Delegated Regulation (EU) 2021/2139 of 4 June 2021, which includes eligibility and alignment criteria for **climate change mitigation and adaptation objectives**.
- Delegated Regulation (EU) 2022/1214 of 9 March 2022, which complements Annexes 1 and 2 of the aforementioned Delegated Regulation with a series of economic activities related to the use of **gaseous fossil fuels and nuclear energy**.
- Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Delegated Regulation (EU) 2021/2139 establishing **additional technical screening criteria** for determining the conditions under which certain economic activities qualify as contributing substantially to climate change mitigation or climate change adaptation.
- Delegated Regulation (EU) 2023/2486 of 27 June 2023, which includes the eligibility and alignment criteria for the **four non-climate environmental objectives** (relating to the protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution, and the protection and restoration of biodiversity and ecosystems).

The following is a list of taxonomic activities applicable to Ence and their analysis of eligibility and alignment with the six environmental objectives:

Taxonomic activity ¹¹	Economic activity - Ence Application	Eligibility Analysis - Ence Companies	Alignment analysis ¹²
Objective 1 Climate change mitigation¹³			
CCM 1.3 – Forest management	Activities related to silviculture and other forestry activities, timber harvesting (including the sale of timber to third parties) and support services for silviculture.	Ence Terra and Silvasur are eligible. Other Group forestry companies (Ibersilva Servicios, ENCE I&D, Liptoflor and Casefor) are not considered eligible since their activity does not exactly fit the definition of the economic activity "forest management" or any other of the three activities included in Section "1. Silviculture" as defined in Delegated Regulation 2021/2139.	All Eligible Companies are aligned.
CCM 4.1 – Electricity generation using solar photovoltaic technology	Activity linked to the generation of electricity with solar photovoltaic plants.	Sevilla 90 Solar and Granada 133 Solar are eligible.	All Eligible Companies are aligned.
CCM 4.8 – Electricity generation from bioenergy	Activity linked to the generation of renewable electricity from biomass.	Cener, Magnon Green Energy, Ence Energía Huelva, Ence Energía Huelva II, Ence Energía Extremadura, Energía de La Loma, Energía La Mancha Enemansa, Energía Puertollano and Bioenergía Santamaría (the biomass generation facility) are eligible. In the case of Bioenergía Santamaría, which comprises a biomass electricity generation plant and a natural gas cogeneration plant, only those projects and items corresponding to the	All Eligible Companies are aligned.

¹¹ In 2024, five new economic activities have been identified within Delegated Regulation (EU) 2021/2139 (activities 4.13, 5.1, 5.3, 7.4 and 7.6).

¹² An activity is considered to be aligned when it meets the criteria of substantial contribution, the principles of no significant harm to other objectives (DNSH) and the minimum social safeguards defined in the Taxonomy Regulation and its Delegated Regulations.

¹³ All the Ence Group's taxonomic activities that are eligible for the climate change mitigation and adaptation objectives are aligned with both the climate change mitigation and adaptation objectives, except for taxonomic activity 4.30, which is aligned only with the adaptation objective. For the rest of the taxonomic activities, to avoid double counting, 100% of their alignment is allocated to the mitigation objective.

Taxonomic activity ¹¹	Economic activity - Ence Application	Eligibility Analysis - Ence Companies	Alignment analysis ¹²
		biomass generation plant are considered eligible under this activity (CCM 4.8). Those corresponding to the gas cogeneration plant and those serving both are considered ineligible. Natural gas-fired cogeneration activities are assessed in activity CCM/CCA 4.30.	
CCM 4.13 - Manufacture of biogas and biofuels for use in transport and of manufacture of bioliquids	Activity linked to the production of renewable fuels (e-methanol) at the Mérida, Huelva and Puertollano plants.	Ence Energía Huelva, Ence Energía Extremadura and Energía Puertollano are eligible.	All Eligible Companies are aligned.
CCM 4.20 – Cogeneration of heat/cool and power from bioenergy	Activity linked to cogeneration from biomass at the Navia and Pontevedra bio-factories.	The biomass cogeneration activities of CEASA (Navia) and Ence Energía y Celulosa S.A. (Pontevedra), are eligible. These companies are also active in pulp production (non-eligible activity). In the latter case and following a conservative criterion, only those projects unequivocally related to the activity 4.20 Cogeneration of heat/cool and power from bioenergy will be considered eligible and not those that can also serve the cellulose production activity.	All Eligible Companies are aligned.
CCM 4.24 – Heat production from bioenergy.	Through Magnon Energy Services, Ence produces heat from biomass by operating boilers at its customers' industrial facilities.	Magnon Energy Services is eligible.	The Eligible company is aligned.
CCM 5.9 – Material recovery from non-hazardous waste.	The As Pontes project, currently in the design phase, includes the construction of a bioplant for the production of recycled	Biofibras de Galicia's As Pontes project is eligible.	The Eligible company is aligned.

Taxonomic activity ¹¹	Economic activity - Ence Application	Eligibility Analysis - Ence Companies	Alignment analysis ¹²
	fibre bleached from recovered cardboard and paper.		
CCM 5.1 – Construction, extension and operation of water collection, treatment and supply systems	Ence is carrying out projects to improve water collection and supply points at both the Navia and Pontevedra bio-factories.	Projects related to improvements to the water collection and supply systems of CEASA (Navia) and Ence Energía y Celulosa S.A. (Pontevedra) are eligible.	All eligible projects are aligned.
CCM 5.3 – Construction, extension and operation of waste water collection and treatment systems	Ence is carrying out wastewater treatment improvement projects at the Pontevedra bio-factory's own water treatment plant.	Projects related to wastewater treatment at the Pontevedra bio-factory (Ence Energía y Celulosa S.A.) are eligible.	All eligible projects are aligned.
CCM 7.4 - Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Installation of charging stations for electric vehicles at the Navia bio-factory.	CEASA project for electric vehicle charging stations	The eligible project is aligned
CCM 7.6 – Installation, maintenance and repair of renewable energy technologies	Installation of photovoltaic solar panels for self-consumption at the Huelva and Puertollano plants.	Project for the installation of solar panels for self-consumption at Ence Energía Huelva and Ence Energía Puertollano.	All eligible projects are aligned
CCA 4.30 – High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	Activity related to the operation of Bioenergía Santamaría's natural gas cogeneration plant at the Lucena facility.	The Bioenergía Santamaría company is eligible	The eligible Lucena company is not aligned, since it does not comply with the requirements related to CO ₂ emissions per kWh produced and measures related to methane leakage. See section Action plan for non-aligned activities . However, this activity is aligned with objective CCA4.30 as detailed below.
Objective 2 Adaptation to climate change			

Taxonomic activity ¹¹	Economic activity - Ence Application	Eligibility Analysis - Ence Companies	Alignment analysis ¹²
CCA 4.30 – High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	Activity related to the operation of Bioenergía Santamaría's natural gas cogeneration plant at the Lucena facility.	The Bioenergía Santamaría company is eligible ¹⁴	The eligible Lucena company is aligned.
Objective 3 Transition to a circular economy			
CE 2.2 – Production of alternative water resources for purposes other than human consumption	Project related to the recirculation of effluent from the Pontevedra bio-factory and regeneration of water from the discharge.	Project in Pontevedra (Ence Energía y Celulosa S.A.)	The eligible project is aligned
CE 2.5 - Recovery of bio-waste by anaerobic digestion or composting	Development of bio-methane generation projects using agricultural and livestock waste.	Ence Biogas S.L, BioCH4 Developments, S.L and Biometagas La Galera S.L. are eligible	Not aligned, see section Action plan for non-aligned activities .
Objective 4 Protection and restoration of biodiversity and ecosystems - Delegated Regulation (EU) 2023/2486			
BIO 1.1 - Conservation, including restoration of habitats, ecosystems and species	Restoration activities carried out by Ence in its forestry assets.	The asset-holding companies Ence Terra and Silvasur are eligible.	The asset holding companies Ence Terra and Silvasur are not aligned because they do not comply with the CTS related to the characterisation of the main species (list of species, size of populations, etc.) throughout the Conservation Area Network.

In addition to the assessment of the technical selection criteria and the DNSH criteria, in the process of verification of this report, Ence demonstrated that it complied with the **Minimum Social Safeguards** as regards Human Rights, Corruption, Responsible Taxation, and Defence of Competition. To this end evidence was provided of the policies, systems and procedures that Ence has in place for these safeguards. Evidence has also been provided to demonstrate that the company or its senior management has not been convicted in court cases regarding human rights abuses, corruption or bribery, tax evasion or violation of competition laws.

¹⁴Bioenergía Santamaría's sales of energy from cogeneration with natural gas are in principle eligible as the activity falls under activity CCM 4.30, but as it is an adaptation activity, these sales are not included in the eligibility report. This criterion is in line with the provisions of point 5 of Commission Notice 2022/C 385/01 on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities¹⁵ and assets, to the effect that for adaptation activities only the contribution in terms of Opex and Capex is reported, but not turnover (sales).

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2.1.2 Results Tables

Sales

2024				Substantial contribution criteria						DNSH Criteria									
Economic Activities (1)	Codes (2)	Turnover (3)	Turnover ratio 2024 (3)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) Turnover ratio, 2023 (18)	Category enabling activity (19)	Category transitional activity (20)
	CCM; CCA; WTR; CE; PPC; BIO + Activity Code	€	%																
A TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)				Y; N; N/EL(i)	Y; N; N/EL(i)	Y; N; N/EL(i)	Y; N; N/EL(i)	Y; N; N/EL(i)	Y; N; N/EL(i)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Electricity generation from bioenergy	CCM 4.8	172,313,302	20%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	18%	-	-
Cogeneration of heat/cold and power from bioenergy in Navia and Pontevedra	CCM 4.20	36,583,023	4%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	4%	-	-
Production of heat/cold and power from bioenergy	CCM 4.24	2,350,886	0.3%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	-	-
Forest management	CCM 1.3	13,874,475	2%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2%	-	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		225,121,686	26%	26%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	24%		
Of which enabling (iii)		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0%	E	
Of which transitional (iii)		0	0%	0%						Y	Y	Y	Y	Y	Y	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (activities that are not Taxonomy-aligned)				EL; N/EL(iv)	EL; N/EL(iv)	EL; N/EL(iv)	EL; N/EL(iv)	EL; N/EL(iv)	EL; N/EL(iv)								%		
-	-	0	0.0%	-	-	-	-	-	-								0.4%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	0.0%	0%	0%	0%	0%	0%	0%								0.4%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		225,121,686	26%	26%	0%	0%	0%	0%	0%								25%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non eligible activities		645,315,820	74%																
Total (A + B)		870,437,506	100%	(i) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective. N – No. Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.															

(i) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.

N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.

N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

(ii) Activities CCM 4.8, CCM 4.13, CCM 4.20, CCM 4.24 and CCM 1.3 meet the alignment criteria for both the mitigation and the adaptation objectives. However, to avoid double counting, the percentage calculation is allocated in its entirety to the mitigation objective as it is considered to be the one to which they contribute the most.

(iii) The determination of enabling/transitional activities has been made considering the descriptions of the activities included in the Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2022/1214 and Delegated Regulation (EU) 2023/2486 in such a way that, only in the case that the description indicates that it is a enabling or transitional activity, it has been considered as such.

(iv) EL – the activity is eligible according to the taxonomy for the relevant objective.

N/EL: the activity is not eligible according to the taxonomy for the relevant objective.

	Turnover/total turnover ratio	
	Taxonomy -aligned per objective	Taxonomy -eligible per objective
Climate change mitigation (CCM)	25.9%	25.9%
Climate change adaptation (CCA)	0% ⁽ⁱ⁾⁽ⁱⁱ⁾	0%
Circular economy (CE)	0%	0%
Pollution prevention and control (PPC)	0%	0%
Water and marine resources (WTR)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

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The percentage of sales aligned with the taxonomy criteria reached 26% of the Group's total sales in 2024. This represents an increase compared with the figure for 2023 (24%), mainly due to the increase in sales of energy from biomass electricity generation (activity CCM 4.8), the activity that contributes most to the aligned sales figure. In 2024, biomass power plants increased their production compared with the previous year, with a consequent increase in energy sales. In addition, in 2024, the aligned sales of energy from the biomass cogeneration activity (activity CCM 4.20) also increased, mainly due to the alignment of the Pontevedra facility. In 2023, this installation was considered non-aligned as it did not comply with one of the DNSH criteria (5- Pollution Prevention and Control) related to the emission of particulate matter from the biomass boiler. However, thanks to Ence's investment in improving the particle abatement system, in 2024 it managed to stay below the emission limits established in the DNSH.

Pulp sales, which account for the largest share of the Group's total sales, are reported as ineligible as the pulp production activity is considered ineligible.

The sales ratio for the activities covered by Delegated Regulation 2022/1214 is detailed below: In the case of Ence, these are only activities related to the production of energy from gaseous fossil fuels, specifically the co-generation of heat and electricity from natural gas at the Lucena plant (Cordoba). This activity is considered eligible, and in the case of Ence, it is considered aligned with the climate change adaptation objective (CCA 4.30) but not with the mitigation objective (CCM 4.30) because it does not meet all the technical selection criteria and DNSH criteria applicable to the activity Cogeneration of heat/cool and electricity from gaseous fuels, specifically those relating to CO₂ emissions per kWh generated and those relating to methane leakage.

Activities related to gaseous fossil fuels

4.	The company carries out, finances or is exposed to the construction or operation of electricity generation facilities that produce electricity from gaseous fossil fuels	NO
5.	The company carries out, finances or is exposed to the construction, renovation and operation of combined heat/cold and power plants using gaseous fossil fuels	YES
6.	The company carries out, finances or is exposed to the construction, renovation and operation of heat generation facilities producing heat/cold from gaseous fossil fuels	NO

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Eligible economic activities according to taxonomy (denominator)	CCM+CCA		Amount and proportion			
	Amount	%	Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
Amount and proportion of the economic activity that complies with the taxonomy referred to in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator	0	0%	0	0%	0	0%
Amount and share of other economic activities conforming to the taxonomy not mentioned in rows 1 to 6 in the denominator	225,121,686	26%				
Total Sales	870,437,506	100%				
Economic activities aligned with the taxonomy (numerator)	CCM+CCA		Amount and proportion			
	Amount	%	Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
Amount and proportion of the economic activity that complies with the taxonomy referred to in section 4.30 of Annexes I and II of the Delegated Regulation (EU) 2021/2139 in the numerator	0	0%	0	0%	0	0%
Amount and share of other economic activities conforming to the taxonomy not mentioned in rows 1 to 6 in the numerator	225,121,686	26%				
Total Sales	870,437,506	100%				

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OpEx

2024				Substantial contribution criteria						DNSH Criteria						Minimum safeguards (17)	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) OpEx ratio, 2023 (18)	Category enabling activity (19) (iv)	Category transitional activity (20) (iv)
Economic Activities (1)	Codes (2)	OpEx (3)	2024 OpEx ratio (3)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)				
	CCM; CCA; WTR; CE; PPC; BIO + Activity Code	€	%																
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned) ⁽ⁱ⁾				Y; N; N/EL ⁽ⁱ⁾	Y; N; N/EL ⁽ⁱ⁾	Y; N; N/EL ⁽ⁱ⁾	Y; N; N/EL ⁽ⁱ⁾	Y; N; N/EL ⁽ⁱ⁾	Y; N; N/EL ⁽ⁱ⁾	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T	
Electricity generation from bioenergy	CCM 4.8	19,154,263	54%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	55%	-	-	
Forest management	CCM 1.3	71,095	0.2%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	1%	-	-	
Production of heat/cold and power from bioenergy	CCM 4.24	3,401	0.01%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	0%	-	-	
Cogeneration of heat/cold and power from gaseous fuels	CCA 4.30	481,934	1%	N ^{(i)(v)}	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	0%	-	-	
Cogeneration of heat/cold and power from bioenergy in Navia and Pontevedra	MCC 4.20 ^(v)	3,826,422	11%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	0%	-	-	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		23,537,115	66%	65%	1% ⁽ⁱ⁾	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	55%			
Of which enabling (iii)		0	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	0%	E		
Of which transitional (iii)		0	0%	0%						Y	Y	Y	Y	Y	Y	0%		T	
A.2. Taxonomy-eligible but not environmentally sustainable activities (activities that are not Taxonomy-aligned)				EL; N/EL ^(iv)	EL; N/EL ^(iv)	EL; N/EL ^(iv)	EL; N/EL ^(iv)	EL; N/EL ^(iv)	EL; N/EL ^(iv)							%			
Valorisation of biowaste by anaerobic digestion or composting - Biomethane plants	CE 2.5	53,066	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
A.2. Taxonomy-eligible but not environmentally sustainable activities		53,066	0.1%																
A. OpEx of Taxonomy-eligible activities (A.1 + A.2)		23,590,181	67%	65%	1%	0%	0%	0.1%	0%							56% ^(vi)			
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non eligible activities		11,879,835	33%																
Total (A + B)		35,470,017	100%																
⁽ⁱ⁾ Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective. N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective. N/EL – Not eligible. Taxonomy-eligible but not eligible for the relevant environmental objective.																			

(i) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.
(ii) Activities CCM 4.8, CCM 4.13, CCM 4.20, CCM 4.24 and CCM 1.3 meet the alignment criteria for both the mitigation and the adaptation objectives. However, to avoid double counting, the percentage calculation is allocated in its entirety to the mitigation objective as it is considered to be the one to which they contribute the most.
(iii) The determination of enabling/transitional activities has been made considering the descriptions of the activities included in the Delegated Regulation (EU) 2021/2139, Delegated Regulation (EU) 2022/1214 and Delegated Regulation (EU) 2023/2486 in such a way that, only in the case that the description indicates that it is an enabling or transitional activity, it has been considered as such.
(iv) EL – the activity is eligible according to the taxonomy for the relevant objective.
N/EL – the activity is not eligible according to the taxonomy for the relevant objective.
(v) During 2024, the OPEX relating to the activities of Ence (Pontevedra) and CEASA (Navia) was split up, a distinction being made between the part corresponding to activity 4.20 (eligible) and the part corresponding to the pulp manufacturing activity (ineligible). For this purpose, the OPEX corresponding to the cogeneration activity unambiguously linked to electricity generation facilities (turbines, boilers, evaporators or biomass processing) was considered.
Bioenergia Santamaría (the natural gas cogeneration plant) is considered non-aligned with the mitigation objective as it does not meet all the technical selection criteria and DNSH criteria applicable to the activity Cogeneration of heat/cool and electricity from gaseous fuels, in particular those relating to CO₂ emissions per kWh generated and those relating to methane leakage.
(vi) In 2023, activity CCA 4.30 was a non-aligned eligible activity.

	OpEx/Total OpEx ratio	
	Taxonomy -aligned per objective	Taxonomy -eligible per objective
Climate change mitigation (CCM)	65%	65%
Climate change adaptation (CCA)	1% ⁽ⁱ⁾	1%
Circular economy (CE)	0%	0.1%
Pollution prevention and control (PPC)	0%	0%
Water and marine resources (WTR)	0%	0%
Biodiversity and ecosystems (BIO)	0%	0%

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The percentage of OpEx aligned with the taxonomy reached 66% of the Group's total OpEx in 2024, up from 55% in the previous year. The largest contributions to the aligned OpEx figure come from the renewable biomass power generation activity at Magnon's plants (activity CCM 4.8).

Until 2023, all the OpEx of Ence (Pontevedra) and CEASA (Navia) was considered ineligible as it was not possible to distinguish the part corresponding to the biomass cogeneration activity (activity CCM 4.20) from the cellulose manufacturing activity (ineligible), so that, following a conservative criterion, until 2023 all the OpEx of these companies was considered ineligible. However, during 2024, efforts were made to account separately for the OpEx on the two activities (CCM 4.20 and pulp production) and the OpEx that was unequivocally linked to the electricity generation facilities (turbines, boilers, evaporators or biomass processing), corresponding to the CCM 4.20 activity, was counted as aligned OpEx. This also led to an increase in the proportion of eligible OpEx (67%, compared with 56% in 2023).

The OpEx proportion for the activities covered by Delegated Regulation 2022/1214 is detailed below:

Eligible economic activities according to taxonomy (denominator)	CCM+CCA		Amount and proportion			
	Amount	%	Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
Amount and proportion of the economic activity that complies with the taxonomy referred to in section 4.30 of Annexes I and II of Delegated Regulation (EU) 2021/2139 in the denominator	0	0%	0	0%	0	0%
Amount and share of other economic activities conforming to the taxonomy not mentioned in rows 1 to 6 in the denominator	23,590,181	67%				
Total OpEx	35,470,017	100%				

Economic activities aligned with the taxonomy (numerator)	CCM+CCA		Amount and proportion			
	Amount	%	Climate change mitigation (CCM)		Climate change adaptation (CCA)	
	Amount	%	Amount	%	Amount	%
Amount and proportion of the economic activity that complies with the taxonomy referred to in section 4.30 of Annexes I and II of the Delegated Regulation (EU) 2021/2139 in the numerator	481,934	1%	0	0%	481,934	1%
Amount and share of other economic activities conforming to the taxonomy not mentioned in rows 1 to 6 in the numerator	23,055,181	65%				
Total OpEx	35,470,017	100%				

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CapEx

2024				Substantial contribution criteria						DNSH Criteria									
Economic Activities (1)	Codes (2)	CapEx (3)	2024 CapEx ratio (3)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1) or Taxonomy-eligible (A.2) CapEx ratio 2023 (18)	Category enabling activity (19) (iv)	Category transitional activity (20) (iv)
	CCM; CCA; WTR; CE; PPC; BIO + Activity Code	€	%																
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)				Y; N; N/EL ⁽ⁱ⁾⁽ⁱⁱ⁾	Y; N; N/EL ⁽ⁱ⁾	Y; N; N/EL ⁽ⁱ⁾	Y; N; N/EL ⁽ⁱ⁾	Y; N; N/EL ⁽ⁱ⁾	Y; N; N/EL ⁽ⁱ⁾	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Forest management	CCM 1.3	18,458,915	17%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	27%	-	-
Electricity generation using solar photovoltaic technology	CCM 4.1	256,022	0.2%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	-	-
Electricity generation from bioenergy	CCM 4.8	12,430,503	11%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	16%	-	-
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	895,550	1%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	- (iii)	-	-
Cogeneration of heat/cold and power from bioenergy in Navia and Pontevedra	CCM 4.20 ^(vi)	3,650,458	3%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5%	-	-
Production of heat/cold and power from bioenergy	CCM 4.24	2,903,925	3%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	-	-
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	926,188	1%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	- (iii)	-	-
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	44,528	0.04%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	- (iii)	-	-
Installation, maintenance and repair of renewable energy technologies (PV self-consumption)	CCM 7.6	444,569	0.4%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	- (iii)	E	-
Construction, extension and operation of waste water collection and treatment in Pontevedra	CCM 5.3	2,659,487	2%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	- (iii)	-	-
Material recovery from non-hazardous waste: As Pontes Project	CCM 5.9 ^(vi)	2,296,102	2%	Y	N/EL ⁽ⁱⁱ⁾	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	- (iv)	-	-
Cogeneration of heat/cold and power from gaseous fuels	CCA 4.30 ^(viii)	68,731	0.1%	N/EL	Y	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	-	-	-
Recirculation of reclaimed water Pontevedra	CE 2.2 ^(iv)	242,508	0.2%	N/EL	N/EL	N/EL	N/EL	Y ^(vii)	N/EL	Y	Y	Y	Y	Y	Y	Y	-	-	-
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)				45,277,486	41%	40%	0.1%	0%	0.2%	0%	Y	Y	Y	Y	Y	Y	48%		
Of which enabling ^(vi)				444,569	1%	1.0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y		E	
Of which transitional ^(vi)				0	0%	0%				Y	Y	Y	Y	Y	Y	Y			T
A.2. Taxonomy-eligible but not environmentally sustainable activities (activities that are not Taxonomy-aligned)				EL; N/EL ^(v)	EL; N/EL ^(v)	EL; N/EL ^(v)	EL; N/EL ^(v)	EL; N/EL ^(v)	EL; N/EL ^(v)								%		
Conservation, including restoration, of habitats, ecosystems and species	BIO 1.1	159,273	0.1%	N/EL	N/EL	N/EL	N/EL	N/EL	EL								0.1%		
Biogas plants	CE 2.5	29,291,400	26%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								1%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)				29,450,672	26%	0%	0%	0%	26%	0.1%							20%		
A. CapEx of Taxonomy-eligible activities (A.1 + A.2)				74,728,158	67%	40%	0.1%	0%	26%	0.1%							68% ^(iv)		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non eligible activities		36,991,842	33%																
Total (A + B)		111,720,000	100%																

(i) Y – Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective. N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective. N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

(ii) Activities CCM1.3, CCM4.8, CCM4.20, CCM4.1, CCM4.13, CCM4.24, CCM5.1, CCM5.3, CCM5.9, CCM7.4 and CCM7.6 meet the alignment criteria for both the mitigation and adaptation objectives. However, to avoid double counting, the percentage calculation is allocated in its entirety to the mitigation objective as it is considered to be the one to which they contribute the most.

(iii) Activity not included in last year's report (2023) as it is a new activity of the company in 2024 for the Climate Change Mitigation and Adaptation objectives.

(iv) Enabling/transitional activities were determined considering the descriptions of the activities included in Delegated Regulations (EU) 2021/2139, (EU) 2022/1214 and (EU) 2023/2486 such that only if the description indicated an activity as enabling or transitional was it considered as such.

(v) EL – the activity is eligible according to the taxonomy for the relevant objective. N/EL: the activity is not eligible according to the taxonomy for the relevant objective.

(vi) In 2023, CCM5.9 and CCM4.20 (Pontevedra) were eligible non-aligned activities. In addition, activity CE2.2 was reported as eligible, but alignment was not mandatory, so alignment analysis was not carried out until the 2025 reporting cycle.

(vii) In 2023, activity CCM5.9 was an eligible, non-aligned activity.

(viii) In the case of Lucena, where the investment is not specific to biomass electricity production, it has been classified under activity CCM4.30, following a conservative criterion (non-aligned activity).

CapEx/Total CapEx ratio		
Taxonomy-aligned per objective		Taxonomy-eligible per objective
Climate change mitigation (CCM)	0.4	0.4
Climate change adaptation (CCA)	0.1% ^(viii)	0.1%
Circular economy (CE)	0.2%	0.26
Pollution prevention and control (PPC)	0	0
Water and marine resources (WTR)	0	0
Biodiversity and ecosystems (BIO)	0	0.1%

2024 Sustainability Report

The percentage of CapEx aligned with the taxonomy reached 41% of total Group CapEx in 2024. Compared with 2023 (48%), this figure has decreased mainly due to the change in the scope of consolidation reflecting the acquisition of BioCH4 Developments SL and Biometagas La Galera SL; both related to the purchase at the end of the year of the La Galera bio-methane plant (activity CE2.5 activity considered as non-aligned). The largest contributions to the aligned CapEx figure come from investments in forestry management (activity CCM1.3) and the renewable biomass power generation facilities at Magnon's plants (activity CCM4.8).

In 2024, investments were identified for new taxonomic activities (activities CCM5.1, CCM5.3, CCM7.4, CCM7.6 and CCM4.13), more information on these activities is included in section **2.1.1 Eligibility and alignment analysis**.

Action plan for non-aligned activities

The Ence Group's main activity not eligible under the taxonomy criteria is pulp production, although the TEG (Technical Expert Group) in its report published in 2020 already recognised that the manufacturing industries section of the taxonomy should be extended to cover other activities in the short term, such as pulp and paper manufacturing. Ence believes that this activity should be considered eligible due to its substantial contribution to the circular economy objective and is working hand in hand with Spanish and European sectoral associations to promote its inclusion in the taxonomy framework.

The company's activities that, while eligible, are not aligned with the technical selection criteria of the taxonomy are:

- The high-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels at the Bioenergía Santa María plant (Lucena), although aligned with the climate change adaptation objective (CCA4.30), does not meet all the criteria for the climate change mitigation objective (CCM4.30). In this case, the activity does not comply mainly because of the criteria CO₂ emissions/kWh generated and methane leakage. Given the useful life of the plant and the residual nature of the activity, Ence does not currently have an action plan to achieve the alignment of this facility.
- Bio-methane production. In this case, the taxonomy currently recognises three biogas-related activities (CCM4.13 Production of biogas and biofuels for transport and production of bioliquids; CCM5.7 Anaerobic digestion of biowaste and CE2.5 Valorisation of biowaste by anaerobic digestion or composting). However, the cross restrictions imposed by each of them (e.g. use of biogas for transport or the use of only bio-waste as defined in Directive 2008/98 or a co-digestion limit of other feedstocks of 30%) mean that plants based on the digestion of agro-livestock waste (manure, slurry, etc.) do not fit into any of the three activities if the gas produced is injected into the grid. Ence works hand in hand with Spanish and European associations in the biogas sector to promote the revision of these criteria and make them consistent with European expansion plans for this sector such as Repower EU.
- Protection of ecosystems in Ence's forests dedicate to conservation (BIO1.1). In this case, this activity is not considered aligned because there is just one technical selection criterion related to the characterisation of the main species (species list, population size, etc.) that it does not meet throughout the Conservation Area Network. In this regard, Ence does currently have studies of the potential distribution of fauna covering all its forests and specific studies of the current status of species will be carried out progressively for all the conservation areas, which will enable the process of implementing the planned conservation actions to be strengthened and improved while complying with the taxonomy alignment requirements.

2.2 Climate change

E1

Climate change mitigation and the need to adapt to its impacts are some of the biggest global challenges facing business and society at large today. In this context, Ence is aware of the risks posed by global warming, but also sees the transition to a decarbonised economy as a strategic opportunity. Thus, the company has adopted a business model that contributes to climate change mitigation through the generation of renewable energy (electricity, heat and biogas) and the production of bioproducts that replace fossil fuel-based materials.

Through this approach, Ence promotes the decarbonisation of the economy and also supports the circular economy. For more information on Ence's Strategic Framework, please consult section **2.2.4 Strategy**.

In addition to the contribution of its business model, Ence's climate action focuses on two key areas: **adaptation**, which is articulated through a systematic analysis of the risks and opportunities that climate change represents for inclusion in decision-making; and **mitigation**, which the company promotes by reducing emissions in its processes and its role in the decarbonisation of the energy mix. In order to reduce the impact of Ence's operations on climate change, Ence has defined a Decarbonisation Plan that includes emission reduction targets in line with the decarbonisation pathway of the 1.5°C scenario, which will enable it to reduce the company's carbon footprint.

2.2.1 Governance

For Ence, aspects related to climate change mitigation and adaptation are of the utmost importance, as the company bases its business model on natural capital, which is directly impacted by physical climate risks, but also because the

transition to a fossil fuel-free energy model is one of the levers of growth and expansion for the company. Climate issues are therefore supervised and managed by the Group's highest governance bodies.

Ence's **Board of Directors** is responsible for integrating climate action into the company's business model and strategy, since it is the body that approves both the Strategic Framework and the Sustainability Master Plan. Both plans include the guidelines, lines of action and targets set by the company, including growth targets in the bioproducts and renewable energy businesses and the emission reduction targets of the decarbonisation plan.

The Board's **Audit Committee** is responsible for monitoring and assessing the effectiveness of internal control and financial and sustainability (including climate change) risk management systems. The Audit Committee also oversees risk mitigation strategies in an integrated manner with the company's Risk Management System. The Audit Committee periodically reviews the updates of the Risk Map, including climate risks, in accordance with the periodic update schedule established by the company's RMS (for more details, see section **1.4.7.3 ESG risk identification, assessment and management process**).

The **Sustainability Committee** is responsible for defining and updating the Company's sustainability strategy for its proposal to the Board, focusing on all aspects and issues identified as sustainability risks or opportunities for Ence, making sure it is aligned with the corporate strategy and that it addresses the material aspects identified. It is also responsible for monitoring and evaluating the degree of compliance, reporting to the Board of Directors. In this regard, given that climate change is a key component of the Sustainability Master Plan, both the Board of Directors, and in particular, the Sustainability Committee monitor performance indicators for climate change mitigation and adaptation. The Sustainability Committee is also responsible for reporting, prior to review by the Audit Committee and approval by the Board of Directors, on the process of identifying and assessing the risks arising from climate change, including the selection of scenarios, time horizons and models to be used for this purpose. The Sustainability Committee meets at least quarterly to analyse the objectives established in the Sustainability Master Plan, which include the monitoring of decarbonisation targets and other metrics related to climate risks, such as the reduction of water consumption in the facilities.

The **Executive Committee** is the body responsible for the day-to-day management of the company. It takes the main economic, social and environmental decisions, which may be submitted to the Board of Directors or to the various Board Committees. It is also in charge of reviewing the annual Sustainability objectives on a monthly basis, in order to report to the Board of Directors. These objectives include specific projects for decarbonising the company and other aspects related to climate risk mitigation, such as reducing water consumption and improving the resilience of the facilities to water scarcity.

The **Climate Risk Committee** is the executive body in charge of the annual review of the climate risk analysis. The committee is chaired by the Chairperson of the company and is composed of the CEOs of the pulp, energy and finance areas and the directors responsible for corporate sustainability, planning and control and internal audit. For the annual update of the risk analysis, a transversal **working group** has been set up comprising representatives from the various business areas. Within the framework of this group, the business areas work on the following tasks each year:

- Identification of risks and assignment of risk owners who will be in charge of the assessment.
- Assessment of the impacts of each risk on operational variables by risk owners.
- Quantification of the gross financial impact of each risk (before mitigation measures) by the finance and planning and control areas.
- Definition of mitigation plans for each risk by risk owners.
- Estimation of the net or residual financial impact, after the implementation of the mitigation measures defined by the finance and planning and control areas.

The **Corporate Sustainability Department** is responsible for coordinating the work of updating the climate risk analysis, preparing and updating the company's decarbonisation plans in conjunction with the business areas, and including the climate perspective in the design of Ence's Sustainability Master Plan. It is also responsible for reporting on the monitoring of sustainability indicators (including climate change metrics) on a monthly, quarterly and annual basis to the Executive Committee and the Board and in the company's Sustainability Report. In addition, together with the Internal Audit Department, it is responsible for coordinating the incorporation of climate risks in the company's RMS and for detecting and including new climate risks in the system.

As proof of its strategic importance to the company, Ence has climate change targets included in the 2023-2027 Long-Term Incentive that are linked to variable remuneration (see section **1.4.1.1 Sustainability objectives linked to variable remuneration**).

2.2.2 Impacts, risks and opportunities

Impacts

Despite the fact that the vast majority of the energy consumed by Ence is of renewable origin, Ence's activity still involves the emission of greenhouse gases both directly, mainly through the consumption of fossil fuels in its operations, and indirectly in its value chain upstream (e.g. transport and distribution of raw materials) and downstream (e.g. transport of products sold). To assess this impact, Ence analyses its Carbon Footprint on an annual basis and defines specific actions to reduce emissions in order to mitigate it, actions included in the Decarbonisation Plan. For more details see sections **2.2.5.2 Carbon footprint 2024** and **2.2.4.2 Decarbonisation Plan: emission reduction targets, actions and resources**



Risks

Every year, Ence updates its climate risk analysis in order to review the risks identified in previous years, identify new potential risks, update the gross value of the risks in accordance with the status of the measures implemented, and incorporate continuous improvements in their assessment. The climate risk analysis is **integrated within the corporate RMS** and includes various physical and transition scenarios at different time horizons and considering both the value chain and the company's own operations¹⁵.

The analysis of risks and opportunities deriving from climate change constitutes the resilience analysis that seeks to identify the specific climate risks that may affect Ence, determine to what extent the organisation is prepared to face them and define the strategy to maximise the opportunities identified so that the business model has the capacity to adapt to a changing environment. The methodology for identifying and assessing climate risks and impacts is described below.

Climate risk identification

To identify risks, Ence conducted a preliminary analysis of various frameworks that include lists of climate risks and their classifications, specifically those proposed by TCFD, CSRD, the European taxonomy and the draft Royal Decree on climate risk reports developing the Climate Change Act of 2021. It also conducted an analysis of climate risks reported by other companies in the sector. This analysis made it possible to rule out risks to which Ence is not exposed, and to identify and define in detail those potential risks. The following table shows the universe of potential climate risks identified by Ence:

				Probability	 CELULOSA	 ENERGÍA
PHYSICAL	Chronic	Changes in precipitation patterns and temperatures	R1	Decreasing timber availability and variability of plantations in Ence's forests.	Likely	✓
			R2	Impact on Ence's assets due to a reduction in the growth of <i>Eucalyptus Globulus</i> in the south of the peninsula.	Likely	✓
			R3	Decrease in biomass availability.	Rare	✓
			R4	Reduced equipment performance due to temperature increase	Rare	✓
	Acute	Increased salinity	R5	Increased salinity in Navia	Certain	✓
			R6	Reduced staff performance due to extreme heat events	Unlikely	✓
			R7	Risk to structural integrity of bio-factories due to flooding.	Likely	✓
			R8	Reduced availability of water resources	Certain	✓
	Current regulations	Forest fires	R9	Increase in fires in Ence's forestry assets	Moderate	✓
			R10	Increased competition for water resources in bio-factories and power plants.	Likely	✓
			R11	Increase in the price of emission rights: Direct risk due to the cost of rights (R11.1) and indirect risk of an increase in the price of olive oil solid waste due to an increase in the price of carbon (R11.2).	Certain	✓
			R12	Increased costs for gas, fuel oil, chemicals and diesel/petrol linked to emissions trading.	Unlikely	✓

¹⁵ The climate risk analysis included all Ence's direct operations and those of the value chain. No exclusion was identified

				Probability	CELULOSA	ENERGÍA
New Regulations	Reduced ability to attract investment/financing	R13	Increased cost of funding due to lack of alignment with sustainability requirements of current funders	Moderate	✓	✓
	Need for transition to low-emission technologies	R14	Increase in biomass price due to competition for biomass supply with biofuel producers, etc.	Likely	✓	✓
	New regulatory requirements	R15	Inclusion of the maritime logistics industry in emissions trading with impact on transport costs	Certain	✓	
		R16	Regulatory requirements involving restrictions on the use of biomass in bio-factories (R16.1) and power plants (R16.2)	Certain	✓	✓
		R17	Increased operational costs due to higher water prices in bio-factories (R17.1) and power plants (R17.2).	Likely	✓	✓

The identification of climate risks takes into account new business lines that could be exposed to climate risk factors.

Assessment of climate risks

In general, the following methodology has been used to assess the climate risks identified:

1

Analysis of impact on operational variables

- Managers have been assigned to the different business areas to assess the impact on operational variables of the risks identified in each area.

2

Translation of operational impact to financial impact

- Once the impact on operational variables has been analysed, the financial impact of risks has been calculated, obtaining the **gross risk** value. Specifically the impact on consolidated profit and the impact on the balance sheet.
- This analysis has been carried out on a financial statement model based on standardised 2023 results.

3

Risk assessment

- Assessment is carried out in line with the corporate risk map methodology.

Probability: 5x5 assessment

Rare (0%-20%)	Unlikely (21-40%)	Moderate (41%-60%)	Likely (61%-80%)	Almost certain (81%-100%)
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Magnitude of the financial impact: 5x5 assessment

Insignificant (<€300k)	Minor (€300k-€1.5M)	Significant (>€1.5M-€3M)	Major (>€3M-€6M)	Severe (>€6M)
----------------------------------	-------------------------------	------------------------------------	----------------------------	-------------------------

4

Identification of severe risks

- Any risks with a financial impact on consolidated profit or on the balance sheet of > €6M are considered severe, in line with the corporate risk map.
- The risk assessment is based on **gross risk** and the final assessment is based on net risk. In other words, for risk assessment it is assumed that all planned mitigation measures have been implemented (both those for which investment is already committed and other measures planned for the short, medium and long term).

Different scenarios and time frames have been used for the risk assessment, depending on whether the risks are physical or transitional. The climate risk analysis is in line with the information included in the company's Annual Accounts in the Note "Climate Change and the Paris Agreement".

Physical risks

For the assessment of the physical risks, two of the **scenarios envisaged in the IPCC's Sixth Assessment Report** have been used

- **Intermediate scenario:** we selected scenario **SSP245**. This scenario is an update of the previous RCP4.5 scenario from the IPCC's Fifth Assessment Report. SSP245, with an additional radiative forcing of 4.5 W/m² by the year 2100 represents the medium pathway of future GHG emissions. This route assumes that climate protection measures are being taken.
- **Pessimistic scenario:** the **SSP585** scenario was selected. This scenario is an update of the IPCC Fifth Assessment Report's RCP8.5 scenario. With an additional radiative forcing of 8.5 W/m² by the year 2100, this scenario represents the upper limit of the range of scenarios described in the literature.

The IPCC Sixth Assessment Report provides data for 1 km x 1 km grids, reducing the uncertainty associated with the data provided by the previous report which provided data for 10 x 10 km grids. This improvement in the data makes it possible to obtain specific results for the locations of Ence's assets.

These scenarios are applied to **three time horizons**: the near future (up to 2040), the medium-term future (up to 2070) and the distant future (up to 2100). When defining the time horizons of the physical risks, official climate projections have been taken into account, such as those of the AdapteCCa climate change scenario viewer developed by the Ministry for Ecological Transition and Demographic Challenge, the Spanish Office for Climate Change (OECC), the State Meteorological Agency (AEMET), the Spanish National Research Centre (CSIC) and the Biodiversity Foundation. In addition, for those installations potentially exposed to physical risks (such as flood risks) their useful lives are taken into account in the defining the time horizons.

The physical risks identified by Ence are classified into two categories: **chronic and acute risks**.

Transition risks

For transition risks, Ence uses projections and scenarios developed by the areas responsible for the valuation and by analysts with expertise in the sector for each of the operational variables analysed, such as the projections of

- Network for Greening the Financial System (NGFS) in the NetZero 2050 scenario (scenario aligned with 1.5°C increase)
- International Energy Agency in the NetZero 2050 scenario for Advanced Economies;
- BloombergNEF; Brannvoll ApS; Energy Aspects; Macquarie; Morgan Stanley; LSEG/Refinitiv; Veyt and Value Insight reports

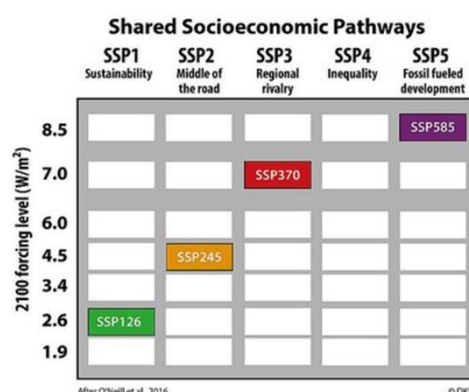
These scenarios apply to **three time horizons**: short term (one year), medium term (up to 2030) and long term (up to 2031-2050). In defining these time horizons, account was taken of the time horizon of the Decarbonisation Plan, which sets the first reduction targets for 2030, and also of the Climate Change Policy, which includes a commitment to achieve carbon neutrality by 2050.

The main transition risks that Ence has identified fall into three categories: **current regulatory risks, market risks and future regulatory risks**.

Results of climate risk analysis

As a result of the assessment, the risks have been grouped into three categories:

1. **Critical risks:** the value of the net risk is > €6 million. Of the entire universe of risks analysed, after the implementation of mitigation measures, only one exceeds this threshold, R11.1.






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2. Non-critical risks: this category includes two types of risks:
 - a. Risks for which insignificant values (<300k€) for the gross risk were obtained during the analysis; such as R1, R11.2, R12 and R16.1; and
 - b. Risks whose net risk value is below the criticality threshold (> €6 million); such as R2, R5, R7, R8, R9, R10, R13, R14, R15 and R17.
3. Disregarded risks: these are risks that have been analysed for several years and for which the possibility of an impact of climate change on operational variables has repeatedly been ruled out. Within this category are risks R3, R4 and R6.

The risks analysed are detailed below:

Critical risks




During the risk assessment process carried out in 2024, of the 17 potential risks identified, only one exceeded the criticality threshold (> €6 million) for the net risk value, i.e. after all mitigation measures have been implemented.



								Business	
		ID	Risk	Description of the risk	Gross risk classification	Mitigation measures	Probability	Net risk rating	 CELULOSA  ENERGÍA
TRANSITION	Current regulations	R11.1	Carbon price	Increase in the price of emission allowances	Significant (from €3 million to €6 million) in the short and medium term. Critical in the long term (<€6 million). The impact increases over time due to the expected gradual increase of the CO ₂ price and the progressive decrease in the free allocation until 2030, when the free allocation will cease.	Ence's Decarbonisation Plan foresees specific measures to reduce emissions in the main emission sources in Navia and Pontevedra, including the replacement of natural gas and fuel oil, respectively, with carbon-neutral fuels such as bio-methanol or biomass.	Certain	Moderate (€1.5-€3 million) in the short to medium term. Critical in the long term (> €6 million).	 

Non-critical risks



Two types of risks are distinguished in this category:

- a) Risks where the gross risk value is negligible (< €300k) and therefore no mitigation planning is considered necessary.



			ID	Risk	Description of the risk	Risk assessment	 CELULOSA	 ENERGÍA
PHYSICAL	Chronic	Changes in precipitation patterns and temperatures	R1	Decreasing timber availability and variability of plantations in Ence's forests.	Changes in temperature and rainfall distribution, especially in the medium and long term, can affect the growth of Eucalyptus plantations (Eucalyptus Globulus and E. Nitens) and their vulnerability to pests and diseases, which may lead to variations in the availability of wood in Ence's forests and supply areas.	The projected growth variations in the different IPCC scenarios in the north, together with the projected area variation of each species due to non-climatic factors offset the risk, resulting in a negligible risk.		







		ID	Risk	Description of the risk	Risk assessment	 	
TRANSITION	Current regulations	R11.2	Carbon price	Increase in the price of emission allowances	Indirectly, the increase in the price of emission allowances may affect renewable fuels such as <i>orujillo</i> (olive oil solid waste), as it will increase the incentive for companies affected by the emissions trading scheme to replace fossil fuels with these materials with an emission factor of 0. This increased demand could lead to higher prices for olive oil solid waste and less availability for consumption in power plants.	An internal analysis has been carried out which shows a clear recovery in the volume of available solid waste as a result of a favourable olive harvest in 2025. This recovery is also accompanied by a reduction in the consumption of solid waste by cement factories, which is expected to lead to a regularisation of the price. The plants with exposure to this risk are those that are more dependent on solid olive oil waste and have, in most cases, contracts that stipulate a fixed price over time, reducing their exposure to the risk.	✓
	Market	R12	Increased cost of raw materials	Increased costs for gas, fuel oil, chemicals and diesel/petrol linked to emissions trading.	The regulatory framework developed in the EU to promote decarbonisation may make fossil fuels more expensive (e.g. due to new green taxes affecting them) and may make energy-intensive raw materials more expensive too (as their cost depends to a large extent on the cost of the fuel or electricity needed for their production) and may affect the costs of raw materials used in installations.	In all the scenarios analysed, both natural gas and Brent crude are expected to fall in price, which, together with the reduction in consumption as a result of the implementation of the Decarbonisation Plan, reduces the risk of exposure to variations in the price of raw materials indexed to these fuels (peroxide, fuel oil). The price of electricity (indexed to the manufacture of soda and chlorate) is expected to stabilise at levels similar to those of 2023.	✓ ✓
	New Regulations	R16.1	New regulatory requirements	Regulatory requirements that place restrictions on the use of biomass (bio-factories).	New regulatory requirements related to biomass (especially of forest origin) set by standards such as the Renewable Energy Directive (RED III) may limit the availability of these resources for use in electricity generation in power plants and bio-factories.	In the case of bio-factories, the restriction on the use of certain forest biomasses affected by the directive for energy generation does not affect Navia and Pontevedra, where they are not currently consumed. For power plants, this risk is not ruled out and is analysed independently (R16.2).	✓



b) Risks whose net risk value is below the criticality threshold (< €6 million).

		ID	Risk	Description of the risk	Gross risk classification	Mitigation measures	Probability	Net risk rating	 	
PHYSICAL	Chronic	R2	Changes in precipitation patterns and temperatures	Impact on Ence's assets due to a reduction in the growth of <i>Eucalyptus Globulus</i> in the south of the peninsula.	IPCC climate models predict medium to long-term variations in precipitation and temperature in the southern Iberian Peninsula that may negatively affect the growth of E. Globulus, which would affect the productivity of the plantations located in Ence's southern forests.	Significant in the short term (€3-€6 million). Critical in the long term (<€6 million)	Development of new genetic materials with hybrid eucalyptus species with better adaptation to climatic conditions. Apart from this, work is being done on the selection of <i>Corymbia</i> (bloodwoods), a genus better adapted to climatic stress conditions. Current	Likely	Insignificant (<€300k)	✓

										programmes foresee the deployment of the commercial phase by 2029-2030, which will allow for a gradual replacement of E. Globulus.
Acute	Increased salinity	R5	Increased salinity in Navia	Changes in the flow of the river Navia, combined with a rise in sea level or tidal phenomena accentuated by meteorological factors, can lead to an increase in salinity at the water intake point of the Navia bio-factory, limiting the availability of water and affecting the plant's production.	Between significant (€3-€6 million) and critical (<€6 million) depending on whether an average or very adverse climate scenario is considered, for the short, medium and long term.	Reducing water consumption, increasing internal storage capacity and improving catchment systems. The planned measures will be implemented progressively until the end of 2026.	Certain	Insignificant (<€300k)	✓	
	Floods	R7	Risk to structural integrity of bio-factories due to flooding.	Rising sea levels, together with increasingly frequent extreme weather events (torrential rains, storms, etc.) may increase the risk of flooding of installations close to the coastline, such as Navia and Pontevedra, potentially affecting their production.	Significant (€3-€6 million) in the long term.	Implementation of physical protection measures, such as protective walls or installation of flood gates.	Likely	Moderate (€1.5-€3 million)	✓	
	Droughts	R8	Reduced availability of water resources	Pulp mills: Reduced water availability in the river supplying the Pontevedra plant due to exceptional weather conditions (droughts, heat waves) may lead to shutdowns of the bio-factory, affecting its production. This risk has already materialised, in 2022.	Thanks to the mitigation measures already implemented, such as the use of osmosis, the gross risk level has been reduced from critical (>€6million) to significant	In this regard, at the Pontevedra bio-factory, Ence launched a pilot project in 2022 for the recirculation of effluent from the facility itself and the regeneration of water from the effluent of the municipal WWTP near the plant. In 2023, the pilot project was completed and since then progress has been made on engineering and applying for permits for the definitive industrial project.	Certain	Insignificant (<€300k)	✓	

							Business	
ID	Risk	Description of the risk	Gross risk classification	Mitigation measures	Probability	Net risk rating		
			(€3-€6 million) for the short, medium and long term.	The proposed solution involves subjecting the effluent from the plant and the effluent water from the WWTP to reverse osmosis treatment in order to achieve sufficient water quality to incorporate it into the industrial process. With this solution, a pioneer in the industry, Ence will be able to reduce its dependence on water from the Lérez river during periods of drought or shortage when the river does not reach the necessary flow to supply water to the plant. In addition to this project, a new tertiary treatment plant was installed in 2023 at the bio-factory's wastewater treatment plant that improves the quality of the effluent and prepares it for the osmosis process.				
			Power plants: La Loma, Enemansa and Mérida could be affected by ecological flow levels in episodes of extreme drought when water access restrictions are activated. Of the three, considering the end of life, only Merida is considered to have a potential impact during dry periods in the medium to long term. The rest of the plants are not exposed to this risk as they depend on sources of supply that would not be altered, such as the El Sancho dam (Huelva); Montoro dam (Puertollano) or the case of Lucena as it consumes water from the municipal WWTP.	Moderate (€1.5-€3 million) for the medium to long term.	In the case of Mérida, the possibility of recirculating water from the Effluent Treatment Plant and emergency rainwater ponds for the raw water tanks, which would reduce consumption. is being analysed. This measure would be supported by the installation of a pump to make up for the low level of the river.	Moderate	Insignificant (<€300k)	✓
Forest fires	R9	Increase in fires in Ence's forestry assets	IPCC climate models predict more favourable conditions for the development of forest fires in the	Between minor (€300k-€1.5 million)	Increase the frequency of clearing on both the northern and southern estates and	Moderate	Insignificant (<€300k)	✓

								Business	
		ID	Risk	Description of the risk	Gross risk classification	Mitigation measures	Probability	Net risk rating	 
TRANSITION				Iberian Peninsula (greater summer drought, heat waves, etc.), especially in the south. This could pose a threat to Ence's forest assets and supply areas, as the availability of timber would be reduced and the market in the affected areas would be strained. This risk materialises mainly in the medium and long term.	and moderate (€1.5-€3 million) depending on whether the SSP245 or the SSP858 climate scenario is considered.	incorporate additional fire monitoring measures on the northern estate.			
	Current regulations	R10	Competition for water resources	Increased competition for water resources in areas affected by water scarcity in both bio-factories and Power Plants with increased pressure for water resources from stakeholders. To analyse this risk, in the case of the bio-factories, a hypothetical scenario has been considered of a reduction in the amount of water available from the rivers from which they are currently supplied, in which case Ence would have to increase the use of reclaimed water, with a higher associated cost. In the case of power plants, a potential risk of competition for water has been identified at the Huelva plant.	Moderate (€1.5-€3 million) in the medium/long term.	Ence maintains open and fluid communication with the various stakeholders and bodies with competence in water issues in order to identify any action required to respond to stakeholder needs.	Likely	Moderate (€1.5-€3 million) in the medium/long term.	 
	Market	R13	Reduced ability to attract investment/financing	Increased cost of funding due to lack of alignment with sustainability requirements of current funders A possible downgrading of Ence's ESG rating, for example as a result of an insufficient level of ambition in its climate targets, may lead to an increase in the cost of financing due to the linking of financial instruments to sustainability KPIs or indices.	Significant (€3-€6 million) in the short, medium and long term.	To mitigate this risk, Ence has defined a Decarbonisation Plan that entails the incorporation of progressive emissions reduction measures to keep us in line with the requirements of funders. Ence also has a corporate sustainability team that responds to ESG indices	Moderate	Significant (€3-€6 million) in the short, medium and long term.	 

										Business	
		ID	Risk	Description of the risk	Gross risk classification	Mitigation measures	Probability	Net risk rating	 CELULOSA	 ENERGÍA	
New Regulations	Need for transition to low-emission technologies by competitors	R14	Increase in biomass price due to competition for biomass supply with biofuel producers, etc.	The entry into the biomass market of new competitors, such as companies dedicated to the production of biofuels or companies seeking renewable fuels to reduce their emissions, may lead to an increase in the price of biomass or tensions in certain areas of supply affecting Ence's bio-factories and power plants.	Power plants: Moderate (€1.5-€3 million). Bio-factories: Minor (€300k-€1.5 million)	Reinforcement of the supply network to increase biomass mobilisation capacity and the definition of a diversification strategy as to be able to use different types of biomass that are not subject to so much market stress.	Likely	Power plants: Minor (€300k-€1.5 million)	✓	✓	
	New regulatory requirements	R15	Inclusion of the maritime logistics industry in emissions trading with impact on transport costs	The inclusion of the shipping sector in the EU Emissions Trading Scheme may lead to increased logistical costs as ships could pass on increased costs to counterparties.	Significant (from €3 to €6million)	The deployment of emission reduction regulations in maritime transport, such as the EU's FuelEU Maritime Regulation, provides for the reduction of emissions (-6% in 2030), which will enable Ence to reduce its level of exposure to risk.	Certain	Moderate (€1.5-€3 million)	✓		
		R16.2	Regulatory requirements that place restrictions on the use of biomass (power plants).	New regulatory requirements related to biomass (especially of forest origin) set by standards such as the Renewable Energy Directive (RED III) may limit the availability of these resources for use in electricity generation in power plants. The plants that would be affected would be those that consume stumps. The risk would materialise in the medium to long term.	Significant (€3-€6 million) in the medium and long term.	Offsetting the use of stumps with other alternative biomasses.	Certain	Insignificant (<€300K)		✓	
		R17	Increased operational costs due to water price increase	Climate models predict a reduction in water availability in most of the Iberian Peninsula. In response, administrations may increase the fees and other costs associated with industrial water concessions or uses. These cost increases would translate into higher operational costs in both bio-factories and power plants. This risk is expected to materialise in the long term.	There is great uncertainty in forecasting how much the water price would rise, so the impact could vary from minor (€300k-€1.5	Measures to reduce water consumption.	Likely	From minor (€300k-€1.5 million) to significant (€3-€6 million) depending on the range of water price increase.	✓	✓	





ID	Risk	Description of the risk	Gross risk classification	Mitigation measures	Probability	Net risk rating	Business	
								
							CELULOSA	ENERGÍA

million) to significant (€3-6 million) depending on the range of water price increases.

Risks ruled out

These are risks that have been analysed for several years and for which the possibility of an impact of climate change on operational variables has repeatedly been ruled out.

		ID	Risk	Description of the risk	Risk assessment		
PHYSICAL	Chronic	R3	Decrease in biomass availability.	Changes in precipitation patterns and temperatures could have an impact on the reduction of crop yields, such as olives, which would result in a decrease in biomass availability in Ence's supply areas.	The reduction in olive biomass yields due to climate change, both for rainfed and irrigated crops, is less than 10% in all scenarios analysed. It is therefore not considered sufficiently important to affect the availability of biomass for Ence.		✓
		R4	Reduced equipment performance due to temperature increase	The increase in temperature means a decrease in the performance of the equipment, which could lead to losses in both pulp production and electricity production.	The reduction of equipment performance as a consequence of temperature increase would lead to negligible amounts of production losses and/or negligible cost for resizing of refrigeration equipment.	✓	✓
	Acute	R6	Reduced staff performance due to extreme heat episodes.	As a consequence of increased heat stress mainly in the summer months, it would be necessary to increase the time of rest breaks for workers in areas particularly exposed to heat. This would result in a decrease in supervision work and therefore an increase in the downtime of the broken equipment, increasing the hours of non-production.	The loss of production related to equipment downtime as a result of reduced staff performance in heat stress episodes is considered negligible (<1% of production).	✓	✓

Opportunities

Although climate change presents risks, adapting to it and the transition to a low-carbon economy represents more opportunities than risks for Ence. The main opportunities that Ence has detected and on which it is focusing its future growth strategy are:

Opportunities related to climate change

The **promotion of electrification from renewable sources** in order to achieve the targets set by the European Union is an opportunity for Ence. The Renewable Energy business, through its biomass electricity generation plants, promotes the development of emission-free energies and is the **largest generator of biomass-based electricity in Spain**. With this line of business, Ence contributes to decarbonising the national electricity mix. As proof of this, the renewable energy produced by Ence in 2024 avoided the emission of approximately 532,000 tCO₂e.

The challenge of **decarbonisation for sectors that cannot easily be electrified**, such as certain industrial activities, and the reinforcement of the circular economy model are also an opportunity for Ence. In this regard, **Ence Biogas'** commitment to transforming agricultural and livestock waste into renewable gas (bio-methane) for injection into the grid will enable progress to be made in the decarbonisation of these sectors. Ence Biogas also reinforces the circular economy model in rural areas by solving the problem of managing this agricultural and livestock waste.

The **demand for low-emission renewable thermal energy** to decarbonise industrial processes is also a great opportunity, as Ence is in a privileged position due to its extensive experience in the management of biomass facilities. Magnon Energy Services contributes to the decarbonisation of industry through the **sale of renewable thermal energy**. Through this subsidiary, Ence offers comprehensive solutions for the decarbonisation of its customers, developing biomass installations to replace fossil fuel boilers and thus enabling customers to reduce emissions and the costs associated with emission rights.

In line with the strategy outlined by the EU, more and more companies are adopting **carbon neutrality commitments** that can only be achieved by offsetting those emissions that they have not been able to reduce. In this context, as Spain's leading private forest manager, Ence has an opportunity to develop carbon sinks and trade **offset credits**.

The use of biofuels from biogenic CO₂ is another business opportunity for Ence, which is in a privileged position since both its bio-factories and its independent power plants generate large amounts of biogenic CO₂. In this regard, Ence is already in contact with several potential partners for the development of projects aimed at using this CO₂ in various applications.

Low or carbon neutral improved cellulose products contribute to the decarbonisation of customers' end products. Clear examples include **Naturcell**, with reduced footprint bleached pulp, the carbon neutral **Naturcell Zero** version or the new project in As Pontes that will generate **bleached recycled pulp** using recovered paper and cardboard.

Other cellulose business areas have also identified opportunities to substitute plastic materials with **moulded cellulose**. In this regard, one of Ence's lines of investigation is looking at the production of moulded fibre products for the manufacture of containers and trays that will replace plastic products based on fossil fuels.

Another opportunity arising from climate change is the **improved adaptation of the *E. Globulus eucalyptus* species** to areas where today the temperature is too low for its development, which will increase the productivity of plantations in these areas and thus the availability of wood for the bio-factories.

By **trading biomass**, Ence makes biomass available to its customers to supply the growing demand for renewable heat, biofuels and other uses. Given that Ence is one of the largest managers of agroforestry biomass in Spain, its knowledge and capillarity in the territory for acquiring biomass is a competitive advantage.

The Biogas business, aimed at decarbonising sectors that cannot easily be electrified, also generates digestate during the biogas production process. This digestate will be used for processing and sale as **bio-fertiliser**.

Production of **secondary raw materials** from by-products obtained in the pulp making process such as methanol and sulphuric acid for use in the mills or potential commercialisation.

More information on the integration of these opportunities, and their associated business lines, into Ence's growth strategy is included in section **2.2.4 - Strategy and objectives**.

2.2.3 Climate Change Policy

In 2024, Ence's Board of Directors approved the company's Climate Change Policy, which sets out the company's commitments and principles for action in this area, including a commitment to reduce the carbon footprint of its activities in line with the Paris Agreement targets (1.5°C scenario) and to offset residual emissions once the maximum reduction level has been reached, in order to achieve carbon neutrality by 2050.

The Policy also lays the groundwork for action planning in these areas to enhance the company's resilience to climate change and defines the roles and responsibilities of the company's various governance bodies to comply with the principles set out.

The principles set out in the Policy include the integration of climate change into internal strategic planning and decision-making processes; the incorporation of climate change risks into the Group's risk analysis, management and reporting process; the promotion of climate change adaptation to improve the company's resilience to the effects of climate change and contribute to the adaptation of other stakeholders; contributing to climate change mitigation by measuring and reducing the Group's greenhouse gas emissions; promoting energy efficiency by reducing energy consumption and ensuring energy self-sufficiency from renewable sources; and developing products and services that contribute to accelerating the decarbonisation of society from the use of green energy to products of renewable origin. It also establishes that Ence will extend its commitment to decarbonisation to its value chain to also promote the reduction of the company's indirect emissions (such as those derived from the use of materials or transport). These policy principles are defined in such a way as to cover the climate change-related impacts, risks and opportunities identified in section **2.2.2 Impacts, risks and opportunities**.

The Policy also includes an obligation to plan and measure performance in this area. Specifically, the Policy states that Ence will define Decarbonisation Plans to reduce the company's carbon footprint, which will include reasonable, specific and measurable emission reduction objectives, and that the company will continuously monitor its performance against these objectives and publish information periodically on the degree of their attainment.

This [Policy](#) is available to all stakeholders on the company's website.

2.2.4 Strategy and objectives

2.2.4.1 Integrating climate action into the business model

The analysis of climate risks and opportunities is part of the resilience analysis¹⁶ as it is the basis for establishing measures to mitigate or adapt to risks and improve resilience to the future effects of climate change.

This is why climate risk analysis is a fundamental part of the definition of Ence's strategy to ensure that the opportunities identified are used as a basis for new lines of business, and to ensure that risks are detected, analysed and the necessary control measures are defined. Thus, in the company's 2024-2028 strategic framework, these opportunities have been integrated as vectors for growth and diversification in both the pulp and renewable energy businesses:

- Pulp and forestry business
 - Development of low-carbon cellulose products (*Ence Advanced*, new line of renewable packaging, recycled cellulose) - View section **1.3.1 Strategic Framework - Pulp business**
 - Development of plant material adapted to climate change: Achieving the long-term sustainability of forestry production on the peninsula in the face of potential changes generated by climate change is one of Ence's strategic priorities. It is therefore boosting the R&D programme to produce plant material adapted to the new climatic conditions and resistant to new pests and fungi. At present, the supply of *Eucalyptus Globulus* clones in the Ence nurseries has been increased to 12 commercial clones with the incorporation in 2024 of three new clones evaluated and selected for their growth, adaptation and resistance to foliar diseases. This plant offer of *E. Globulus* is completed by the improved seed obtained by controlled crosses between elite trees and marketed under the name Casamaria. In the case of *Eucalyptus nitens*, Ence's portfolio includes improved seed produced in second generation seed orchards, in addition to an extensive supply of seed with different origins and degrees of improvement evaluated. In addition, in recent years Ence has also been looking for new species (e.g. the *Corymbia* genus) (bloodwoods) that are currently in production in different parts of the world where the climatic

¹⁶ All facilities and business lines are considered in the climate risk analysis, resilience analysis and in the definition of the strategy and business model. Climate analysis involves areas of uncertainty especially linked to the prediction of mostly physical events (e.g. natural disasters that are difficult to predict); to the complexity of interdependencies (e.g. in complex systems, how a disruption in one area will affect others); to data limitations (e.g. incomplete or estimated data can hinder the ability to accurately assess); or to changing conditions (e.g. constant socio-economic changes can alter the risk landscape, making it difficult to keep the climate analysis up to date). To reduce uncertainty, Ence uses reference sources for the construction of climate scenarios and for assumptions such as the International Energy Agency (IEA), Bloomberg reports or IPCC climate scenarios (physical risks) or NGFS (transition risks). In addition, Ence updates the Risk Analysis annually, ensuring that all the variables analysed and the assumptions included are reviewed using the latest available updated data.

conditions expected for the production areas as a result of climate change in the Iberian Peninsula are already in place.

- Carbon sinks: The promotion of emission offset credits, through projects registered in voluntary schemes such as Verra or the Spanish Climate Change Office (OECC), is another of Ence's business lines based on decarbonisation. These credits represent an opportunity for companies from different sectors to offset their emissions, thus contributing to sustainability and decarbonisation goals. At the end of 2024, Ence already had more than 3,700 hectares registered in these schemes.
- Renewables Business (–See section **1.3.2 Strategic Framework - Renewables Business**)
 - Biomass power generation
 - Renewable thermal generation
 - Bio-methane
 - Biogenic CO₂ for biofuel production

2.2.4.2 Decarbonisation Plan: emission reduction targets, actions and resources

Ence's commitment to the fight against climate change has been reflected in the adoption of emission reduction targets that have become increasingly ambitious over the years. In this regard, in 2024, Ence continued to work on identifying additional reduction measures that resulted in an **Update of the Decarbonisation Plan**^{17,18,19} with the following reduction targets:

Scope 1 and 2 reduction targets

- Objective 2030: 55% reduction in absolute emissions (scope 1 and 2) at group level compared with 2018 emissions.
- Objective 2035: 75% reduction in absolute emissions (scope 1 and 2) at group level compared with 2018 emissions.

Scope 3 reduction targets

- Objective 2030: 10% reduction in absolute emissions (scope 3) at group level compared with 2023 emissions.
- Objective 2035: 15% reduction in absolute emissions (scope 3) at group level compared with 2023 emissions.

The reduction targets included in the Decarbonisation Plan are in line with the targets agreed in the Paris Agreement, as well as the commitments made at EU and national level, and are aligned with the main requirements of the 1.5°C temperature increase scenario. In defining the decarbonisation pathway, Ence has incorporated the main recommendations of SBTi (Industry Near-term target). In 2025, Ence plans to submit its decarbonisation targets to SBTi for validation and approval. In addition to these long-term objectives, in 2024 Ence committed itself, through its Climate Change Policy, to achieving climate neutrality by 2050 through the use of mechanisms to offset residual emissions once the maximum reduction level has been reached. The Decarbonisation Plan is approved by the Board of Directors.

The concrete measures to achieve the objectives are detailed below.

Scope 1 and Scope 2 reduction targets

Additional measures were identified in 2024 that have enabled the level of ambition of the scope 1 and 2 absolute emission reduction target to be increased from 70% to 75% in 2035 relative to 2018²⁰. In addition, with these new initiatives, it has been possible to set an intermediate target to reduce Scope 1 and 2 emissions by 55% in 2030 relative to 2018.

The main measures identified in 2024 are part of the **Pontevedra Avanza Plan**, which aims to replace 60% of fuel oil consumption in the bio-factory's lime kilns with renewable fuels such as bio-methanol and pulverised biomass by 2030.

¹⁷ In drawing up the Decarbonisation Plan, the emissions projections of Ence's current activities have been taken into account, following an operational control approach. In the event that a new operation is initiated, Ence would review the Decarbonisation Plan, and if necessary, recalculate the target year and the reduction targets. However, Ence's growth strategy is based on low carbon-intensive activities that do not represent a risk to the achievement of the Decarbonisation Plan.

¹⁸ For the estimation of future GHG emissions that may occur as a result of Ence assets sold during their useful life (locked-in emissions); it has not been considered that assets will be sold before the end of their useful life. In other words, these emissions would occur anyway, regardless of whether or not an asset or product of the company had been sold.

¹⁹ Ence is not excluded from the EU Paris-aligned Benchmarks in accordance with Article 12 of Delegated Regulation (EU) 2020/1818 on minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks.

²⁰ 2018 has been selected as the base year as it is the first greenhouse gas inventory year covering all Ence's activities.

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In addition, the approval in 2024 of **Magnon's Decarbonisation Plan** will allow a 100% reduction in Scope 2 emissions from power plants by 2030. Details of the measures are given in the table below:

Reduction measure	Scope	Description	Type of action
Replacement of natural gas consumption with bio-methanol	1	<ul style="list-style-type: none"> ▪ Cofiring technology using bio-methanol (MeOH) in lime kilns. ▪ MeOH is a liquid biofuel from the black liquor evaporation plant. ▪ Technology included in the industry's BAT. 	Fuel switching
Substitution of natural gas/fuel oil consumption by pulverised biomass	1	<ul style="list-style-type: none"> ▪ Cofiring technology of pulverised biomass in lime kilns. ▪ Potential raw material: Sawdust, bark, "microchips", lignin. 	Fuel switching
Electricity consumption with GdO	2	<ul style="list-style-type: none"> - In bio-factories, the increase in self-consumption of renewable electricity will be achieved by moving from the current scheme of selling the total amount of electricity produced to a scheme of self-consumption and sale of the surplus, in line with the end of the turbine remuneration schedule. - At the Power Plants, redemption of Magnon GdOs is proposed, in order to reduce scope 2⁽²¹⁾ emissions by 100%. - In addition, the update takes into account the increased penetration of renewables in the national electricity mix in line with the 2023-2030 PNIEC (National Integrated Energy & Climate Plan) update, which includes targets of 67% and 81% of electricity generation from renewables in 2025 and 2030 respectively ⁽²¹⁾. 	Use of renewable energy

These measures will lead to reductions of 59% and 79% in scopes 1 and 2 emissions in 2030 and 2035 respectively, relative to 2018.

It should be noted that the emission reduction targets are included within the variable remuneration, in the Long Term Incentive (Cycle II), as described in section **1.4.1.1 Sustainability objectives linked to variable remuneration**.

Ence is also committed, through its Climate Change Policy, to achieving carbon neutrality by 2050. In this regard, the company will update the Decarbonisation Plan by incorporating additional reduction measures beyond 2035 that respond to the evolution of the growth model and progress against the reduction targets. Once the maximum level of reduction has been achieved with the available technology, prioritising nature-based solutions, Ence will offset the residual emissions. Ence will use voluntary offset credits from recognised standards such as the Gold Standard or Verra VCS (Verified Carbon Standard) to offset residual emissions.

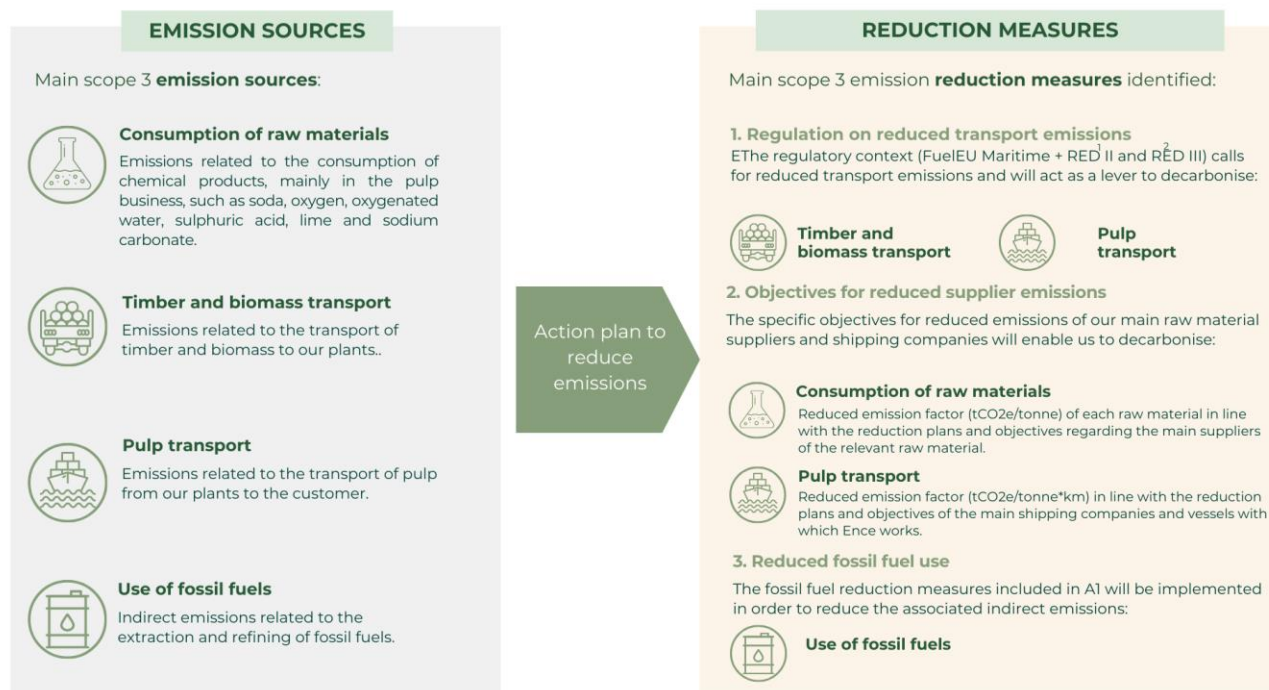
Scope 3 reduction targets

In 2024 Ence also defined a Scope 3 reduction target by committing to reduce its absolute Scope 3 emissions by 10% and 15% in 2030 and 2035 respectively relative to 2023.

To this end, Ence identified its main sources of emissions and established an Action Plan for their reduction:

²¹ New measure identified in 2024.

²² With the approval of the **Pontevedra Avanza Plan**, the replacement of lime kiln fuel oil by pulverised biomass increases from 20% (forecast for 2023) to 50%. In addition, the use of bio-methanol is envisaged to replace 10% of fuel oil use.



⁽¹⁾ **FuelEU Maritime – Maritime transport:** The aim of Regulation (EU) 2023/1805, known as the "FuelEU Maritime Regulation", is to GHG emissions from the energy used on board by ships arriving at, departing from and staying in EU ports. The GHG reduction targets are expressed as follows: -2% (2025); -6% (2030); -14.5% (2035); -31% (2040); -62% (2045); and -80% (2050).

⁽²⁾ **RED II & III - Road transport:** The minimum share of renewable energy (in relation to final energy consumption) in the transport industry in 2030 should reach 14%; according to RED II. According to RED III, this % increases to 29% or a greenhouse gas reduction of 14.5% by 2030 (incorporation of biofuels).

Earmarked resources

Regarding the decarbonisation plan, the budgeted investment for the decarbonisation of the lime kilns in Navia amounts to €35 million in 2025-2026, with an expected return (ROCE) of more than 15%. In 2024, the IDAE awarded Ence a grant of more than €13 million to carry out actions to boost energy efficiency and decarbonisation in Navia; the scope of the project includes increased decarbonisation of the lime kilns. The amount of this investment is net of the grant, which will be collected on completion of the project.

In 2024, the total investment (Capex) related to Climate Change amounted to approximately €9.5 million.

- The **development of business opportunities** linked to climate change accounted for most (around 90%) of this investment, mainly in the development of the new biogas (€3 million) and industrial heat (€2.9 million) business lines. This category also includes investments for the development of projects related to the production of renewable biofuels, the promotion of new biomass and photovoltaic projects, the development of the sustainable packaging substitutes for plastic business line and the development of advanced fuels from by-products of the pulp manufacturing process (€2.4 million in total).
- Significant investments were also made in **decarbonising** operations, with a special focus on the actions covered by the Decarbonisation Plan at the Navia bio-factory (€1 million).

2.2.5 Metrics

2.2.5.1 Energy consumption

Energy consumption

Ence produces renewable energy both at its bio-factories and at its independent power plants, and strives to optimise the energy efficiency of its production processes. Its aim is to promote self-consumption and reduce dependence on fossil fuels. In this context, the majority of the energy consumed by the company comes from renewable sources (92%), particularly biomass.

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In the **bio-factories**, most of the energy consumption corresponds to biomass, mainly from the wood used to produce cellulose, such as bark and lignin, plus some external biomass. To a lesser extent, non-renewable fuels such as fuel oil or natural gas are also used in lime kilns or as auxiliary fuels in boilers.

At Ence's **power plants**, agroforestry biomass serves as the main fuel, occasionally supplemented by auxiliary fuels such as fuel oil or diesel during start-ups or shutdowns. At the Lucena plant, natural gas is used in the cogeneration facility.

The Ence Group's **energy consumption** is detailed below:

Energy consumption and mix (m MWh) ⁽¹⁾⁽²⁾⁽³⁾		
Consumption	2023	2024
(1) Biomass	4,880.8	5,646.9
(2) Bio-methanol	67.8	58.8
(3) Black liquor	4,455.5	4,522.6
Renewable (mMWh) (1)+(2)+(3)	9,404.1	10,228.3
% renewable consumption	91%	92%
(4) Fuel oil	369.1	312.1
(5) Diesel ⁽⁴⁾	53.2	6.4
(6) Natural gas	378.2	451.3
(7) Propane	0.5	0.4
(8) Electricity mix	118.9	152.5
Non-renewable (mMWh) (4)+(5)+(6)+(7)+(8)	919.9	922.7
% non-renewable consumption	9%	8%
TOTAL (GWh)	10,324.0	11,151.0
Self-consumption of electricity from renewable sources (mMWh) ⁽²⁾	567.4	604.33
Self-consumption of electricity from non-renewable sources (mMWh) ⁽²⁾	1.09	1.18

⁽¹⁾ Includes the energy consumption (in thousands of MWh) of the pulp production bio-factories, the biomass electricity generation plants and the renewable heat generation business.

⁽²⁾ Self-consumption of electricity is not included in energy consumption in order to avoid double counting with the consumption of biomass fuel (with which this own electricity is produced). Self-consumption of electricity from non-renewable sources refers to the natural gas cogeneration unit (LU13) at the Lucena plant and self-consumption of electricity from renewable sources refers to the Navia and Pontevedra bio-factories and the biomass unit (LU14) at the Lucena plant.

⁽³⁾ Ence does not consume fuels derived from coal and its by-products. For its part, Ence does not consume nuclear energy directly, only the proportional part corresponding to the generation of electricity from nuclear energy in the national electricity mix.

⁽⁴⁾ Sum of Diesel A+B+C.

In global terms, in 2024, the Ence Group's total energy consumption increased by 8% compared with 2023, mainly due to increased activity in both businesses; pulp production increased by 10% and electricity generation from biomass in the power plants increased by more than 20% compared with the previous year. The most significant variations compared with 2023 are:

- Increased biomass consumption mainly related to increased biomass electricity production in power plants.
- Reduction in fuel oil consumption thanks to the greater operational stability of the Pontevedra bio-factory, which avoided start-up processes dependent on this fuel. In addition, fuel oil consumption was also reduced in Navia in favour of the use of natural gas.
- Reduction in diesel consumption, especially in Pontevedra, where in 2023 there was a one-off use of back-up generators, with consumption normalising this year.
- Increase in grid electricity consumption mainly due to the non-availability in the pulp business of one of the generation turbines during the last quarter of the year, resulting in less self-consumption of electricity.

In addition, some power plants have photovoltaic installations to cover auxiliary service needs and to support biomass treatment plants. In addition to these existing facilities in Huelva and Mérida, the Biollano plant was added in 2024.

Ence's commitment to improving energy efficiency enabled both bio-factories to renew their UNE-EN ISO 50001:2018 certification in 2024.

Energy intensity

Energy Intensity (MWh/M€) ⁽¹⁾		
Period	2023	2024
Renewable energy intensity	11,330.3	11,751.3
Non-renewable energy intensity	1,108.3	1,060.0

⁽¹⁾ Energy intensity = (MWh)/ (net income (M€)). The net income figure can be found in the Consolidated Financial Statements under heading "9. Ordinary income and other operating income".

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The ratio of energy intensity to turnover is not a representative KPI for Ence's activity. From an operational point of view, energy consumption is related, in the case of pulp, to the volume of pulp produced while in the renewable electricity generation business it is related to the volume of electricity produced.

Energy Intensity		
Period	2023	2024
Pulp business (MWh/tAD) ⁽¹⁾	0.06	0.13
Power Plant Business (GJ biomass/GWh)	9,814.6	10,233.3

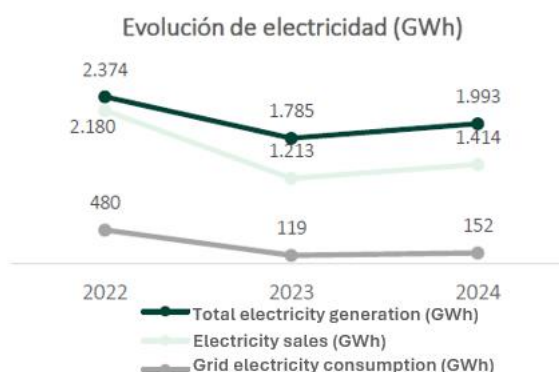
⁽¹⁾ Grid electricity consumption/pulp production. The increase in 2024 was due to the non-availability in the pulp business of one of the generation turbines during the last quarter of the year, which led to an increase in grid electricity consumption.

Electricity generation and consumption

In its bio-factories and independent power plants, Ence produces renewable electricity from biomass. This approach not only contributes to decarbonising the electricity mix, but also brings stability to the grid, as supply is manageable and not subject to weather factors such as solar radiation or wind speed.

In 2023, Ence changed the consumption regime of the bio-factories from the usual situation of the electricity market system whereby operators buy all they consume and sell all they generate to a self-consumption regime, with the surplus being fed into the grid. As a result, almost 70% of the electricity consumed is of renewable origin and comes from self-consumption. This measure allows for a significant reduction of Scope 2 emissions from bio-factories.

In power plants, although most of the electricity generated is fed into the grid, some is consumed internally. At specific times, such as during annual maintenance stoppages or in order to power auxiliary installations, plants have recourse to grid electricity. Overall, in 2024, generation, sales and self-consumption volumes increased, reducing the need to rely on the grid to cover needs.



Heat generation for sale

Magnon Energy Services (MES) is dedicated to the development of renewable thermal energy generation projects (sale of industrial heat), allowing its clients to replace fossil fuels such as natural gas used to heat boilers with renewable fuels such as biomass.

In 2023, MES signed its first heat sales contract with a leading company in the food sector in Spain, and in 2024 it consolidated its presence in the market by signing an agreement with another customer for the installation and operation of two biomass boilers, scheduled to come on stream in 2026. In addition, the cogeneration plant in Lucena also generates heat, which is used in a nearby facility to dry olive oil waste.

Heat generation (GWh)		
Period	2023	2024
Magnon Energy Services (MES)	9.8	35.4
Lucena	64.7	70.1

2.2.5.2 Carbon footprint 2024

The analysis of the company's carbon footprint is the main tool used by Ence to define its emissions reduction strategy, as it reveals the main opportunities for improvement and facilitates monitoring the evolution of emissions from year to year. In 2018, Ence implemented the calculation of the carbon footprint of the organisation and its main products (pulp and energy generated), which served as the base year for setting reduction targets.

This analysis is carried out in accordance with UNE EN ISO 14064-1:2019 (organisational footprint) and UNE EN ISO 14067:2019 (product footprint), in addition to following the recommendations of the Corporate Accounting and Reporting Standard of the GHG Protocol and using the ICFPA's specific Calculation Tools for Estimating Greenhouse Gas Emissions from Pulp and Paper Mills.

In 2024, Ence registered its 2023 carbon footprint in the voluntary registry of the Ministry for Ecological Transition and the Demographic Challenge, obtaining the "I calculate and reduce" seal.

Each year, the results of the analysis are subject to independent external verification with reasonable scope.

Ence's carbon footprint is calculated using an operational control approach and covers direct emissions from operations (Scope 1), indirect emissions from the purchase of electricity (Scope 2) and other indirect emissions (Scope 3), taking into account the entire life cycle of its activities and products, from the procurement of raw materials to the distribution of the final product.

With regard to the definition of the organisational boundary, a facility is defined as each of the sites where the Ence Group carries out its activities related to the processes of wood cultivation, pulp and energy production from biomass, logistics and other areas necessary for the activity, such as offices, as well as activities related to the new businesses of renewable thermal energy generation and biomass trading. In contrast to 2023, in 2024, absorption and emissions related to the operation of Sniace's forestry assets, acquired at the end of 2023, were included in the footprint. In calculating emissions, those considered to have very little influence on the calculation and those on which information was not reliable or easily accessible were excluded, in accordance with UNE EN ISO 14064:2019. Exclusions include emissions from:

- Consumption of office supplies. The corporate business accounts for less than 1% of Ence's total emissions, so excluding office consumables is not considered to have a significant impact on the results.
- Travel by rental car for business trips because we do not have the data of the subcontracted company. The latest available figure was less than 400tCO₂ and is therefore considered non-significant.
- Transport of seedlings from southern nurseries, estimated at less than 10 tCO₂e.
- Ence also acquired a bio-methane plant in the municipality of La Galera on 19 December 2024. At the closing date of this report, Ence does not have the necessary information to calculate its carbon footprint. However, due to the very short period between the acquisition and the end of the reporting period, these emissions are estimated as insignificant. In this regard, Ence will work to capture and consolidate the information from this facility in the next reporting exercise.

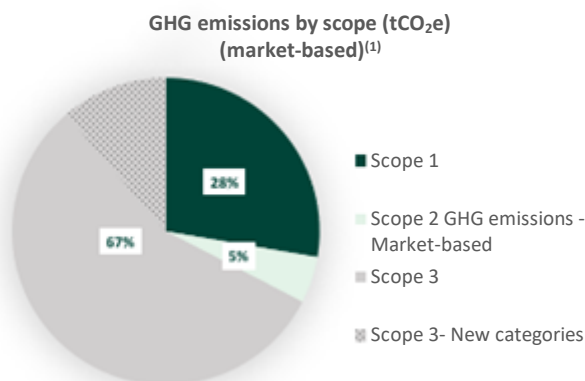
Once externally verified, Ence publishes detailed reports with the results of the carbon footprint on its [website](#).



Emissions by scope

The Group's emissions in 2024 amounted to 806,198.7 tCO₂e²³. Scope 3 indirect emissions are the largest contributor, accounting for 67% of the total. In this scope the main sources correspond to the purchase of raw materials (GHG Protocol Category 1), upstream and downstream transport (GHG Protocol Categories 4 and 9) and indirect emissions from the processing by customers of the pulp sold (GHG Protocol Category 10).

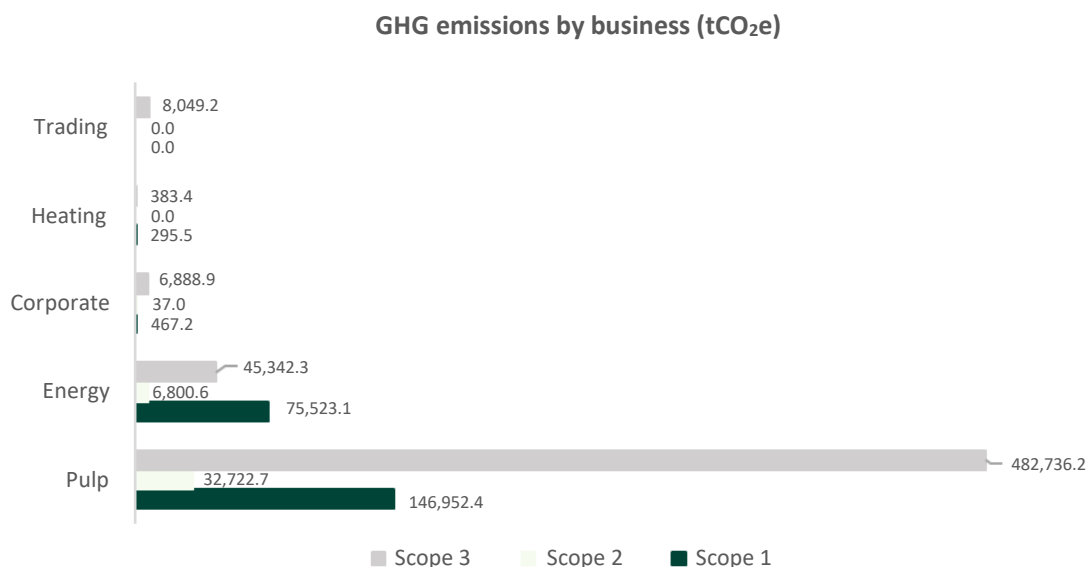
Direct emissions (Scope 1) account for 28% of the total, with emissions from the consumption of fossil fuels standing out within this scope, while emissions from electricity consumption (Scope 2) account for 5%.



In 2024 the **scope of the calculation of indirect Scope 3 emissions was extended**. Specifically, emissions from capital goods (GHG Protocol Category 2), indirect WTT emissions from transport in the value chain, and indirect emissions from the processing of pulp sold (GHG Protocol Category 10) were incorporated into the calculation. This change led to a significant increase in the Group's Scope 3 emissions compared with the previous year.

More information on the breakdown of the carbon footprint is included in **Annex II Environmental and social indicators - Carbon footprint**.

Emissions by business



By business, the cellulose business line is the largest contributor to the Group's carbon footprint, accounting for 82% of the total. This is due to the fact that this business accounts for the majority of fossil fuel consumption (especially in the lime kilns of the bio-factories) and to emissions from forest management and wood and cellulose logistics, as well as the processing by customers of the paper pulp sold to them. The power plant business contributes 16% of the company's emissions, mainly emissions from the Lucena natural gas cogeneration plant and operations at the Huelva complex, while corporate and the renewable thermal energy generation and biomass trading businesses together account for 2%.

²³ The results of the 2024 carbon footprint analysis are based on data available at the closing date of this report. For the calculations, use was made of the latest available emission factor values, which in many cases correspond to 2023, and they should therefore be considered provisional, needing to be updated once the relevant agencies publish updates for 2024. Once the carbon footprint has been recalculated with the emission factors corresponding to 2024, Ence will have the GHG Report verified by an independent external body and publish it on its website.

Emissions by gas type

The following table shows the contribution of each type of gas to the total Scope 1 and 2 emissions (in tCO₂e), with CO₂ gas accounting for the majority (81% of Scope 1 and 2 emissions). For this analysis only emissions within Scope 1 and 2 have been considered, as most of the Scope 3 emission streams have been obtained with emission factors represented in tCO₂e, which precludes a breakdown by gas type.

Contribution of each type of GHG to Scopes 1 & 2 emissions (t CO ₂ e)						
	CO ₂	CH ₄	N ₂ O	HFCs	SF ₆	CO ₂ e
Total emissions	212,195.6	18,995.8	31,212.7	370.5	64	262,798.6

Emission intensity

Emission intensity (Scopes 1, 2 & 3) (tCO ₂ e /M€) ⁽¹⁾			
	2023	2024	% N/ N-1
Total emissions intensity (market-based)	735.6	926.2	26%
Total emissions intensity (location-based)	888.8	1,071.1	21%

(1) Emission intensity = (Scope 1, 2 and 3 emissions (tCO₂e))/(net revenue (M€)). The net income figure can be found in the Consolidated Financial Statements under heading "9. Ordinary income and other operating income".

The ratio of emissions intensity to turnover is not a representative KPI for Ence's activity. From an operational point of view, the emissions intensity is related, for the pulp business, to the volume of pulp produced while for the renewable electricity generation business it is related to the volume of electricity produced:

Emission intensity (Scope 1 and 2)			
	2023	2024	% N/ N-1
Pulp business (tCO ₂ e /tAD) ⁽¹⁾	0.150	0.147	-2%
Power plants business (tCO ₂ e /GWh)	71.98	65.45	-9%

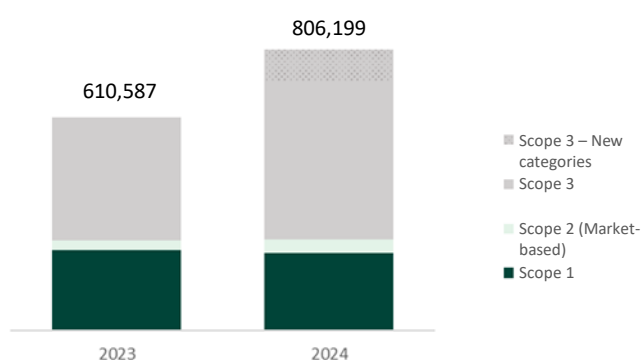
(1) Scope 1 and 2 emissions from the pulp manufacturing process, excluding emissions from the electricity generation process.

Changes in the carbon footprint

In 2024, the carbon footprint increased by 32% compared with 2023, due to an increase in indirect emissions, as direct emissions continued to decrease. The changes in the three scopes compared with 2023 are explained below:

- **Scope 1** emissions decreased by 4% due to lower fuel oil consumption thanks to the higher operational stability of Pontevedra, which avoided the use of fuel oil for start-up periods. In addition, fuel oil consumption was also reduced in Navia in favour of the use of natural gas.
- **Scope 2** emissions increased by 48% due to lower self-consumption and higher consumption of grid electricity due to the non-availability in the pulp business of one of the generation turbines during the last quarter of the year.
- **Scope 3** emissions increased by 54%, as a result of:
 - Inclusion of the new categories (categories 2, 10 and WTT emissions of all transport in scope 3), representing 17% of scope 3 in 2024.
 - Increased material logistics due to increased maritime transport of timber to meet the needs of bio-factories.
 - Higher fuel consumption in forestry harvesting due to inclusion of the assets acquired from Sniace in the carbon footprint consolidation scope.

Evolution Carbon footprint (tCO₂e)



Biogenic emissions

In the process of burning biomass to generate renewable energy, Ence produces biogenic emissions.

Biogenic emissions by scope				
	Description	tCO ₂	tCH ₄	tN ₂ O
Scope 1	Emissions from the combustion of renewable biomass in Ence's power plants and bio-factories.	3,624,100	670	115
Scope 3 ⁽¹⁾	Emissions from the combustion of renewable biomass that Ence sells to its customers in the trading business.	38,982	11	1.5

⁽¹⁾ For the calculation of scope 3 biogenic emissions it is assumed that all renewable biomass sold in the trading business is consumed for energy uses as final destination. In addition, there are no doubt other biogenic emissions related to the accumulation of biomass at power plants. However, due to the fact that the emission factor is expressed in tCO₂e, it has not been possible to break them down by gas type.

Ence is in an advantageous position to realise this opportunity, since both its bio-factories and its stand-alone power plants generate significant volumes of biogenic CO₂, which could be used in the manufacture of biofuels.

Methodology for quantifying the Carbon Footprint

The methodology for quantifying the carbon footprint is summarised below, by scope.

- **Scope 1:** calculated by multiplying the energy consumption by the emission factor. Energy consumption is obtained mainly from primary data (meters, delivery notes, mass balances) and for the selection of the emission factor, priority is given to official sources as close as possible to Ence's geographical context, such as the Spanish Office for Climate Change (OECC) in the case of CO₂ or the IPCC for CH₄ and N₂O emission factors. For installations in the EUTS (Navia, Pontevedra and Lucena), the same emission factors are used as in the GHG emission reports.
- **Scope 2:** calculated by multiplying the electricity consumption by the emission factor. Electricity consumption is obtained from primary data (meters or invoices) and the emission factor from the OECC.
- **Scope 3:** The methodology for quantifying the various GHG Protocol categories is summarised below:
 - **Category 1:** Goods and services purchased, multiplied by the specific emission factors for each category. Among the main goods and services are the consumption of materials, silviculture and the use of wood and biomass. Ecoinvent System Processes and the SimaPro application developed by PRé Sustainability (2022) were used to select emission factors for the consumption of materials.
 - **Category 2 (new 2024):** Includes amounts billed for goods acquired in the various energy, cellulose, biogas and forestry businesses in the reporting period multiplied by the emission factors of each CNAE (National Classification of Economic Activities) code calculated according to the data available from the National Statistics Institute.
 - **Category 3:** Indirect emissions are calculated for fuels not included in scopes 1 and 2 as well as emissions from the extraction, refining and transport of these fuels to the facilities where they are used (WTT - "Well to tank"). The emission factors used are those specific to the WTT category for waste water discharged for each of these fossil fuels as published by DEFRA, the UK Department for Environment, Food & Rural Affairs.
 - **Category 4:** This includes emissions from upstream transport corresponding to the transport of timber and biomass from forests or third parties to the bio-factories or power plants. The WTT emissions of the fuels used as published by DEFRA are also included.
 - **Category 5:** It is calculated on the basis of the actual waste data derived from Ence's activity multiplied by the DEFRA emission factors depending on the final management of the waste.
 - **Category 6:** It is calculated on the basis of the mileage allowances for employee travel on the various modes of transport provided by the travel agency multiplied by the DEFRA emission factors.
 - **Category 7:** It is calculated on the basis of estimates of the distance travelled from their respective homes to the workplace and vice versa, multiplied by the corresponding DEFRA emission factors.
 - **Category 9:** It is calculated on the basis of the volumes of products destined for downstream customers (nursery seedlings, pulp and biomass shipped), the estimated transport distances and the relevant emission factors for such transport published by DEFRA.
 - **Category 10 (new 2024):** It is calculated taking into account (i): total billings for pulp sold, applying emission factors based on the CNAE code for the particular activity, calculated on data available from the National Statistics Institute, and (ii): specific emission factors provided by customers.

Finally, categories 8, 12, 13, 14 and 15 are not relevant for the Ence Group for the following reasons: in the case of categories 8 and 13, related to emissions from upstream and downstream leased assets, Ence manages leased forests whose emissions are already included in the carbon footprint consolidation scope since it has operational control over these forests. Category 12 does not apply, since Ence's business model is B2B, in other words it does not sell products direct to end customers; category 14 does not apply since the Group does not have franchises, and finally,

category 15 does not apply because Ence does not have any investee companies without operational control in terms that affect the calculation of the carbon footprint.

For global warming potential (GWP), we used the standard values provided by the OECC, published in 2024 and corresponding to 2023, which use the IPCC's AR6 values.

2.2.5.3 Avoided emissions, forest sinks and offset credits

Ence not only contributes to mitigating climate change by reducing its own emissions, but also by avoiding their generation through the production of renewable energy in its bio-factories and independent plants. Thanks to this renewable energy, in 2024 Ence avoided the emission of more than 532,000 metric tons of CO₂e.

Energy production (GWh)				
	Production (GWh)		Emissions avoided (t CO ₂) ⁽¹⁾	
	2023	2024	2023	2024
Renewable	1,729.8	1,936.0	465,094.0	532,254.4
Electricity from biomass in bio-factories and energy plants	1,720.0	1,922.5	463,111.7	525,110.6
Heat from biomass	9.8	35.4	1,982.3	7,143.9
Non-renewable	138.4	171.6	-	-
Electricity from natural gas	64.7	70.1	-	-
Heat from natural gas	73.75	101.47	-	-
TOTAL	1,868.3	2,129.6	465,094.0	532,254.4

⁽¹⁾ Avoided emissions have been calculated taking into account both self-consumption and the sale of electricity and renewable heat generated from biomass. For self-consumption and sale of electricity from renewable sources, we used the latest emission factor (EF) of the national electricity mix at the date of this report. It is published annually by the OECC and in this case is 0.26 kg CO₂e/KWh. For the sale of heat from renewable sources, we used the EF for natural gas, 0.202 kgCO₂e/KWhPCI as a reference.

Ence also contributes to the goal of climate neutrality through the conservation and promotion of forest areas that act as **carbon sinks**. In this regard, Ence's forestry plantations (own operations) absorb more than 700,000 ²⁴metric tons of CO₂e from the atmosphere each year. In net terms, Ence's forestry plantations absorb more carbon than is removed by their exploitation; in 2024 there was a positive balance of more than 275,000 tCO₂e. This CO₂ fixation, through biogenic storage in Ence's forests, is a nature-based solution. The risk of non-permanence due to reversion is related to the extraction of timber itself, for which Ence has a sustainable forest management model, or due to events such as fires, for which Ence has risk reduction measures in place, including, among others, clearing and fire watch measures. Ence is also making progress in research to capture biogenic CO₂ from its facilities for the production of renewable fuels.

Ence also promotes the creation and use of emission offset credits through projects registered in voluntary schemes, such as Verra and the OECC, which can be used by other companies to offset their emissions. In 2024, Ence had 59 projects registered with the OECC with a total of 3,740 hectares registered as forest sinks.

In addition, in 2024 Ence made use of 2,700 tCO₂e of voluntary offset credits to compensate for the residual emissions of *Naturcell Zero* pulp, which enabled it to obtain the Carbon Neutrality certificate from an independent third party. Use was made of Verified Carbon Units (VCU) under Verra's Verified Carbon Standard (VCS) Programme, one of the most recognised standards. 100% of the offset credits used are from a renewable electricity generation project using wind energy.²⁵ The project activity will generate emission reductions by avoiding CO₂ emissions from electricity generation by

²⁴ For the calculation of removals and net carbon balance, we used as a reference the methodology proposed in the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 4: Agriculture, Forestry and Other Land Use. For the calculation of the removals of Ence's plantations, account was taken of the carbon absorbed by the growth of Ence's forest mass in the reporting period. This carbon is removed from the atmosphere by absorption of carbon dioxide (CO₂) particles; this is the equivalent amount of CO₂ absorbed by plants to incorporate that amount of carbon into their tissues. For the calculation of the net carbon balance, the carbon removed from the forest stand due to timber and biomass extraction is deducted from the removals. Net balance = Annual carbon gain (carbon absorbed by plantations) - carbon removal (carbon removed by timber and biomass extraction).

²⁵ 100% of the offset credits used in 2024 were Verified Carbon Units (VCUs) under the Verified Carbon Standard (VCS) Programme in a project outside the EU. Ence uses high quality offset credits, such as those of the VCS, which has mechanisms in place to ensure compliance with Article 6 of the Paris Agreement. To avoid double counting, the VCS implements corresponding adjustments. This means that when a carbon credit is transferred internationally, the host country's emissions accounts are adjusted to reflect this transfer. In addition, the VCS maintains a detailed and transparent record of all credits issued and transferred. This allows full traceability of each credit, ensuring that the requirements of Article 6 of the Paris Agreement are met.

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fossil fuel fired power plants. In the future, the amount of offset credits for *Naturcell Zero* emissions will depend on the volume of customer demand for this product.

2.2.5.4 EU Emissions Trading

Independently of the calculation of Ence's organisational footprint, the Navia, Pontevedra and Lucena facilities are subject to the EU Emissions Trading System (EU-ETS). Emissions from the use of fuels in these plants are therefore subject to annual audits and verifications as part of the reporting. 75.6% of the emissions included in Ence's global carbon footprint (Scope 1) are included in the ETS.

2.2.5.5 Internal carbon price

The internal carbon price is a tool that Ence uses to assign a monetary value to the CO₂ emissions produced. This simulated price allows Ence to internalise the environmental cost of its emissions, encouraging practices and decisions that favour the reduction of GHG emissions. By incorporating the estimated cost per metric ton of CO₂ emitted in all its business lines, Ence can make investment and business model development decisions with an approach aligned with its decarbonisation targets.

To establish this internal price, Ence uses a methodology based on the CO₂ price for direct emissions (Scope 1) included in the ETS, specifically the price of the EU Allowance (EUA). The EUA is a unit of allowances that allows companies to emit one metric ton of carbon dioxide (CO₂) within the ETS. This EU system sets a limit on the GHG emissions that certain sectors can emit, and the companies included must have EUAs equivalent to their annual emissions.

The price of EUAs, which is determined in the carbon market, represents the "CO₂ price" within the ETS. This price is set according to the supply and demand for allowances: when demand is high or the emissions cap is tighter because the supply of free allocation is reduced, the price of EUAs tends to increase, making it more expensive to emit CO₂. This dynamic encourages companies to reduce their emissions to avoid additional costs, thus promoting the transition to a low-carbon economy. The EUA and its price is a key benchmark for many companies in defining the costs associated with CO₂ emissions and providing an objective and up-to-date basis reflecting the value of carbon in the European market.

Ence adjusts its internal carbon price in line with trends and forecasts for the evolution of the CO₂ market based on the EUA, allowing for financial planning that takes into account the impact of long-term climate policies.

This internal carbon price is a key factor in Ence's project development and strategic planning. By incorporating this price into its economic assessments, the company can prioritise investments that reduce emissions, adopt clean technologies and improve energy efficiency, ensuring that new developments are aligned with decarbonisation targets and are economically viable in a changing regulatory context. Ence also takes this factor into account when designing its growth strategy in the various business lines, for example, in biomass trading or renewable thermal energy, as most of Ence's potential customers in these businesses are companies subject to the ETS and the cost of the EUA is key when estimating the profitability of projects to replace fossil fuels with renewable alternatives. Ence therefore includes this variable in its financial models in the development of offers to its customers.

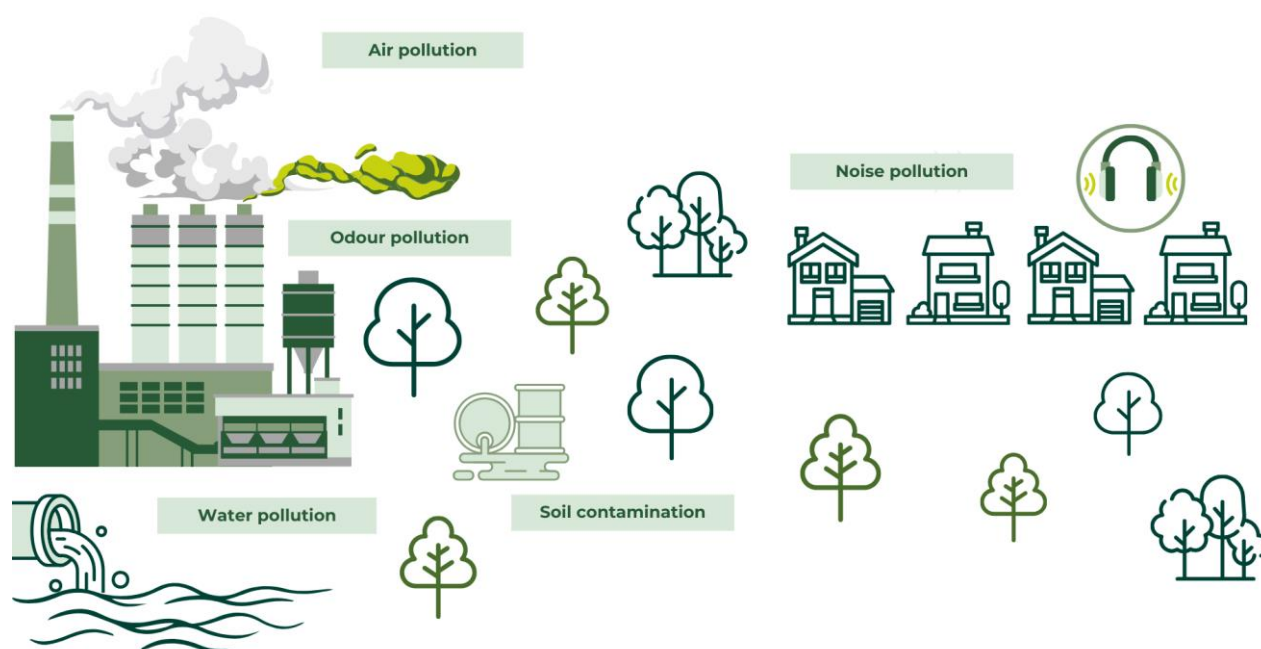
2.3 Pollution

E2

The prevention of air, water and soil pollution, as well as noise, odour and light pollution, is a key aspect of Ence's environmental commitment. As proof of this, one of the strategic pillars of the new 2024-2028 Master Plan focuses on eco-efficient operations, seeking to achieve environmental excellence in all the company's operations and establishing qualitative and quantitative objectives in environmental parameters such as noise, odour and air quality.

2.3.1 Impacts, risks and opportunities

Through the update of the double materiality analysis described in section **1.4.4 Double materiality analysis**, a specific analysis was carried out to identify and assess the impacts, risks and opportunities related to pollution. Consultations were also carried out both with the Group's own staff and with other external stakeholders.



2.3.1.1 Impacts

As with any industrial activity, if the appropriate technologies are not applied and their operation is not properly managed, Ence's activities are likely to generate environmental impacts, including contamination of the various resources (water, air and soil). Although Ence applies the best available technologies (BAT) in its processes and makes environmental management one of the pillars of its management policy, the following potential impacts have been identified in the company's various business lines and their respective value chains that could occur if they are not properly identified, managed and mitigated.

Impact	Description of the impact	Prevention / mitigation measures
I1: Air pollution (C / OO, VC)	Ence's industrial activities involving combustion processes may generate pollutant emissions such as particulates, SO ₂ or. These emissions also occur in harvesting, forestry and logistics activities, as a result of fossil fuel combustion in machinery and dust generation in transport and distribution vehicles.	The company has abatement systems that reduce these emissions below the limits established in the plants' integrated environmental authorisations, thus ensuring that there are no negative impacts on the environment.
I2: Water pollution (C / OO, VC)	Ence's industrial activities produce wastewater flows that must be treated to avoid possible polluting discharges into the receiving environment. In terms of the value chain, the same is true of the industrial production processes for many of the raw materials (especially chemicals products) that Ence buys.	Ence implements various measures to reduce the pollutant loads in the discharge water, ensuring water quality levels that are below the limits established by the administration and preventing the generation of environmental damage.
I3: Soil contamination (P / OO, VC)	Accidental discharges or spills at Ence's facilities could affect the soil or groundwater. In terms of the value chain, potential impacts on soil can occur in forestry activities, due to oil spills or fuel leaks on unprotected soils, which in any case would be very limited given that the only fuels present are the fossil fuels used for mobile equipment.	Ence's industrial facilities are developed in environments prepared to prevent soil contamination (closed storage facilities, leak detection systems in tanks and reservoirs, paving and waterproofing of surfaces and redirection of water, in the event of emergency spills, to dedicated treatment facilities, retention basins, etc.). Potential contamination in soils and groundwater is monitored periodically by taking samples through piezometers. In the case of

Impact	Description of the impact	Prevention / mitigation measures
		future projects with potential impacts in this sense, such as biogas plants, which need to store raw materials in the facilities (slurry, agricultural and livestock waste, etc.), this aspect is taken into account in the design to minimise these risks.
I4: Noise pollution (Entity-specific)²⁶ (C / OO, VC)	Ence's industrial and forestry activities generate noise and vibrations that must be attenuated so as not to affect the people who work at the facilities or cause nuisance that could affect nearby communities. Acoustic impacts also occur throughout Ence's value chain, both in the industrial facilities of its raw material suppliers and in the transport of materials upstream and downstream of Ence's plants.	Ence manages the potential acoustic impact at its plants by establishing soundproofing measures for equipment and enclosures, installing silencers, screens and acoustic cladding, etc. Ence also carries out regular noise level measurements at different times of the day.
I5: Odour pollution (Entity specific)²⁷ (C / OO, VC)	Some of Ence's industrial processes, such as pulp production and the production of bio-methane and fertilisers, can generate odours which, if not properly managed, can lead to rejection by the local community and the loss of the social licence to operate. With regard to Ence's value chain, the main focus of odour generation would be the agricultural and livestock facilities where the raw materials for the biogas plants originate.	Ence has implemented the Zero Odour Plan, through the implementation of measures such as the installation of anti-odour systems, new H ₂ S meters, operational improvements and a predictive model based on meteorological conditions to anticipate and minimise odour events. Ence has also set specific voluntary targets to ensure that odour levels do not affect local communities. In its biogas plants, Ence designs the facility so that it does not generate this impact, and before deciding on its location, carries out odour studies to avoid locating them in areas where they could affect local communities.
I6: Substances of concern or very high concern	Ence does not use, nor does it plan to start using, substances of concern or very high concern in its processes in accordance with Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH). If any of the substances used were to be included in these regulations, there would be a potential negative impact on human health and the environment.	Ence carries out exhaustive monitoring of all the substances covered by the REACH regulations to ensure that if any were to be included in the regulations, they could be replaced by other substances.

C: Current; P: Potential / OO: Own Operations; VC: Value Chain

However, Ence's operations also generate **positive impacts** such as the reduction of potential soil and groundwater contamination thanks to the removal of agricultural and livestock waste for use in the production of biogas and bio-fertilisers.

2.3.1.2 Risks and opportunities

Risks

The identification, management and mitigation of the risks associated with the management of the various environmental aspects, including pollution prevention, is fundamental to guaranteeing a sustainable operation aligned with the principles established in Ence's Sustainability and Environmental Policies. Proper risk management **minimises the negative impacts** that air, water and soil pollution, as well as noise, odour and light pollution, can have on the environment and neighbouring communities. In this context, the main risks related to the impacts of pollution identified in Ence's business model are presented below. The environmental risks of each facility or project are specifically identified and managed, as detailed in the following paragraphs of this section.

Risk	Description of the risk	Mitigation measures
R1: Penalties for exceeding the	Failure to comply with the limits established in the environmental authorisations of Ence's plants,	Ence regularly monitors all environmental parameters and sets operating targets, below the

²⁶ Entity specific refers to positive and/or negative impacts specific to the Ence Group's business model.

²⁷ Entity specific refers to positive and/or negative impacts specific to the Ence Group's business model.

permitted pollution limits	whether in terms of emissions into the air, water or soil, could lead to the imposition of penalties on the company. In addition, the risk of not meeting odour control targets in bio-factories, even if these are not directly regulated in environmental authorisations, could compromise the social licence to operate, negatively affecting the relationship with neighbouring communities.	limits established in the environmental authorisations, to ensure that the legal limit is never exceeded. With regard to odour, Ence has set voluntary targets to ensure that neighbouring communities are not affected.
R2: Inclusion of substances of concern and substances of very high concern	The risk of any of the chemical products used in Ence's production processes being included in the list of substances of concern or very high concern according to REACH regulations would imply the need to adapt the company's operations to the requirements of said regulations.	Ence carries out exhaustive monitoring of all the substances covered by the REACH regulations to ensure that if any were to be included in the regulations, they could be replaced by other substances.

The pollution-related risk management process is integrated into the company's global risk management process described in section **1.4.7.3 ESG risk identification, assessment and management process** and the risks described here are integrated into Ence's Risk Map.

Opportunities

The main opportunity related to this aspect is the improvement of its corporate reputation through the implementation of internal standards that are more restrictive than those established by current legislation. This approach not only reinforces Ence's commitment to sustainability and transparency, but also enhances the trust of its stakeholders, including investors, customers and local communities. In addition, the adoption of more rigorous measures can position Ence as a benchmark in the sector, contributing to the generation of long-term value.

Cross-cutting mitigation measures

Ence's environmental risk management model is based on going beyond compliance with current legislation, applying the principles of prevention and precaution and following the principle of continuous improvement.

In its environmental management, Ence has been applying the TQM (Total Quality Management) model for more than 10 years. This model incorporates not only environmental protection and pollution prevention, but also quality, safety and health. Within the framework of this model, a series of Fundamental Improvement Objectives (FIOs) are established annually to ensure the adequate management and mitigation of risks derived from the following environmental vectors:

- Reducing the impact on air quality (emissions)
- Reducing the impact on water quality (effluents)
- Reducing the noise impact of operations
- Reducing the impact of odours
- Reduction of water consumption
- Reduced consumption of raw materials
- Reducing waste generation
- Improved energy efficiency
- Improving the governance of management systems

Environmental risk prevention tools

In addition to the TQM model and the FIOs derived from it, Ence applies additional tools to prevent environmental risks in its operations:

- **Management of Work with Special Environmental Risk:** the aim of this procedure is to identify and plan in an appropriate manner those interventions that may have potential risks of affecting the environment and that are not regulated by internal procedures. In this way, such work is subject to specific review and approval by the facility's chain of command and environmental team prior to execution, ensuring that appropriate preventive actions are implemented.
- **Risk management by means of Preventive Environmental Observation:** this procedure consists of identifying actions and process/facility conditions that are not in line with Ence's environmental management principles, with the aim of correcting them in a constructive manner. The objective of the observations is to raise awareness and improve the environmental performance of operations through the active participation of employees.

Both the management of work with special environmental risk and the preventive observations aim to raise awareness and involve everyone in the organisation in building and maintaining a culture of respect for the environment and prevention of environmental risks at all levels. These tools are a concrete example of Ence's **application of the precautionary principle**, as they provide a proactive analysis of possible risks and impacts before carrying out an action, especially when not all the necessary information is available or when the action is to be carried out for the first time. In this context, Ence prioritises environmental protection and pollution prevention over the execution of the action, given that the company's management only approves the action when it is sure that the prevention or containment measures are sufficiently solid to guarantee that the risks of environmental impact are minimised.

Pollution prevention using Best Available Techniques (BAT)

Another of the pillars of Ence's environmental management model and a tool for managing environmental risks in general and pollution prevention in particular is the application of Best Available Techniques (BAT), as defined in Directive 2010/75/EU on industrial emissions (integrated pollution prevention and control). In conducting its business, Ence adapts its processes to the BATs in accordance with Best Available Techniques in the Pulp and Paper Industry 2014, as well as the BATs established for large combustion plants (LCPs) in 2017.

As part of its process of adaptation to BATs, Ence has focused on the implementation of different types of emission purification systems according to the needs of each plant. Thus, in the Pontevedra bio-factory, with the aim of reducing particle emissions, the electrofilter system of the biomass boiler has been improved.

All Ence's industrial plants have their Integrated Environmental Authorisation (IEA) or Industry Authorisation, which establishes the environmental conditions for the operation of the facilities. These authorisations include the maximum emission values based on the BATs as well as the monitoring plans for all relevant environmental aspects. In this respect, Ence sets targets to not only meet, but improve on the limits defined in its IEAs, regularly reporting to the competent authorities on their evolution. The IEAs of Ence's plants are publicly available in the registers of the administrations of the corresponding Autonomous Communities.

Environmental risk analysis

Ence identifies environmental risks through Environmental Risk Analysis ("ARMAS" in the Spanish acronym), in accordance with legislation on environmental responsibility (Law 26/2007), in the periodic assessments of the environmental aspects defined in its Environmental Management System, and in the case of the pulp bio-factories in the context of the analysis of process risks within the PSM (Process Safety Management) strategy. This process makes it possible to identify potential situations that could lead to environmental impacts and to establish preventive measures to avoid this happening. In addition, Ence carries out regular internal and external audits to assess, among other things, the implementation of prevention measures at the plants.

As an additional measure, following the study conducted at the Lucena plant in 2023, environmental, safety and operational risk studies were carried out at all power plants, the industrial heat plant and the Magnon supply area in 2024. These analyses make it possible to know in detail the existing risks in each installation, to define the preventive measures to be implemented and to prioritise the investments required to reduce these risks to a tolerable level. These risk analyses have been extended to the area of security and operations, providing a comprehensive analysis of the risks at Magnon.

The company also has a Management of Change (MOC) procedure that evaluates the possible consequences of any changes, including changes in the industrial process, affecting health, safety or the environment, before such changes are made, establishing the necessary preventive measures.

Environmental certifications

Ence's Integrated Management System, which includes environmental management, has been certified in accordance with the following international standards:

- UNE-EN-ISO 9001, for quality management
- UNE-EN-ISO 14001, for environmental management
- UNE-EN-ISO 45001, for occupational health and safety management
- UNE-EN-ISO 50001, for energy management

This system is certified by accredited bodies that carry out annual audits. In addition to these certifications, Ence has the following certifications that recognise the good work and excellence of its operations in environmental performance:

- The Pontevedra and Navia bio-factories are both registered with the EU's Eco-Management and Audit Scheme (EMAS) as per Regulation (EC) No.1221/2009. Both plants were the first in their respective Autonomous Regions to join this eco-scheme.
- Both bio-factories are also ISO 22001-certified (FSMS - Food Safety Management System).
- The cellulose produced in Ence's bio-factories has been approved by the Nordic Swan Ecolabel since 2014. This ecolabel ensures compliance with stringent requirements in areas such as climate change mitigation, energy efficiency and responsible use of resources, including water, chemicals and raw materials.
- Ence's cellulose has also obtained validation as a raw material in accordance with Commission Decision (EU) 2019/70 establishing the EU Ecolabel criteria for graphic paper, tissue paper and tissue products.
- All Ence's facilities are Zero Waste certified by AENOR, the Spanish standards body, thanks to the high waste recovery and recycling rates, which remained at over 99% in 2024, meaning that less than 1% of the waste generated was sent to landfill.
- In 2024, Magnon obtained AENOR's "Circular Economy Strategy" certification, which demonstrates Ence's circularity, given that endorses the company's business model, which is based on the use of agricultural and forest waste to generate energy, electricity or heat, as an integrated business model, since it is present throughout the value chain cycle of the renewable energy industry (manufacture, transport, use, maintenance and end-of-life management).
- All Ence facilities are SURE certified for biomass sustainability. This certification ensures compliance with the requirements of the Renewable Energy Directive (EU) 2018/2001, which sets out stringent sustainability criteria that biomass used in power generation must meet.

The main certifications of Ence's centres are summarised below:

Site	ISO 45001	ISO 14001	ISO 9001	ISO 50001	EMAS	Zero Waste	Nordic Swan	EU Ecolabel	Sure System
Pontevedra Biofactory	✓	✓	✓	✓	✓	✓	✓	✓	✓
Navia Biofactory	✓	✓	✓	✓	✓	✓	✓	✓	✓
Huelva Energy Complex	✓	✓	✓			✓	N/A	N/A	✓
Mérida Plant	✓	✓				✓	N/A	N/A	✓
Lucena Plant	✓	✓				✓	N/A	N/A	✓
Enemansa Plant	✓	✓				✓	N/A	N/A	✓
La Loma Plant	✓	✓				✓	N/A	N/A	✓
Biollano Plant	✓	✓				✓	N/A	N/A	✓

2.3.2 Environmental policy

Ence has a [Corporate Environmental Policy](#) approved by the Board of Directors, which formalises and develops the company's commitment to environmental protection in its operations. Among other things, the policy establishes as basic principles the protection of the environment and the reduction of Ence's environmental impact throughout its value chain. To this end, the policy determines that the company will take care to analyse and understand the nature and magnitude of the potential environmental impacts of its activities, products and services and will apply the principle of the mitigation hierarchy (avoid, minimise, restore, and as a last resort, offset impacts).

The policy also recognises as a basic principle the integration of environmental protection into strategic planning, risk and opportunity management and company decision-making, for example in mergers and acquisitions of assets through tools such as environmental due diligence. In addition, the policy states that Ence will define an environmental governance and management model, including the implementation and maintenance of environmental management systems based on the principles of precaution, pollution prevention and continuous improvement of environmental performance in accordance with international reference standards.

Pollution prevention and control is included in this policy as a priority line of action. Along these lines, the policy sets out the following principles for action:

- The prevention and mitigation of the negative impacts of Ence's activities in terms of pollution of the atmosphere, surface water, groundwater and soil.
- The analysis of environmental criteria, aspects and potential impacts prior to the development of a project, and during all stages of its execution.

- The detailed analysis and planning of all operations and/or maintenance that may have a potential impact on the environment, prior to their execution, and specifically, the definition of protocols for dealing with work involving special environmental risk.
- The definition of measures for prevention, preparation and action in the event of environmental incidents, so as to eliminate and/or minimise their impact.
- Continuous monitoring by the chain of command of the proper environmental performance of people and the perfect condition of facilities with potential environmental impact.
- The inclusion of the environmental perspective in the selection of technologies and equipment in industrial projects, giving preference to those that use BATs and reduce the environmental impact of the processes.
- The elimination and replacement of any substances of concern or very high concern according to the REACH Regulation, and the proper management of REACH products generated.

These action principles are defined in such a way as to cover the impacts, risks and opportunities identified in section **2.3.1 Impacts, risks and opportunities**.2.2.2 Impacts, risks and opportunities

The policy is available to all Ence stakeholders on the company's [website](#).

2.3.3 Objectives, actions and resources

Strategy and Objectives

The prevention of air, water and soil pollution is a key focus of the Sustainability Master Plan 2024-2028. This plan establishes the main lines of action at corporate level to strengthen preventive measures against pollution, integrating them into the business model.

Furthermore, among the strategic pillars defined in the Plan, the "Eco-efficient Operation" pillar includes specific initiatives aimed at minimising environmental impacts related to noise, odour and dust. These actions aim to reinforce the company's good relationship and reputation with the local communities in which it operates (see section **1.4.5 2024-2028 Sustainability Master Plan and annual targets**).

The objectives defined for 2024, the performance achieved against them and the targets set for 2025 are presented below:

Line of action	IRO	Objective	Type of objective	Business	2024 Objective	2024 Performance	2025 Objective
Maintain social licence to operate (odour and dust)	I1 / I5 / R1	Reduce minutes of smell	Voluntary	Cellulose (Pontevedra)	80 min	87 min	60 min
			Voluntary	Cellulose (Navia)	60 min	21 min	40 min
		Improvement of air quality - Dust reduction	Voluntary	Cellulose (Pontevedra)	N/A	11	42 mg /Nm ³ (Particulates Biomass boiler)
			Voluntary	Cellulose (Navia)	N/A	9	17 mg /Nm ³ (Particulates Biomass Boiler)
			Voluntary	Renewable Energy	Conduct risk analysis at plants and establish action plan	Preventive plans carried out at all biomass plants	Implementation of plans
			Voluntary	Power plants (Puertollano and Huelva)	N/A	N/A	Compliance with action plans (reduction of internal movements, increase of water sprinklers, improvement of dust collector performance, etc.).

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In addition to these specific objectives related to air pollution control, Ence also has management measures in place to ensure compliance with the emission levels established in its environmental authorisations for parameters such as discharge quality (BOD, COD, etc.), atmospheric emissions (NO_x, SO₂, NH₃, HCL, etc.) and noise pollution.

Given the specific impact of odour and dust in Ence's operations, quantitative targets have been set for these vectors related to the reduction of atmospheric pollutant emissions.

The voluntary objectives are part of the Sustainability Master Plan and were defined with the collaboration of the various Ence divisions responsible for their fulfilment. During its development, both the historical data of the facilities and the behaviour and trends of the market in the sector were analysed. These objectives are in addition to those required to comply with current regulations.

Actions and resources

In order to meet the targets set and reduce pollution levels, Ence carries out a number of specific measures. These actions are aimed at optimising its processes, minimising environmental impact, and ultimately, keeping the social licence to operate while maintaining good relations with surrounding communities.

Pulp:

During 2024, and within its Strategic Plan 2024-2026 to implement PSM - Process Safety Management, the bio-factories analysed more than 4,500 events that could potentially give rise to an environmental impact, categorising them in terms of risk. The improvement of the first phase of the project for the acoustic attenuation of the Navia Bio-factory was also finalised and evaluated, and based on the new modelling, actions have been defined for the new phases. The Pontevedra factory successfully managed to maintain production during the worst annual drought periods thanks to the reuse of its effluent discharge, closing the year with its best historical water consumption ratios.

Apart from this thanks to their robust Zero Odour plans, the bio-factories managed to close the year with their best results ever. Actions carried out included the sealing of the DAF (Dissolved Air Flotation) system and the replacement of the scrubber in the effluent neutralisation chamber.

Energy:

In Huelva, various actions have been carried out since 2022 to reduce noise levels in the complex. Actions include soundproofing of equipment and enclosures. In addition, both in Huelva and Puertollano, various actions are carried out continuously to guarantee the desired levels of air quality. These actions include:

- Increased watering frequency to avoid dust caused by vehicle traffic and shovel dragging.
- Sweeping of open spaces with sweepers at times of reduced truck and machinery movements
- Removal of inert and non-fibrous materials
- Activate and check the conveyor belt misting system each time you start it.
- Keep doors closed and dust collection activated.
- Prioritise direct biomass offloading wherever possible
- Avoid cleaning with pressurised air in outdoor areas.
- Placement of speed bumps to ensure that speed is reduced inside the plant.
- Plant screens
- Truck tarpaulin

Finally, the objectives set and actions carried out in relation to pollution are aimed at preventing, mitigating, and where necessary, remedying the actual and potential impacts identified, as well as addressing the risks and opportunities, all of which are analysed in the double materiality analysis and detailed in the list of IROs in section **2.3.1 Impacts, risks and opportunities**

Earmarked resources

In 2024, the total investment (Capex) related to pollution prevention (improvement of the environmental performance of the facilities) amounted to more than €4.3 million.

- Actions aimed at reducing **atmospheric pollution** involved investment of more than €2 million, with improvements in electrofilters, HCL emission abatement systems and particle emission reduction systems being particularly noteworthy. This category also includes investments aimed at improving combustion conditions in

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boilers and lime kilns, which in many cases, in addition to improving emissions into the atmosphere, also reduce the emission of odorous compounds.

- The prevention of **water pollution** also accounted for a significant part of the investments (€1.7 million), including actions related to process improvements resulting in better effluent quality as well as actions to improve the systems for measuring discharge parameters.
- The **reduction of odour and noise** accounted for more than 10% of the investment in preventing pollution, the actions included in the Odour Reduction Plan of the bio-factories being particularly noteworthy.
- With regard to the prevention of **soil contamination**, actions were taken to improve the storage of chemical products and containment systems in the event of accidental spills.

During 2024, no investments (Capex) or operating expenses (Opex) related to environmental incidents caused by Ence's activities were recorded.

2.3.4 Metrics²⁸

Atmospheric emissions and discharges

The following is a list of the Ence Group's air emissions and discharge parameters. This information includes the data of all the facilities over which Ence has operational control, as well as the obligation to notify the emission values in accordance with Annex II of Regulation (EC) No 166/2006 establishing the European Pollutant Release and Transfer Register (E-PRTR). These data are reported annually by all facilities to the state registry (PRTR-Spain).²⁹

Air Emissions (PRTR España, the State Emissions Register) - 2024	Kg/year	Methodology ⁽²⁾
Carbon monoxide (CO)	3,469,364	M / C
Nitrogen oxides (NOX/NO ₂)	3,236,560	M / C
Non-Methane Volatile Organic Compounds (NMVOCs)	374,203	C
Sulphur oxides (SOX/SO ₂)	202,135	M / C
Total suspended particulate matter (TSP)	178,785	M / C
Particulate matter (PM ₁₀)	165,785	M / C
Ammonia (NH ₃)	69,841	M / C
Chlorine and inorganic compounds (such as HCl)	89,287	M / C
Other compounds ⁽¹⁾	42,044	M / C
TOTAL	7,827,776	

⁽¹⁾ The rest of the compounds reported in PRTR-Spain are included in **Annex II Environmental and social indicators - Air emissions**.

⁽²⁾ Measured (M); Calculated (C); Estimated (E).

Discharge parameters (PRTR España) - 2024	Kg/year	Methodology ⁽²⁾
Total organic carbon (TOC)	1,083,634	M / C
COD	35,465	M / C
Total Nitrogen	31,314	F
Total phosphorus	25,704	M / C
Chlorides (as total Cl)	16,164	F
Halogenated organic compounds (such as AOX)	8,922	F
Other compounds ⁽¹⁾	616	M / C
TOTAL	1,201,819	

⁽¹⁾ The rest of the compounds reported in PRTR-Spain are included in **Annex II Environmental and social indicators - Waste parameters**.

⁽²⁾ Measured (M); Calculated (C); Estimated (E).

In 2024 there were no accidental spills at any of the facilities.

Volume of effluents (thousands of m ³)	2023	2024

²⁸ Information on the La Galera facility (facility acquired by Ence at the end of December) is not included.

²⁹ Facility level data are publicly available from the State Pollutant Release and Source Register ([PRTR-Spain](#)). The reporting of data at the facility level in PRTR-Spain is subsequent to the issue of the Sustainability Report, which could therefore be modified if more updated or accurate information becomes available at a later date. In case of discrepancies between the data published in the Sustainability Report and PRTR-Spain, the latter prevails as the official source. Ence does not use or generate microplastics in its processes.

Volume of effluents (thousands of m ³)		
Total	26,386.9	26,683.2

Ence continuously monitors environmental parameters, reporting to the Board of Directors on a monthly basis on compliance with these parameters included in the regulatory controls and self-monitoring. This makes it possible to monitor the main atmospheric emission and discharge parameters, analysing their degree of compliance with respect to the levels established in their Environmental Authorisations and with respect to the levels established in the sector's BATs. Ence uses measurement equipment and/or carries out direct measurements through Authorised Control Bodies (ACBs) to quantify the data. Measuring equipment is subject to calibration plans guaranteeing the accuracy and reliability of the data. In addition, in the absence of measuring equipment, or when the information requires the transformation of units, Ence has calculation models based on the technical characteristics of the facilities.

Noise

Navia (dBK)		
Period	2023	2024
Morning	62.4	61.3
Afternoon	62.5	60.6
Night	61.5	61.0

Pontevedra (dBK)		
Period	2023	2024
Morning	65.0	62.0
Afternoon	65.0	61.0
Night	54.0	55.0

Huelva (dBK)		
Period	2023	2024
Morning	66.0	63.7
Afternoon	67.0	56.0
Night	67.0	63.7

Data from the last regulatory check

Smell

Odorous impact index		
Bio-factory	2023	2024
Navia	0.17	0.12
Pontevedra	0.05	0.03

Minutes odour		
Bio-factory	2023	2024
Navia	35	21
Pontevedra	133	87

2.4 Water resources

E3

Most of Ence's industrial processes involve the use of water resources. In the case of **pulp production**, water is used at various stages of the process: as a medium for pulpwood cooking, in the washing process and as a coolant in the cogeneration process. For this reason, bio-factories have to be located in sites that ensure a sufficient supply of fresh water. In the case of biomass **power** plants, water is mainly used for conversion into steam for the operation of the turbines and as a coolant in the power generation process. Most of the water used in the power plants comes from rivers and reservoirs, but groundwater, municipal supply water and reclaimed water from urban wastewater treatment plants, as is the case in Lucena, are also used.

Given its dependence on water resources in its main activities, Ence is aware that water is a scarce resource that must be used responsibly. In this regard, the search for efficiency in the use of water resources in industrial operations is one of

Ence's fundamental principles of action. In line with this maxim, the company designs its pulp production and energy generation processes with the utmost respect for water resources, ensuring water supply, optimising water consumption to increase the resilience of the facilities in periods of scarcity and improving the quality of the effluents released to reduce the environmental impact on aquatic systems.

Ence does not use water in its **forestry activities**, as forestry crops do not require irrigation for their maintenance and forestry work does not consume this resource either. The water consumed in the cultivation of agricultural products is not considered part of Ence's value chain, as the agricultural biomass used by the company consists of the unusable remains of these crops, which farmers need to dispose of, so for Ence, its life cycle begins when it is generated as waste or residue. Ence does not consume biomass grown for the purpose of energy recovery.

In terms of **biogas** activity, Ence designs its plants so that they do not require external water inputs to the process. The water required for biomethane production and digestate composting is extracted from the process itself and recirculated. In fact, this activity produces surplus water, which is treated and stored for use as irrigation water for agriculture.

Moreover, when developing **new projects**, Ence designs the facilities to optimise water consumption. An example of this is the future bleached recovered pulp production plant in As Pontes, where the water supply required for the process will be obtained by collecting the artificial lake near the facility, with part of the bleaching effluent being recirculated to other stages, against the current as an efficient measure to reduce consumption. It should also be noted that clean rainwater will be collected by separate networks to a storm tank and will be used, as far as possible, as input water.

With regard to **marine resources**, Ence does not use seawater or other marine resources (either in its operations or throughout its value chain). The only link between Ence's activities and marine systems is that the effluents from its biofactories in Navia and Pontevedra are discharged into the marine environment via underwater outfalls. The potential impacts and risks related to the quality of the discharge are detailed in chapter **2.3 Pollution**.

Collection, consumption and discharge

In Ence's products (cellulose), the amount of water contained in the final product is very low, so most of the water extracted from the supply sources is used in the process and is returned to the environment (at the discharge points authorised by the relevant administration) in the form of previously treated effluent in the biofactories' industrial water treatment plants or evaporated in the cooling processes.

In the case of power plants, the difference between collection and discharge is also explained by evaporation in cooling processes.

Thus, for the Group as a whole, more than 85% of the water collected is returned to the receiving environment in the form of effluent.

2.4.1 Impacts, risks, and opportunities

Through the updating of the dual materiality analysis described in **1.4.4 Double materiality analysis**, a specific analysis was carried out to identify and evaluate the impacts, risks and opportunities related to the management of water and marine resources. During the process, consultations were undertaken both with the Group's own staff and with other external stakeholders.

2.4.1.1 Impacts

Ence continually strives to minimise its environmental impact, paying special attention to the responsible use of water. In this regard, the Group is committed to optimising this resource, implementing efficiency measures that ensure sustainable water management in all its processes. However, Ence is aware that the nature of its operations requires significant volumes of water to ensure the proper functioning of its power plants and biofactories. Thus, the company is aware that there are potential **negative impacts** associated with water consumption in its operations and along its value chain that must be managed to avoid their materialisation. These include the following:

Impact	Description of the impact	Prevention / mitigation measures
I1: Impact on surface water sources (C / OO)	Impact on surface water sources due to the extraction and consumption of water for the pulp production process at the Navia and Pontevedra biofactories.	Ence is planning to reduce water consumption at both plants and initiatives to use alternative water sources, such as water from wastewater treatment plants. In addition, Ence continuously monitors the ecological

Impact	Description of the impact	Prevention / mitigation measures
		flows of both rivers, so that the extraction of water for its industrial facilities does not affect minimum flows or jeopardise the availability of resources for other priority uses, such as human consumption.
I2: Alteration of river flows (C / VC)	Alteration of river flows caused by the construction of reservoirs from which some of Ence's facilities are supplied. Although Ence is not directly responsible for the construction of these infrastructures, this is included in the impact analysis because the company depends on them for its operations.	Ence ensures that it respects the ecological flow rates established by the competent bodies and draws up plans to reduce water consumption at its facilities in order to minimise the need to draw water from these sources. In addition, in plants such as Lucena, the company has become independent of natural water sources and works with reclaimed water from the municipal WWTP, so that it does not affect natural watercourses.
I3: Effluent-related impacts (P / OO)	The impacts related to the quality of the effluents from Ence's facilities are detailed in chapter 2.3 Pollution of this report.	See I2: Water pollution in the section 2.3.1.1 Impacts
I4: Eutrophication of groundwater (P / VC)	The eutrophication of groundwater is caused by the storage and uncontrolled dumping of slurry and other livestock waste on the land. This impact could occur along the value chain of the biogas business area.	Ence provides a solution for livestock farmers, as its plants not only manage this waste for the production of biomethane, but the digestate is transformed into biofertilisers that are applied in a controlled manner and in a much larger radius, thus avoiding soil and groundwater contamination.

C: Current; P: Potential / OO: Own Operations; VC: Value Chain

In addition to these impacts, Ence's operations also have **positive impacts** on water resources, such as the production of irrigation water for agricultural farms as a result of the biomethane and organic biofertiliser production process at the Ence Biogas plants. Irrigation water comes from the inputs used in the process (mainly slurry and livestock manure) and thanks to its processing in the biogas plants, it is no longer a risk factor for aquifers and becomes a source of quality water for agricultural use. Moreover, the development of water reuse projects at the Biofactory in Pontevedra also has a positive impact as it reduces the consumption of surface water from the Lérez River by reusing water from the industrial wastewater treatment plant (IWWTP) or regenerated water from the urban wastewater treatment plant (UWWTP).

2.4.1.2 Risks and opportunities

Risks

Most of the risks related to the use and management of water resources are described in chapter **2.2 Climate change**, as they have been included in the Ence Group's global climate risk analysis. This is because climate change directly affects the availability and quality of water, which represents a major challenge for Ence's operations in terms of the stability of supply at its production plants and the growth of the biomass on which the business depends. The impact of climate change, especially physical effects such as increased droughts or variability in precipitation patterns, directly influences the availability of water for operations. As part of this analysis, Ence has identified the following risks:

Risk	Description of the risk	Mitigation measures
R1: Availability of water resources	Decreases or changing rainfall patterns caused by climate change pose a risk of water unavailability for Ence's operations. This risk has already materialised in the case of the Pontevedra biofactory, which was forced to stop its operation due to the drought situation in the summer of 2022.	Ence is working to reduce the water consumption of its operations by applying innovative solutions such as the recirculation of its effluents, enabling it to close the 2024 financial year with its lowest water consumption ratios. In the case of Pontevedra, the company has implemented internal effluent reduction and recirculation measures and continues to work on permitting and engineering for the wastewater reclamation project from the nearby urban WWTP to reduce dependence on water. In Navia, work is underway on a project for the treatment and recirculation of effluent, similar to the Pontevedra project. A number of improvements are carried out in all power plants to increase efficiency and reduce water

Risk	Description of the risk	Mitigation measures
		consumption (for more information, see section Actions and resources)
R2: Increase of salinity in the Navia biofactory	A rise in sea level, together with alterations in the flow of the river from which the plant is supplied, could cause an increase in salinity at the collection point, limiting the availability of water for the process.	Reducing water consumption, increasing internal storage capacity and improving collection systems (see Actions and resources for more information).
R3: Increased operational costs due to higher water prices	Transition risk related to possible regulatory measures (price increases or fees) that may be established as a result of the reduction in the availability of water resources and the need to finance the infrastructures for their use.	Implement the water consumption reduction measures mentioned above.
R4: Accidental impact on the ecological flow rate limit³⁰	The risk consists of the potential impact on the ecological flow of the rivers from which Ence collects water for its processes and which is established by the competent authority. In the event of such an occurrence, Ence could be exposed to fines or sanctions by the administration.	Ence not only has plans in place to reduce water consumption at its biofactories and power plants, but also monitors the flow of the rivers from which it collects its water supply to ensure that the established flow rate limit is respected at all times.

The risk management process related to water resources is integrated into the company's global risk management process described in section **1.4.7.3 ESG risk identification, assessment and management process** and the risks stated here are included in Ence's Risk Map.

Furthermore, when analysing all risks related to water resources, Ence takes into account the level of water stress in the basins and regions where its facilities are located. The water stress analysis is undertaken with the Aqueduct tool of WRI (World Resources Institute). According to WRI, water stress measures the ratio between total water demand and available renewable surface and groundwater reserves. Water demand includes domestic, industrial, irrigation and livestock uses. Available renewable water supplies include the upstream impact of consumers and large dams on the availability of the water resource downstream. Aqueduct's analysis offers a localised analysis including risk analysis at the level of river basins. The facilities of the biofactories with the highest consumption are located in areas at risk of low water stress, according to the WRI (World Resources Institute) Aqueduct model:

Site	Main source of supply	WRI Risk Level (Water Stress)
Navia	Surface water: Navia river	Low
Pontevedra	Surface water: Bora dam on the Lérez river	Low
Biollano	Surface water: Montoro reservoir	Low
Merida	Surface water: Guadiana river	Medium-High
Enemansa	Groundwater. Aquifer borehole 23	High
Huelva	Surface water: El Sancho dam on the Tinto river	Very High
La Loma	Municipal supply	Very High
Lucena	Wastewater. Lucena WWTP	Very High

In plants in areas with very high water stress, such as La Loma, the plant does not extract surface or ground water, but is supplied by the municipal water supply. In the case of Lucena, the plant does not consume water from natural sources either, but uses treated water from the municipal WWTP. As for Huelva, the complex is supplied by the El Sancho dam, the use of which is solely for Ence's industrial supply and therefore does not compete with or detract from other priority uses of the water resource.

Moreover, in 2024, Ence undertook a specific analysis of the water resource situation at its biomass electricity generation plants. To this end, it carried out a **Water Map** where the following variables, among others, were analysed for each facility:

- External factors: potential impacts arising from ecological flow control, potential changes in supply, competition for water use and historical stock of water access restrictions.

³⁰ Additional risk related to water resources included in the climate risk analysis

- Inlet water quality and management: analysis derived from the control of the volume and quality of inlet water, also considering the treatment of the water prior to the process.
- Outlet water quality and management: analysis derived from the control of the volume and quality of the outlet water.
- Internal and external pipes: assessing the condition and maintenance management of the plant's external and internal water pipes.
- Reduction actions: existence of reduction actions and possibilities for reuse of the process water.
- Price: cost of water per m³, setting higher or lower values compared to plants.

For their part, in accordance with the Water Framework Directive (Directive 2000/60/EC), the Member States, through the competent bodies, grant the terms for environmental authorisations which take into account the pressures to which the water bodies are subject in addition to the characterisation of the status of water bodies (ecological status and chemical status). Moreover, on the occasion of the transposition of the Directive, changes were made to the revised text of the Water Act, which led to the adaptation of the Regulation of the Spanish Hydrological Plan, which, together with the River Basin Hydrological Plans, establishes the criteria for maintaining the ecological flows of rivers and other bodies of water. The terms of the environmental authorisations together with the criteria of the Water Framework Directive are taken into account in the company's water risk assessment. A clear example is the water risk analysis of the Pontevedra biofactory, which is exposed to a lack of water availability in times of drought to guarantee the maintenance of the ecological flow rate, a requirement that applies to both factories.

In assessing water-related risks, Ence takes into account all the communications and consultations received from the affected communities, as well as the opinions expressed by them through the communication channels with Ence or through external media.

Opportunities

The efficient management of water resources represents a key opportunity for Ence that can contribute to the stability of its production. In this sense, the implementation of practices such as water reuse and recycling not only reinforces the Group's environmental commitment, but also guarantees the availability of this key resource for its operations, even in water stress scenarios.

Cross-cutting mitigation measures

Water-related risks are included in the Group's Risk Management System (RMS), assigned to the appropriate persons in charge and assessed according to the methodology established by the RMS. For these risks, mitigation measures are established which aim to:

- **Reduce the facilities' dependence** on natural water resources by increasing the resilience of biofactories to periods of scarcity. In this sense, work is being undertaken on the treatment of the plants' effluents in order to reincorporate them into the production process and thus reduce the need to capture water from natural sources. In the case of Pontevedra, work is also being undertaken to make use of treated wastewater from the nearby municipal WWTP.
- **Reduce water consumption** in the process: regardless of the water source, biofactories and generation plants work to reduce specific water consumption in the processes, optimising operations and seeking less water-intensive alternatives.
- At the strategic level, foster the growth of **business models that are less dependent** on water resources. In this regard, in the pulp area, work is being undertaken on projects such as the recycled pulp production plant in As Pontes, which has a much lower specific water consumption than pulp production plants using virgin fibre (53% less). It is also promoting the development of a plant for the production of sustainable packaging with moulded cellulose, in the process of which virtually all the water will be recirculated, requiring very little water consumption. In the area of renewables, the Ence Biogas line of business is being promoted, the biomethane plants of which also do not consume water in the process by design.

2.4.2 Environmental policy

Ence has a [Corporate Environmental Policy](#) approved by the Board of Directors, which formalises and develops the company's commitment to environmental protection in its operations. This Framework Policy sets out a number of general policy principles that apply to all environmental aspects and then identifies a number of specific lines of action. Among the general principles of action, the policy states that the company will ensure the protection of the environment

and the reduction of environmental impact throughout its value chain. To this end, Ence will analyse the nature and magnitude of the potential environmental impacts of its operation, products and services and apply the principle of the mitigation hierarchy (avoid, minimise, restore, and ultimately, compensate for impacts).

Among the priority lines of action, the Policy includes the **protection and responsible use of water resources**. In this line, the following principles of action are established:

- The protection of water ecosystems and groundwater, ensuring adequate treatment of industrial waste water to maintain the quality of the receiving environment and preventing accidental discharges.
- The reduction of water consumption in processes, especially in areas of high water stress, designing and applying measures to improve efficiency, reuse, etc. to reduce dependence on this resource and the impact on catchment areas.
- The study of options for using water recovered from other sources for use in Ence's industrial processes, thereby reducing water collection from the natural environment.
- Including the water footprint perspective in the design of new products, prioritising those that require less water consumption in their manufacture.
- The analysis of potential impacts in terms of water consumption and pollution of aquatic environments during the design of new facilities and/or processes, in order to select those with the least impact on water resources in technical criteria terms.

The Policy also includes the specifications required to guarantee compliance with the established commitments and goals and defines the roles and responsibilities of the different Ence governing bodies and areas to ensure the dissemination, implementation and compliance with the defined principles.

2.4.3 Objectives, actions and resources

Objectives

As mentioned above, securing supply, increasing resilience and reducing water consumption are strategic objectives for Ence, which have been included in its 2024-2028 Sustainability Master Plan (see section **1.4 Sustainability management**).

In this line, Ence has defined the following **quantitative targets for reducing** specific water consumption, both for its biofactories (main consumers) and for the power plants in Huelva, Puertollano, Mérida and La Loma. The objectives are detailed below:

IRO	Objective	Type of objective	Business	2024 Objective	2024 Performance	2028 Objective
I1 / I2 / I3 R1 / R2 / R3	O1: Reduction of specific water consumption	Voluntary	Cellulose (Pontevedra)	25.5 m ³ /tAD	23.8 m ³ /tAD	24 m ³ /tAD
		Voluntary	Cellulose (Navia)	26.5 m ³ /tAD	28 m ³ /tAD	
		Voluntary	Power Plants	N/A	-	HU: -6% m ³ /KWh vs 2023
						PU: -4% m ³ /KWh vs 2023 ME: -6% m ³ /KWh vs 2023 LO: -2% m ³ /KWh vs 2023

These objectives are voluntary and have been defined as part of the Sustainability Master Plan in which the different Ence departments responsible for achieving them took part as stakeholders. The definition took into account the historical data of the facilities as well as the market analysis of the industry.

Actions and resources

In order to achieve the proposed objectives (O1) and increase the resilience of the facilities and reduce dependence on supplies from natural sources, Ence plans to undertake the following actions:

Plant	Action	Description of the action
Pontevedra Biofactory	Projects to reduce specific consumption by increasing process efficiency and recirculation of effluent from the plant's wastewater treatment plant	In 2024, the effluent recirculation system was put into operation, enabling the summer period to be overcome without affecting the biofactory's production. Moreover, projects have been defined to improve the water collection and conduction infrastructure from the intake to the biofactory. In addition, work is being undertaken on permitting and engineering for the project to regenerate wastewater from the Placeres urban WWTP, close to the biofactory, to reduce dependence on river water. A new milestone was reached in 2024 with the implementation of these actions with a

Plant	Action	Description of the action
		consumption of 23.8 m ³ per tonne of pulp, the lowest ratio in the history of the biofactory.
Navia Biofactory	Improvement of water collection and conduction facilities to the plant	Improvement of water collection and conduction facilities from the collection point to the biofactory, construction of water storage tanks in the plant (use in case of the water resource unavailability). In addition, work is being carried out on a project for the treatment and recirculation of effluent, similar to the project that has been launched in Pontevedra, to reduce water consumption and thus be able to meet the established quantitative objective of specific consumption.
Huelva Complex	Measures for the improvement of efficiency, optimisation and reduction of water consumption	In 2024, several actions have been undertaken at the 3 plants in Huelva to reduce the consumption of water resources and optimise processes. These include the installation of a second osmosis phase at HU46 to increase treated water production and reduce membrane saturation, instrumentation of the sand filter outlet to measure turbidity, TSS and TDS, which improves monitoring and reduces maintenance costs. The soda dosing system at the headworks has also been modified to extend the useful life of the membranes, and a redundant pH probe has been installed in the channel to optimise the control of the system. Coagulant dosing at the PTA and PTE was automated, reducing sludge episodes and improving effluent quality, and a bag filter was incorporated upstream of the sand filter at HU46, increasing the plant's resistance to failures. In addition, an on-line silica and sodium analyser with superheated steam sampling system was included, ensuring the protection of the turbine and equipment. The implementation of improvements in flow control, coagulant dosing and pH adjustment in the treatment plants is planned for 2025, optimising salt precipitation and reducing rejection. Monitoring will also be improved with more accurate turbidity monitoring and the new HU50 sampling system, enabling faster and more efficient diagnosis of water status. Moreover, the installation of a second reverse osmosis stage at HU46 will reduce cleaning and concentrate rejection, minimising discharges.
La Loma	Reduction of water consumption	A humidification project has been implemented to reduce water consumption. A reverse osmosis rejection recovery system will also be installed to reduce dependence on water resources.
Puertollano	Improving water quality and reducing consumption	Kidney filters are being used to remove suspended particles from the water to improve water quality and reduce water consumption by increasing the number of cycles in cooling towers.
Merida	Reduction of water consumption	A new action has been implemented to reduce consumption by using water from the rain/emergency ponds. A backing point pump has also been installed to ensure that the correct volume of water enters the plant. The possibility of piping water for filter washing is being studied for 2025.

To coordinate these projects, in 2024, Ence has also created a specific Water Cycle department, with the aim of promoting the reduction of the water footprint of the pulp business (biofactories and associated infrastructures), including the reduction of water consumption in the plants by improving processes, segregation, treatment and recirculation of water flows. It is also responsible for the improvement of water collection, pumping and transport infrastructures and leads water reclamation projects from WWTPs, brackish water treatment projects and storage projects. In all of these, the water cycle management is responsible for the management of engineering, processing of permits, concessions and authorisations. It also identifies best practices and technologies in water management and implements TQM dynamics in the water cycle of biofactories.

Earmarked resources

In 2024, the total investment (Capex) related to Water Resources has amounted to over €6.6 million.

- More than 90% of the investment has been focused on the pulp business, the activity of which is more dependent on water resources. These investments include almost €2.7 million for the Pontevedra water regeneration and recirculation project, aimed at optimising the use of effluent from the plant and the nearby municipal WWTP for the industrial process, in order to reduce dependence on river water in the months of drought. In Navia, almost €1.7 million has also been invested in the project to improve water availability. This investment category also includes actions carried out in both biofactories to reduce water consumption and improvements in water collection systems.

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- In the energy business, around €0.5 million has been invested mainly in optimising water collection systems, implementing consumption reduction measures and improving the condition of pipes and pipelines to reduce leaks.

All these actions also contribute to reducing the risks linked to climate change, in particular those related to plant water availability and increased salinity.

2.4.4 Metrics³¹

Total water consumption

Total water consumption by type of source (m³)		
Period	2023	2024
Surface water	32,513,300	29,748,900
Groundwater	1,200	1,551
Reused water	604,900	1,038,300
Municipal supply	85,800	66,600
Total	33,204,000	30,855,351

Water consumption data is extracted from direct measurements from measuring equipment (e.g. flow meters and water meters) or from water supply bills. Measuring equipment is subject to calibration plans guaranteeing the accuracy and reliability of the data.

Water intensity (m³/€M) ⁽¹⁾		
Period	2023	2024
Water consumption ratio	40.02	35.45

(1) Water consumption ratio = Total water consumption (m³) / revenue (€M). The net income figure can be found in the Consolidated Financial Statements under heading "9. Ordinary income and other operating income".

The ratio of water intensity to turnover is not a representative KPI for Ence's activity, as there is no direct correlation between water consumption and the company's revenue, which is highly dependent on the price of pulp, which varies cyclically, and the price of electricity markets. From an operational point of view, the pulp business is the most water intensive, with a correlation between pulp production volume and water consumption.

Water intensity (m³/tAd)		
Period	2023	2024
Navia	27.6	28.0
Pontevedra	26.0	23.8

Water consumption in water-stressed areas

According to WRI's water stress risk level analysis, only four facilities are in areas classified as having high or very high water stress:

Water consumption in areas of high or very high water stress (m³)		
Period	2023	2024
Enemansa ⁽¹⁾	300	1,600
Huelva	3,550,100	3,927,900
La Loma	33,800	35,000
Lucena	320,200	400,800
Total	3,904,400	4,365,300

(1) Enemansa had no activity in 2024.

³¹ Information on the La Galera facility (facility acquired by Ence at the end of December) is not included.

Stored water capacity

The water capacity stored at Ence's facilities is 34,917 m³ ³². This water is stored in tanks and reservoirs to cover or support the water use needs of the facilities. The process water tanks and reservoirs are fitted with filling level sensors which are filled automatically following a programmed pattern or by the control system and ensure that they are always 100% full, so that stored water is available at all times.

2.5 Biodiversity

E4

As a company that bases its business model on natural capital and more specifically on forest and agricultural management, Ence depends on the ecosystem services that enable the production of wood and biomass, such as biodiversity and conservation of natural habitats, the water cycle, pollination and soil erosion control. Specifically, Ence's dependence on biodiversity is manifested in the company's use of the timber resources offered by a variety of forest species, especially the Eucalyptus genus, and the biomass resources of numerous agricultural species (e.g. olive trees). Aware of this dependence, Ence analyses the physical and transitional risks that may affect the agroforestry crops it supplies over a sufficiently long time horizon to understand the risks that may materialise both in the short and especially in the medium and long term. This is particularly relevant for forest crops, as their development requires long periods of time (harvesting rounds of around 10-15 years). The main risks identified are regarding the variability of forest stand production and the prevalence of pests and diseases related to the effects of climate change. Based on the results of the analysis of these risks, Ence defines mitigation measures to ensure the organisation's resilience in the face of these risks and the dependencies of the affected ecosystem services. Among these measures, the forestry R&D programme that the company has been implementing for more than ten years is worth highlighting, with the aim of finding new individuals, hybrids, genera or timber species that are better adapted to the new climatic conditions and to the pests and diseases derived from them. For more details on the scenarios, horizons and assumptions used for the analysis of these risks, as well as the resilience strategy defined, please refer to section **2.2.2 Impacts, risks and opportunities** of this report.

In addition to the above, Ence understands that sustainability in any action in the natural environment necessarily involves an appropriate approach to the protection and **active management of biodiversity**. The impacts on ecosystems and biodiversity not only jeopardise the ecosystem services that ensure the long-term sustainability of the Group's activity, but also entail other environmental, economic and social risks that make the preservation of ecosystems and biodiversity a strategic priority for Ence. Therefore, the company identifies the related impacts and risks and applies measures to ensure its protection in the development of its activities, having a specific biodiversity plan in its forest assets to manage this aspect and achieve not only to preserve biodiversity, but also to improve it.

2.5.1 Impacts, risks, and opportunities

Through the update of the dual materiality analysis described in section **1.4.4 Double materiality analysis** above, a specific analysis of the identification and assessment of biodiversity-related IROs was carried out. Consultations were also undertaken both with the Group's own staff and with external stakeholders.

2.5.1.1 Impacts

Ence is aware that its forestry and industrial activities could have a negative impact on biodiversity if they are not managed properly. In its analysis of the impacts, risks and opportunities related to biodiversity, Ence takes into account that the loss of biodiversity is closely linked to other factors that must be properly managed, such as the presence of invasive species; the negative impacts of climate change, which in many cases exceed the adaptive capacity of ecosystems; the direct exploitation of productive land and its potential direct impact on biodiversity; or pollution from inadequate waste management during forestry activities ³³. The analysis also takes into account the potential impacts of Ence's activity on

³² Waste water storage tanks are excluded, as well as dams or reservoirs from which water is supplied to the facilities.

³³ With regard to land use change, Ence does not undertake forestry activities that involve a change in land use. All operation areas are classified as rustic-forest use and as such managed under the guidelines of the competent forestry administrations. There is also no activity associated with changes in hydrological activity; when operations are carried out beyond the public domain area, they are undertaken in accordance with specific permits that include conditions on actions. In the case of watercourses that are not under public management, Ence does not undertake any action that involves changing the flow or altering their basic conditions. Even though no permits are required from the administration, the company manages them as in the case of publicly managed watercourses and bodies of water. Ence's forestry activity does also not involve surface or underground water abstraction.

the status of species and ecosystems, as well as its dependence on ecosystem services. Ence also carries out the impact and risk assessment in line with the first three phases of the LEAP (*Locate, Evaluate, Assess and Prepare*) approach:

- **Phase 1 (Locate):** location of relevant sites in terms of their relationship with biodiversity and ecosystems.
To locate the relevant sites, Ence has a detailed list of forest locations with their respective characteristics, both in the production areas (with species, age and material) and in the protection areas (Conservation Area Network, which identifies the ecosystems that are present and their state of conservation). In the former, activities with potential impacts are covered by the impact and risk management model described in **2.5.1.2 Risks and opportunities**. In the latter, all activities are aimed at the protection and conservation of the stands. There is also a list of locations of productive areas for standing purchases, even if they are not part of Ence's estate. For each of these locations, Ence has information on their protection level (whether they are located in a Protected Natural Area with some form of regional, national or European protection) and has a list of the silvicultural and forestry operations carried out there (both productive and non-productive).
- **Phase 2 (Evaluate):** assessment of potential and actual impacts and dependencies on biodiversity and ecosystems.
To assess impacts and dependencies, Ence identifies the processes and activities of its operations that may interfere with biodiversity and ecosystems. As detailed below, the main potential impacts are associated with logging, timber and biomass production and reforestation activities. The evaluation mechanisms are detailed in the section on **Cross-cutting mitigation measures**. Impacts can also occur in industrial operations, which are analysed in environmental impact assessments prior to the commissioning of facilities.
- **Phase 3 (Assess):** assessment of material risks and opportunities
For risk assessment, Ence identifies two types of events: physical risks (acute and chronic) and transition risks. Acute physical risks include extreme weather events and chronic risks include the long-term consequences of climate change and other factors such as declining pollinator populations. In terms of transition risks, regulatory, technological, market and reputational risks are taken into account.

Taking all of the above into account, at Group level, some potential negative impacts have been identified that require attention and active management to avoid or minimise their negative effects:

Impact	Description of the impact	Prevention / mitigation measures
I1: Degradation of ecosystems as a consequence of potentially inappropriate forest management. (P / OW, VC)	Potential soil degradation, loss of biodiversity and reduced water availability as a result of hypothetical inadequate forest management in the plantations and forests managed by Ence, and throughout its value chain, in the forests managed by third-party suppliers of the company.	To avoid this impact, Ence applies a management model for biodiversity and other ecosystem services in its forest management, ensuring the protection of the Conservation Area Network (CAN) and other natural values in its forests and defining sustainable forest management practices. Specifically, Ence draws up an impact analysis which is included in the corresponding Technical Reforestation Plans (TRPs) and Technical Harvesting Plans (THPs). Aspects of potential impact on biodiversity are considered in the course of the silvicultural trajectory and are monitored by means of an inspection plan. Ence also promotes sustainable forest certification (FSC® and PEFC) both in its own assets and in the wood it purchases from third parties to ensure that forest management is carried out responsibly, mitigating these impacts.
I2: Degradation of marine habitats. (P / OO)	Potential degradation of marine habitats caused by effluents from the cellulose production process at Ence's biofactories. These discharges, if not properly treated and if they exceed the quality limits set by the relevant administrations, could alter water quality and negatively impact marine and coastal ecosystems.	Ence applies BATs in its wastewater treatment and purification systems and monitors effluent quality parameters to ensure that they are below the limits set in its integrated environmental authorisations, thereby ensuring that these habitats are not affected. For more information on effluent treatment, see section 2.3 Pollution .
I3: Occupation and land use of industrial facilities. (C / OO, VC)	As with any industrial facility, Ence's plants cause land occupation which, if not properly managed, could lead to land transformation.	Ence applies urban planning and environmental impact assessment regulations before setting up an industrial facility and tries to take advantage of obsolete industrial sites to give them a new life and avoid occupying new land. In this sense, the last biomass plant built by the company in Puertollano was installed on the site of a former gas-fired power station, and the recovered cellulose plant it is developing in As Pontes will occupy part of the site of a former coal-fired power station.

C: Current; P: Potential / OO: Own Operations; VC: Value Chain

With regard to potential impacts on **indigenous and/or local communities**, which are common in the forestry industry, it should be noted that there are no communities within the perimeter of the operations carried out by Ence's forestry management. In the case of neighbouring communities, the most relevant operation for them is the execution of reforestation and forestry operations. Every year, Ence posts on its website the list of operations to be carried out (land preparation, new plantations and final felling) in order to learn about its assessment in this respect (<https://ence.es/sostenibilidad/participacion-de-grupos-de-interes/>). In addition, in 2024, Ence has drawn up a stakeholder consultation procedure to reinforce this communication from 2025 onwards. In the case of standing purchases and supplies, it is the responsibility of the groups representing the ownership to make such communications, however, the new procedure takes this situation into account. In addition, Ence's annual Management Plan summary, which is posted on its website, provides its stakeholders with information on the characteristics of its operations and their systemic risks, as well as the way in which they are addressed. Ence also provides an additional channel for interaction with the community, the Social Plan, which enables individuals, entities and associations in the surrounding area to develop projects of economic, social or environmental interest based on their own knowledge and experience. In cases where it is considered that they can provide Ence with relevant knowledge capital, the promoters of these projects are contacted to analyse the possibility of furthering the developed experiences and incorporating them into Ence's lines of action in terms of biodiversity and sustainable forest management.

The concept of **indigenous peoples** does not apply in Ence's forestry environment, as the company carries out its activities in Spain, where there are no indigenous peoples according to the definitions established by the UN.

Ence's activity can also have positive impacts on biodiversity, such as **reducing forest fires as a result of active forest management** in the company's forests and promoting measures to prevent abandonment in other owners' forests.

In addition, Ence's sustainable forest management practices and the protection of the Conservation Area Network promote the **conservation of habitats**, the natural regeneration of ecosystems, and in parallel, the improvement of soil conditions and water availability in the watersheds in which its forests are located.

Ence believes that another of the benefits of biodiversity conservation is the **protection of genetic resources** that are key to the resilience of ecosystems and a source of resources for society. In the case of natural stands, the promotion of biodiversity conservation and enhancement strategies contributes to conservation and genetic variability. Regarding eucalyptus crops, work is continually being done to improve the genetic base of the populations, leading to more productive and resistant stands, with greater genetic variability (new species, clones of more adapted varieties). This not only conserves productive stands, maintaining soil cover, soil protection, carbon sequestration and water regulation (and thus the ecosystem), but also improves productivity and thus reduces the need for cultivated area and stress on natural ecosystems elsewhere. The knowledge acquired by Ence in the field of forest genetics is accessible to forest owners through the company's plant marketing and landowner advice network.

2.5.1.2 Risks and opportunities

Risks

As the leading private forest manager in Spain, Ence is exposed to certain risks arising from potential new regulatory requirements or possible malpractice on the part of the collaborating companies from which Ence contracts forestry and harvesting work in its forests. The main potential risks identified in relation to the impact on biodiversity are as follows:

Risk	Description of the risk	Mitigation measures
R1: Increased costs due to additional biodiversity conservation requirements in facilities and/or forest areas	The introduction of possible new regulatory requirements related to biodiversity conservation could increase the company's operating costs.	Ence continuously monitors regulatory developments, identifying regulatory changes that may impact the company and designing mechanisms to adapt to them. For example, throughout 2024, Ence has implemented internal and external tools to anticipate the obligations set out in the new European Union Regulation against Deforestation (EUDR) and support its suppliers to facilitate compliance.
R2: Non-compliances related to forest management	Potential non-compliance with forestry regulations in Ence's harvesting could result in fines or penalties for the company and the potential withdrawal of sustainable forest management certifications.	Ence has an Integrated Forest Management System (IFMS), which articulates the general planning of forest management, ensuring compliance with the Management Policy and guaranteeing that the levels of environmental protection defined by legislation and Ence's internal regulations are maintained, ensuring that not only legal obligations are met, but also the requirements of the FSC® and PEFC sustainable forest management standards. Within the framework of the

Risk	Description of the risk	Mitigation measures
		IFMS, the main management tools Ence works with are: management projects, ongoing forest inventory, technical plans prior to harvesting or reforestation, which establish measures to mitigate the environmental impact of the actions, inspections to monitor forestry operations in terms of environmental protection measures and annual monitoring of forests to control the state of the stands and factors such as erosion, presence of protected species, health status of the stands, etc.
R3: Reputational loss due to negative impact of supplier activity on biodiversity	Any potential impact on biodiversity caused by the suppliers Ence contracts for forestry and forest harvesting work could be detrimental to the company's image.	To ensure that the timber and by-products used in Ence's production process comes from reliable sources, Ence defines a series of principles of action that comply with Spanish regulations (RD 1088/2015 on timber legality) and international regulations (EUTR Regulation 995/2010 on due diligence). Furthermore, in its Purchasing Policy, Ence is committed to prioritising and promoting the consumption of wood from certified forests under the FSC® and PEFC certification schemes, thus guaranteeing that Ence's suppliers comply with sustainable forest management criteria. Ence also has a supply chain supervision system that consists of supplier approval (including a supplier risk analysis) and a procedure of audits (both external and internal) and inspections to identify possible risks and potential non-compliance by suppliers.
R4: Classification of operational areas as protected areas / inclusion of new species in catalogues and/or protection lists	The potential cataloguing of areas of Ence's estate as protected areas would entail the need to adapt forest management plans and could lead to a decrease in production in the affected forests.	Ence has a Conservation Area Network within its forest estate that includes areas with high conservation values and which are devoted solely to the conservation, protection and development of ecosystems. In these areas, Ence undertakes fauna and flora studies to determine the conservation values and define appropriate protection measures. Moreover, Ence's biodiversity plan includes voluntary measures that anticipate this possible risk, such as the establishment of buffer zones or ecotones, the restoration of degraded areas, the elimination of marginal eucalyptus plantations, etc.
R5: Regulatory changes negatively affecting the creation of eucalyptus sinks	Potential restrictions on eucalyptus sink projects would limit the company's ability to develop these projects in its estate and the subsequent sale of carbon credits	In its strategy to create eucalyptus sinks, Ence works with different voluntary schemes, in addition to the scheme promoted by the Spanish Climate Change Office, including schemes in which eucalyptus projects are not at risk. In this respect, Ence is working with several consultancies and other organisations to register its eucalyptus sinks in international schemes such as Verra and others.

The risk management process related to biodiversity is integrated into the company's global risk management process described in section **1.4.7.3 ESG risk identification, assessment and management process** and the risks stated here are included in Ence's Risk Map.

Opportunities

As well as these risks, for Ence, the management of biodiversity and ecosystem services, especially in its forestry assets, also represents significant opportunities. On the one hand, the management and **certification of ecosystem services**, such as carbon sinks, represent a business opportunity for Ence through the trading of these credits for companies that require them in their emissions offset plans (see section **1.3.1 Strategic Framework - Pulp business**). Ence is already working to take advantage of this opportunity and has set targets for the registration of forest sink projects in several voluntary markets (see point **2.5.3.1 Biodiversity Plan** - Core concept 4).

On the other hand, active management of the biodiversity of eucalyptus species and similar genera can help Ence **diversify clones, species or timber hybrids to increase productivity**, improve resilience to climate change and pests and diseases, and therefore increase efficiency and reduce operating costs. Active management of biodiversity and other ecosystem services both in its own forests and throughout its value chain can also improve Ence's reputation, counteracting some of the controversial aspects that damage the image of eucalyptus plantations on the Iberian Peninsula. To take advantage of this opportunity, Ence has been developing its forestry R&D plan for years and has set targets for the marketing of new clones within the framework of the Sustainability Master Plan (see point **1.4.5 2024-2028 Sustainability Master Plan and annual targets**, Core concept 2).

Cross-cutting mitigation measures

Ence is aware of the negative impacts that logging activities can have on biodiversity if they are not carried out in a way that respects the natural values of the forest, avoids affecting the habitats of vulnerable species, and ensures adequate

connectivity between populations. To manage these risks, the company has a number of tools that it applies in its forestry activity: principles and commitments to sustainable forest management, a manual of good environmental practices, a system of inspections and audits, a specific biodiversity plan and mechanisms for collaboration and extension of good practices to the supply chain. These tools are described in detail below:

Ence applies a number of **sustainable forest management principles** in its operations (and promotes them among its suppliers and other owners), with the objective of not only minimising these potential impacts, but also to actively promote the protection of biodiversity, designating conservation areas in which no timber harvesting is carried out and defining those areas in which harvesting must be carried out with special precautionary measures. The forest sustainability principles voluntarily defined by the company are:

Principle 1: Sustainability

Managed forest resources are an important environmental, social and economic asset that must be passed on to future generations. Its management focuses on maintaining and increasing production capacity and environmental values in the short, medium and long term, through conservation, development, and where appropriate, renewal of managed forest ecosystems.

Principle 2: Minimising impacts

Managed ecosystems have production and management constraints that need to be known. All activities are planned with the aim of minimising the environmental impact, compensating for possible negative effects and identifying and implementing environmentally friendly alternatives that contribute to preserving the environment.

Principle 3: Maintaining diversity

The forests managed by Ence contain a great diversity of natural, social and cultural elements. The objectives of the actions carried out include the preservation of this diversity, enabling it to evolve naturally and for the Company to harness this knowledge and enhance it.

Principle 4: Multifunctionality

The forests managed by Ence contain diverse goods and services that can be used for many purposes. The actions therefore consider active policies for managing the different goods and services of the forests, maximising and preserving the environmental, social and cultural benefits of the forests, as well as the economic ones.

Principle 5: Continuous innovation

Forestry RD&I policies are necessary to promote the Company's continuous adaptation to technical, environmental and social management requirements. Ence constantly searches for innovation in its forest management processes, as a guarantee for continuously improving to achieve social, environmental and economic objectives.

Principle 6: Forest area

Ence's forestry activity takes place in the rural environment, in which the Company participates and is involved beyond its activity as owner and manager. Ence applies active forest extension policies aimed at transmitting accumulated knowledge, fostering management agreements, informing its stakeholders and supporting sustainability principles, in the conviction that a technologically managed and trained forest sector is the best way to achieve effective sustainability in environmental, social and economic values.

Principle 7: Active participation with stakeholders

The stakeholders and the community are a necessary and desirable reference for identifying best practices for action. Ence will maintain its efforts to promote, channel and make the most of this relationship, which will result in society having better knowledge of forestry activity and precisely defining its expectations.

Principle 8: Public commitment

Ence considers that these Sustainability Principles are only possible with collaboration and effective support from all customers and suppliers. These principles will be disseminated to all stakeholders, and especially to those who have direct responsibility for forest management actions, fostering environmental, social and economic improvements in their actions. Ence particularly values relations with those who incorporate sustainability criteria in their daily activity, in compliance with the company's objectives in this area.

Principle 9: Forest certification

Forest certification is an effective tool for promoting sustainability in managing forest areas. Ence works to maintain and extend the certification of its forests and promotes certification of among its suppliers. It also collaborates on initiatives aimed at promoting and developing forest certification, from regulatory and practical perspectives.

In addition to these principles, Ence also applies the following **commitments for sustainable forest management**:

- To comply with all the requirements demanded by the FSC® and PEF forest certification schemes in the managed forests that, under its direct or indirect management responsibility, are within the scope of Ence's Forest Certification Group.
- Not to carry out activities contrary to the FSC® Principles and Criteria and PEFC Principles in other managed forest stands outside the scope of the corresponding certifications, ensuring in any case that the management standards are the same in certified and non-certified managed stands.
- Progressively implement FSC® and PEFC Certification in all managed forest stands not included in the initial scope of certification.

- Avoid deforestation: aware of the problem posed by the deforestation of the world's forests and its impact as the main cause of biodiversity loss, Ence is also committed to adopting the necessary measures to prevent it in the scope of its activity. Thus, as established in its Purchasing Policy, Ence works proactively against deforestation both in stands managed by the company and in those coming from its supplies. Specifically, Ence applies the following principles of action against deforestation:
 - Any supply of timber or forest biomass from private forest areas shall imply the maintenance or increase of the forested area, except in the case of possible restorations of forests coming from non-forested natural states of higher ecological value and previously modified.
 - All Ence's suppliers of timber or forest biomass, whether in the form of standing timber or supplies purchases, must comply with the requirements established by the company to combat deforestation, whether through contractual clauses or approval.
 - Ence undertakes to establish monitoring and control mechanisms to detect practices that promote deforestation throughout its supply chain, and if necessary, to take the appropriate preventive and corrective measures.
 - Ence will not participate in commercial or industrial activities that may involve practices that entail deforestation of natural environments, and undertakes not to consume raw materials obtained through such practices.

Ence also has a manual of **good environmental practices** that sets the basis for training all the company's forestry personnel and its contractors, so as to prevent negative impacts of forestry work in the woodlands. The manual includes good practices for preventing erosion, for the protection of watercourses and natural drainage networks, for the reduction of visual impact and others such as good practices in the prevention of forest fires, the treatment of pests and diseases, the use of phytosanitary products and the correct management of waste. In terms of flora and fauna protection practices, a system for the management of endangered fauna in the company's forests is included. Thus, Ence strictly plans forestry activities to avoid or minimise the effect it may have on these species, respecting at all times the regulations in force and the recommendations and/or restrictions established by the competent authorities (for example, the periods in which certain activities cannot be carried out because they coincide with the breeding season of these species, etc.).

In addition, Ence's Integrated Forest Management System (IFMS) establishes a system for monitoring woodlands and operations carried out by operational and sustainability staff through the **assessment of potential environmental impacts** of each action to detect possible negative impacts of forest management on biodiversity and to take the necessary measures to correct them so that they do not recur. In this sense, for each reforestation and timber harvesting operation (including residual forest biomass), identified as the activities with the greatest potential impact, the technical forestry office assesses potential impacts and establishes preventive measures to avoid them. This impact assessment is transmitted to the operations team for their knowledge prior to the operation. The impact assessment of operations covers impacts on the main potentially affected ecosystem services: biodiversity, water and soil. The systemic risks of forestry activities considered in the analysis and potential methodology are: on biodiversity (impact on total area, connectivity, specific individuals, quality), soil (possible physical and chemical alterations) and water quantity and quality (through spillage, or physical impact on watercourses or locations). At an ecosystem level, the main formations, categorised by value, have been identified within the CAN.

The forest sustainability team also carries out **audits and inspections** during and after operations to analyse implementation, and where required, define corrective measures. As a target for 2025, this procedure will be extended to all field operations undertaken by the company according to their scale, intensity and risk, and will be implemented in forest harvesting work on third-party land under the standing purchase modality. In the latter case, operations inspections are carried out to verify compliance with the Good Environmental Practices that apply to all the company's forestry operations. There is also collaboration with the certification groups (environmental verifiers of standing purchases) to share inspection information and coordinate them. In the case of supply operations, Ence has no responsibility for them, but it nevertheless undertakes an assessment of each and every one of its suppliers, who are required to guarantee the environmental quality of their operations. Thus, Ence has a list of operations in which there is a potential for negative impacts on biodiversity and ecosystems, both in its own assets (harvesting and reforestation) and in operations on third-party land (harvesting in forests of standing timber). With the existing inspection system, an analysis of impacts detected in the undertaken operations is available and all findings are monitored monthly, classified according to their location (list of sites), importance, recurrence, etc. for their management and to identify opportunities for operational improvement. Thus, all the impacts produced within the CAN are identified, as well as the impacts that involve soil degradation, desertification or soil sealing and the operations that may have had an impact on endangered species.

On the other hand, with the implementation of the **Biodiversity Plan** (described in detail in section **2.5.3.1 Biodiversity Plan**), the risk of being affected by inappropriate forestry practices is reduced, as the implementation of buffers or ecotones in the surroundings of areas with the presence of Priority Habitats of Community Interest and/or threatened/protected species reduces the potential impact of operations. The plan also includes the restoration of degraded areas (marginal eucalyptus groves and areas with invasive exotic species), as well as part of the riverbanks adjacent to the productive areas.

Regarding the supply chain, in a context of growing tension over raw materials in general and wood in particular, Ence's leadership in terms of the management of impacts and risks derived from biodiversity, together with the extension of its own policies throughout the chain, helps its collaborators to align with mandatory directives and strategies that will be demanded of them by administrations and society itself. Thus, Ence manages to make its forestry business model more resilient and competitive, with greater social support, and to strengthen the industry.

Finally, to reduce risks in its activities, and as provided for in the Biodiversity Plan, Ence is working to **train the technical operational team** that supervises forestry and forest harvesting tasks and monitors the environmental performance of the contractors working with the company on these tasks. Moreover, Ence collaborates with the groups managing the certification of the standing areas purchased (which have their own impact prevention plans) to intensify the scope of environmental monitoring of operational work.

This also contributes to reducing the **reputational risk** related to intensive logging, especially of eucalyptus stands, as a proactive and advanced biodiversity performance contributes to changing the image of an area management company focused solely on production, and with respect to environmental stakeholders, the development of specific conservation strategies addresses their main demands. In relation to the Administration, proactivity in the development of actions in line with new European and national policies, as well as scrupulous compliance with the guidelines for the conservation, restoration and promotion of biodiversity, enables a more fluid relationship.

2.5.2 Biodiversity Policy

Ence has a Biodiversity Policy approved by the Board in 2024, the objective of which is to develop the company's commitment to protecting and promoting biodiversity in its operations, as well as to establish its principles of action in this area. Given that Ence is the leading private forest manager in Spain, the specific aim of the Policy is to define the way the company acts in terms of protecting and promoting biodiversity in the management of its forests and to extend its principles of action to its forestry contracts and the rest of the industry. This Policy also establishes the tools and mechanisms to deploy the defined principles of action and apply them in the company's daily activity and defines the roles and responsibilities of the company's governing bodies and areas in the implementation of the Policy.

The Policy sets out, inter alia, the following principles for action:

- Integrate the protection and promotion of biodiversity into the definition of the company's strategy and decision-making processes.
- 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 aim.
- 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 where appropriate, develop biodiversity monitoring plans, so that the interaction of the company's activities with biodiversity can be assessed and needs for action detected on an ongoing basis.
- Mitigate the possible negative impacts of the company's activity on biodiversity and extend this principle to its value chain. To this end, Ence applies a hierarchy of action that involves avoiding, minimising and restoring or mitigating the impacts of its activities on ecosystems during all stages of the life cycle of its operations, so that no net loss of biodiversity results of its activities. Moreover, this protection approach and hierarchy of action extends not only to the environmental impacts of Ence's activity, but also includes the social consequences derived from potential impacts on biodiversity and ecosystems.
- Improve, as far as possible, the natural environments in which Ence operates, with special emphasis on its forest estate.
- Avoid deforestation associated with the company's activities and its supply chain, in line with Ence's commitment to zero net deforestation.
- Promote knowledge of the biodiversity values of the areas where Ence operates, as a basis for assessing the impact of the Group's activities.

- Promote the identification, and where appropriate, application of science-based solutions for the analysis, management and promotion of biodiversity.
- Boost the extension of Ence's commitment to biodiversity throughout the value chain, with measures such as the dissemination of the company's best practices in this area.
- Promote traceability throughout the value chain of the products and raw materials used by Ence that could have real/potential relevant impacts on biodiversity and/or ecosystems, with a special focus on the production and supply of wood and biomass and relying on internationally recognised certification schemes that certify the protection of biodiversity throughout Ence's supply chain.
- Include, in addition to the analysis of the company's activities, other factors contributing to biodiversity loss, such as climate change, land use changes or the presence of invasive species in assessments of biodiversity and ecosystem impacts, risks, dependencies and opportunities.
- Inform, raise awareness and involve employees in Ence's commitment to biodiversity.

The Policy also establishes that Ence must define a strategy to protect and promote biodiversity in its forest assets, with a specific focus on sites owned or managed directly by the company that are located in sensitive areas. These policy principles are defined in such a way as to cover the identified biodiversity-related impacts, risks and opportunities.

As a result of this mandate, Ence has defined the biodiversity plan detailed in the Objectives, actions and resources section of this chapter. The full [Policy](#) is available to all Ence stakeholders on the company's website.

In addition, Ence has other corporate policies approved by the Board of Directors, which include commitments related to the protection of biodiversity and ecosystems, such as the **Purchasing Policy**, which contains a specific section on principles for action in the purchase of wood and biomass. Among them, in addition to commitments to sustainable forest management practices, the company establishes a number of commitments related to the traceability of these materials:

- Exclusively consume wood and biomass from lands where all requirements established by current regulations are complied with, in addition to voluntary ones established by the Company at the moment of their acquisition.
- All the wood and biomass that Ence procures must comply with the applicable legal requirements established by community, state, autonomous community and local regulations on due diligence (EUTR/EUDR) for the traceability of wood, including obtaining all the harvesting permits established by the legislation in each case.
- Ence will demand the same legal compliance requirements from its suppliers that it applies to its own actions, thus encouraging the trade of wood and biomass within the legal standards defined by applicable legislation.
- Ence will acquire raw materials solely from traceable sources that comply with established legal requirements, including environmental requirements.

This policy also sets out Ence's commitments and principles of action regarding its suppliers of wood, biomass and agroforestry services, including the mechanisms for control, sanction and rejection of materials in cases where it is found that suppliers do not meet Ence's criteria or inspections have shown that there have been breaches of the law, Ence's internal regulations or impacts on ecosystems.

2.5.3 Objectives, actions and metrics

Ence follows the following **hierarchy of actions** to define biodiversity-related actions:

1. **Avoid** impacts: impact avoidance in operations with prior impact assessments, with special attention to avoidance of impacts on the Conservation Area Network.
2. **Minimisation**: monitoring of operations to ensure that the criteria established to minimise impacts are met, through the system of inspections and corrective actions.
3. **Restoration**: abandoned exploitation areas, areas with invasive species, recovery of riverbank areas, establishment of buffers (see Biodiversity Plan).
4. **Compensation**: Ence does not make biodiversity offsets in its own forest stands as it has implemented a policy of not affecting biodiversity. Biodiversity offsets derived from own impacts are not considered, but restoration in case of degradation is. However, Ence values enabling the development of third-party environmental offset projects with instruments such as certified biodiversity credits that may be provided by the company in the future.

To define the actions in this area, Ence has relied on information provided by different sources: public information generated by the Forestry Authorities, expert knowledge from certification bodies and conservation groups, the public position of environmental organisations on eucalyptus plantations, the expert knowledge of the company's technical biodiversity team, support from specialised external consultancies such as Föra and ARCEA and academic institutions

such as the University of Huelva (for flora and fauna studies). Moreover, Ence considers the current regulatory context to be very favourable for the development of biodiversity actions (new legislation at different levels - European, state, regional - and a high level of social interest, which act as drivers for the development of business policies in this area).

2.5.3.1 Biodiversity Plan

Ence includes biodiversity protection in its forestry management model, both in the execution of the harvesting work and in the conservation of non-productive stands. In this sense, the approval of the **Biodiversity Plan** in 2024 represents a new phase of progress for the conservation of the company's natural capital. The Plan constitutes Ence's framework for action to protect and promote biodiversity and ecosystem services and contains the Group's actions and objectives in this area. The Plan is structured into the following 4 operational core concepts of action with their respective objectives, actions and monitoring metrics and 1 transversal core concept of action:

Core concept	Description	Actions	Metrics	2024 Performance	2025 Objective
Core concept 1 - Promoting connectivity	Avoid habitat fragmentation and improve population dynamics by identifying areas of high biodiversity and defining actions to improve connectivity. This makes it possible to combat habitat fragmentation, one of the main risks to biodiversity conservation because it limits the ability of populations to grow, the genetic exchange of individuals and the development of their vital activity.	Conservation actions, restoration of degraded areas between well-preserved habitats, and establishment of ecological corridors. In 2024, Ence designed the methodology for the quantification and selection of metrics and indices of fragmentation and structural connectivity in its forests in collaboration with the specialised consultancy Föra, and the KPIs that will be used to monitor this aspect have been selected:	<u>Integrated Connectivity Index</u> (with a value that can vary between 0 and 1). This is an existing index in the scientific literature and adapted to Ence's forests that analyses the level of fragmentation of the habitats that make up the CAN: small and distant areas will give rise to a low index, close to 0, while areas connected to each other and of adequate size will give rise to a high connectivity index, close to 1.	In 2024, the index for Ence's assets as a whole stood at 0.28 (a level of connectivity that could be improved).	Improve the index to reach a level of 0.30 in 2025 and set annual targets to reach an index of 0.33 in 2028 (medium level of connectivity).
Core concept 2 - Promoting biodiversity in production areas	Enhance biodiversity in eucalyptus plantations, as they provide significant value in terms of soil protection, food and shelter for fauna, and development of flora in ecotonal areas.	Actions to improve productive forest management and the creation of buffer spaces (ecotones) between productive areas and conservation areas. It has been decided to act in the creation of ecotones to reduce the pressure derived from productive activities in the sensitive areas of the CAN, as the establishment of ecotones in transition areas around the most sensitive areas of the CAN aims to prevent forestry operations from directly impacting on the conservation area, as an undesired effect of the operations. Reducing this risk ensures the conservation of the identified natural capital.	<u>Area (ha) of ecotones</u> or buffer spaces, which are setbacks of plantations after felling to create transitional spaces between productive areas and conservation areas. Ecotones will be established by prioritising standard ecotones (5 to 10 metres around HICP and stands with protected and/or threatened species of at least 1 ha), followed by riparian ecotones (5 m from the easement in watercourses of more than 2 metres, or from the watercourse in narrower widths), and finally, complementary ecotones (5 metres in other cases of the CAN of areas of at least 5 ha in the south and 2 in the north)	The planning and creation of buffer areas started in 2024 and 13.6 ha of ecotones have been created.	The annual target (2024-2028) is to establish at least 9.14 ha of ecotones.
Core concept 3 - Promotion of	Focused on the management of indigenous formations within	These management plans will include actions to categorise conservation	<u>Restored area (ha)</u> , considering as restoration the elimination	In 2024, restoration work was undertaken on 573.2 ha.	The annual objective (2024-

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Core concept	Description	Actions	Metrics	2024 Performance	2025 Objective
biodiversity in the Conservation Area Network (CAN).	Ence's forest estate, this line focuses on the design and application of specific management plans (silvicultural itineraries) for the different levels of conservation: strict protection areas, areas of high conservation value, protected natural areas, etc.	areas and restoration actions to promote the health of the ecosystem. The restoration actions undertaken by Ence include the restoration of areas affected by forest fires (cutting and removal of burnt wood, pruning of burnt trees, protection of regenerated shoots from herbivores and planting and densification of areas where no regrowth has occurred). In areas where fires have not occurred, the main restoration work consists of the control and elimination of invasive species, the restoration of areas affected by diseases and pests, actions to prevent or mitigate erosion problems and loss of soil structure, and the elimination of eucalyptus trees in areas devoted to the protection of ecosystems.	and restoration of marginal eucalyptus trees, actions for the elimination of invasive species (either in productive areas or in CAN), elimination of eucalyptus trees in riverside areas and other areas where their presence is not appropriate and any other area where restoration actions have been carried out.		2028) for this indicator is to restore at least 254 ha.
			<p><u>% of CAN surface area</u> in Ence's forestry assets. For the calculation of the CAN area, the current area, the restored areas, the new ecotones and the new conservation area entries are taken into account in the acquisition of new forests for estate management. The indicator reflects the conservation of natural capital in absolute terms and is also key to forest certification.</p> <p><u>Area affected (ha) by actions involving biodiversity loss</u> (impacts on forest management or harvesting), categorised into three levels of importance: low, medium and high according to the analysis of the impact by the sustainability team. This analysis takes into account the reversibility of the situation, the affected species (both their conservation status and the number of species) and the environmental value of the</p>	<p>At the end of 2024, the % of surface area devoted to conservation in Ence's assets was 21%.</p> <p>N/A (in 2024, prior to the implementation of the biodiversity plan, this indicator was not measured in these terms).</p>	<p>The annual objective (2024-2028) for this indicator is to maintain at least 24.36% of the CAN in the south estate and at least 11.50% in the north estate</p> <p>The annual objective (2025-2028) for this indicator is 0 hectares.</p>

Core concept	Description	Actions	Metrics	2024 Performance	2025 Objective
			affected ecosystem (from a HICP to a plantation). This indicator applies to both the Conservation Area Network (CAN) and productive areas. In the calculation of the indicator, compensations are not allowed if they would mean accepting conditions consented to by production criteria and subsequently compensated in the same or another area.		
Core concept 4 - Promoting certification of ecosystem services and analysis of new methodologies	In this line, the certification of Ecosystem Services (carbon, biodiversity, soil or water protection) will be promoted and participation in voluntary schemes that enable providing value through these certifications (e.g. voluntary carbon markets) will be encouraged. New methodologies will also be developed to enhance the natural capital of Ence's estate, in collaboration with research centres, public administrations and other stakeholders, such as NGOs and landowners' associations.	The actions are divided into two blocks: on the one hand, the development of reforestation/improvements in forest management projects in Ence's forest assets for their registration in the different voluntary schemes and obtaining compensation credits for their marketing, and on the other, the analysis and development of new methodologies for the enhancement of the ecosystem services provided by Ence's forests, both in terms of biodiversity conservation and other aspects (water, soil, etc.).	<u>Area of carbon sinks registered in voluntary schemes (ha):</u> this includes all projects carried out in Ence's forest assets that have been registered in voluntary carbon credit schemes or markets, such as the scheme promoted by the Spanish Climate Change Office or other international schemes such as VERRA.	In 2024, Ence reached 2,011.1 ha registered in voluntary offset schemes (with a total of 219,692 tCO ₂ e generated). Among the methodologies referring to ecosystem services, the focus on biodiversity ecosystem service certifications in 2024 within the framework of FSC® certification stands out, with the recognition of two new areas with biodiversity certification, adding 202.64 ha to the existing 1,932.58 ha	The target set for 2025 is to add 1,000 new registered hectares
Core concept 5 (Transversal) - Internal and external communication	<p>The objective of this core concept is to create a culture of respect for biodiversity, compatible with timber harvesting, to provide the forestry operational areas with the necessary knowledge on biodiversity management, to value the biodiversity present in the company's assets and to make Ence a benchmark in nature protection in the industry, transferring its know-how to other forest owners.</p> <p>In 2024, several internal communication actions were carried out, such as the presentation of the biodiversity plan to all employees in the "Ence Directo" format, the dissemination of the plan's lines of action to forest managers through specific meetings, the inclusion of biodiversity content in events such as working breakfasts, the Talent programme and in Ence Terra's anniversary celebrations, and specific training sessions on biodiversity and sustainability objectives and the system for monitoring them.</p> <p>Within the external communication and awareness plan, the plan has been presented within the framework of a conference on ecosystem services organised by the OPAN (Spanish acronym for Autonomous Organisation of National Parks), with the presence of Director-Conservators from different Protected Natural Spaces from all over Spain, and representatives of Forestry Administrations CENEAM, Valsaín, 19 to 21 June 2024 and will also be presented to other stakeholders.</p>				

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Within the framework of the deployment of the biodiversity plan, other initiatives have also been defined the operational implementation of which is planned from 2025 onwards (Biodiversity + Plan), among which the following can be highlighted:

- Reinforced procedure for environmental impacts in operations.
- Stakeholder consultation procedure.
- Restoration and afforestation strategy, with a special focus on riverbanks (in line with the European target of restoring at least 25,000 km of riverbanks by 2030).
- Fertiliser use reduction strategy: Ence has a fertilisation strategy for its plantations that ensures the root development of the plants and thus their correct implantation in the soil. The situation has been analysed and a strategy to contain fertiliser use over time is proposed.
- Pollinator promotion strategy: Ence has defined a protocol of good management practices to improve the pollinator population.
- Birds of prey conservation strategy.
- Strategy for the promotion of ecosystem services.
- Plan for the establishment of connectivity and site quality indicators.
- Adaptation for the inclusion of goals and objectives from the Kunming-Montreal protocol.

Aspects covered in the preparation of the plan

Ecological thresholds

To set these objectives, a qualitative approach has been chosen based on variables such as the presence or not of characteristic species, the presence of habitats identified in Directive 92/43/EEC, focal species, etc. These are the determining criteria for identifying an area as a conservation area (and integrating it into the CAN) or as a singular element to be conserved (in the case of specific elements within the productive area). This work, already undertaken on flora, which forms the basis of habitat characterisation and biodiversity objectives, will be complemented by additional fauna studies and quantitative indicators based on presence and potential indices.

Regulatory requirements

This plan responds to the requirements derived from:

- The voluntary forest certification standards PEFC and FSC®.
- The reference regulations:
 - State and regional forestry laws,
 - Habitats, Birds and Water Directives (and national development)
 - European Forest and Biodiversity Strategies,
 - Nature Restoration Directive,
 - Deforestation Regulation (EUDR),
- The Biodiversity Policy of the Board of Directors
- Some of the initiatives to be defined in 2025 aim to incorporate specific aspects of the **2030 European Biodiversity Strategy** into the plan, such as the pollinator strategy, reduction of fertilisers and pesticides and the restoration of riverbanks.

Timeframe

Although the biodiversity plan has been established with objectives for the 2024-2028 period (in line with the timeframe of the sustainability master plan), due to the nature of forestry activity, the transition from the current situation to the new model that fully integrates the promotion of biodiversity is expected to be completed over a longer period, marked by conditions such as the cutting cycles of the main species cultivated by Ence in its forests and the development of restored ecosystems. With this long-term vision, the following intermediate milestones have been set:

- 2025: Expansion of the existing Biodiversity Plan with the elements mentioned in the section above.
- 2026-2028: Technical analysis of the results of the actions for the creation of ecotones and buffers initiated in 2024.
- 2025-2035: Restoration plan for residual and invasive-affected bodies of water after the elimination phase of harmful species.
- 2028: Definition and development of the new Strategic Plan and the new Sustainability Master Plan.

Stakeholder engagement

This process has taken into account the priorities of stakeholders, especially environmental organisations that define forest certification schemes such as FSC® or PEFC. The external involvement of various stakeholders is also considered necessary for its deployment:

- **NGOs:** Through specific partnership agreements for the definition of strategies and specific actions. In 2024, a collaboration agreement was already signed with the NGO FAPAS, which will enable three nests to be placed on fibreglass poles and several nest boxes for nocturnal birds of prey by 2025, as part of ENCE's bird of prey strategy, and even the implementation of actions to promote populations of emblematic protected species such as the brown bear or families of animals with special relevance for biodiversity, such as chiroptera.
- **Collaborators (owners and suppliers):** Through agreements for the development of biodiversity protection policies in the supply chain, coordinated with those of Ence.
- **Society at large:** By opening up more effective channels of communication and participation.

Ence also collaborates with other stakeholders, such as universities and research centres such as the University of Huelva for the development of its flora and fauna studies. Entities such as Arcea Xestión de Recursos Naturais, a consultancy firm specialising in environment and biodiversity management based in Vigo (Pontevedra), also participate in these studies.

2.5.3.2 Other objectives and metrics

For biodiversity management, as well as the objectives established in the company's Biodiversity Plan, Ence defines additional objectives related to biodiversity conservation; metrics linked to the certification of sustainable agroforestry management and forest estate characterisation metrics.

1. Metrics related to the sustainable forest management certification that Ence applies to its estate and requires in its timber supply and the certification of the sustainability of the biomass that Ence uses in its operations.

Line of action	Objective	2024 Objective	2024 Performance	2025 Objective
Increase the level of certification	Percentage of FSC® and/or PEFC certified timber	>75%	78.9%	>75%
	Increase the area of FSC® and/or PEFC-certified estate in relation to the total certifiable area	89.8%	89.7%	90.76%
	Percentage of certified biomass per plant	>90%	99.3%	>90%

In this regard, it should be noted that in 2024, Ence was awarded the "Responsible Company" recognition in the first edition of the "We are Forest" awards, organised by PEFC, a non-governmental non-profit organisation that promotes and disseminates Sustainable Forest Management, on the occasion of its 25th anniversary. This award highlights Ence's commitment to sustainable forest management, an area in which the company has been a pioneer since the inception of this programme.

2. **Metrics related to the characteristics and conservation status** of forest stands, such as the number of protected species of flora and fauna. These indicators enable the company to identify areas that, due to their natural values, will be prioritised for conservation. In these area, an inventory, characterisation and assessment of the conservation status of the different plant communities identified and their correspondence with the Habitats of Community Interest (HIC) has been carried out. These studies have enabled the company to identify High Conservation Values (HCVs) in these areas due to their biological biodiversity, their landscape value, the presence of rare or threatened ecosystems, their capacity to provide basic environmental benefits, and their contribution to satisfying the basic needs of local communities. No specific annual targets are defined for these metrics.

Line of action	Metric	2024 Performance
Improving knowledge of the biodiversity values of Ence's forest assets	Flora surveys and number of protected flora species	In 2024, 246.95 ha were surveyed, representing 0.4% of the area. The cumulative total since the beginning of the studies is over 65,636 ha., i.e. 87.5% of the surface area, identifying the species present in each case and their protection status. These studies also refer to the potential fauna in the inventoried habitats and plant communities. Thanks to these studies, the presence of 5 species of protected flora has been detected in the mountains of the northwest of the Iberian Peninsula ³⁴ . In addition to these, 7 species of flora are protected in Ence's forest assets in Andalucía ³⁵ . Ence works with the specialised consultancy ARCEA to carry out these studies and in 2024 it undertook studies of vertebrate species in 17 mountains of the Northern Estate and 13 mountains of the Southern Estate. As a result of these studies, a total of 29 species of fauna catalogued with a higher level of protection ³⁶ () have been identified as potentially present in Ence's forests.
	Wildlife surveys and number of protected wildlife species	

The complete list of protected species present in Ence's forests can be consulted in ***Annex II Environmental and social indicators - Protected flora and fauna.***

Management area in protected natural areas

Ence's forestry assets include woodlands (totally or partially) located in a number of protected natural areas. In these cases, the protection of natural values in general and biodiversity in particular is of special importance, and the company implements forest management in these forests accordingly.

Ence has a comprehensive categorisation of its Conservation Area Network, explaining the different categories and highlighting those of greatest relevance, such as Habitats of Community Interest and Priority Habitats of Community Interest, the surface area of which amounted to 9,214 ha in 2024. None of them are subject to productive forestry operations, only conservation. As there are no production activities, the main risks to be addressed in these areas are accidental damage due to operations in nearby production areas. To mitigate these risks, administrative permits regulate the operations undertaken in Protected Natural Spaces, but Ence also implements additional measures to prevent them. In the case of standing purchases, the effect on them will be determined by the new risk procedure and coordination with the certification groups, and in the case of operations undertaken by suppliers, environmental control is carried out by means of approval.

In the **north of the Iberian Peninsula**, Ence manages forests in the protected areas of Costa da Morte, Serra do Xistral, Río Tea and Río Lérez in Galicia, Cuenca del Esva in Asturias and Parque Natural de Oyambre in Cantabria (Natura 2000 Network sites). The habitats of community interest that Ence manages in these areas range from oak woodlands and riparian forests to wet heaths and peat bogs.

In the **south of the Iberian Peninsula**, Ence manages forests in the natural parks of Sierra de Aracena y Picos de Aroche, Peñas de Aroche and Sierra Pelada and Rivera del Aserrador, in the Natura 2000 Network. The ecosystems present in these areas include cork oak groves, alder groves and bramble-oak groves, and the importance of these habitats can be highlighted due to their surface area and favourable conservation.

The comprehensive list of the forests managed by Ence located in protected natural areas can be consulted in the ***Annex II Environmental and social indicators – Protected woodlands.***

³⁴These protected flora species are included in the following categories according to their status and condition: Annexes II, IV and V of Directive 92/43/EEC; Spanish Catalogue of Threatened Species and List of Wild Species in the Special Protection Regime: Royal Decree 139/2011; Galician Catalogue of Threatened Species: Decree 88/2007 of the Xunta de Galicia (only for Galicia); Regional Catalogue of Threatened Species of the flora of the Principality of Asturias: Decree 65/1995 (only for Asturias); IUCN Red List of Threatened Species.

³⁵These protected flora species are included in the following categories according to their status and condition: Annexes II, IV and V of Directive 92/43/EEC; Spanish Catalogue of Threatened Species and List of Wild Species in the Special Protection Regime: Royal Decree 139/2011; Andalusian Catalogue of Threatened Species: Decree 23/2012, dated 14 February, regulating the conservation and sustainable use of wild flora and fauna and their habitats; IUCN Red List of Threatened Species.

³⁶ Annexes II or IV of the Habitats Directive (92/43/EEC) or the Spanish, Galician, Asturian, Cantabrian and Andalusian catalogues of endangered species.

Earmarked resources

In 2024, the total investment (Capex) related to biodiversity restoration actions amounted to some €160,000.

The main actions have been related to the restoration of areas affected by fires, the improvement of the Conservation Area Network (CAN) and actions in carbon sink projects.

2.6 Circular economy

E5

Ence's business model is circular in nature as it is based on the comprehensive use of renewable resources (wood and biomass) to transform them into pulp, a biodegradable and recyclable material, and/or to generate renewable energy from agricultural and forestry waste. Circularity is also evident in **production processes**³⁷, as most of the raw materials it uses are renewable and the vast majority of the waste generated in industrial processes is recovered or reused as secondary raw materials.

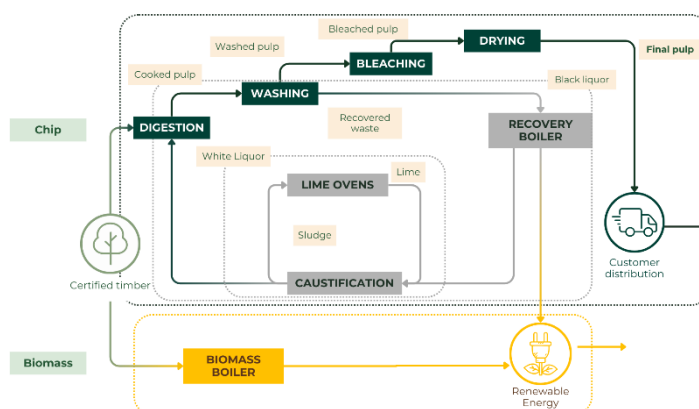
Pulp

Ence uses wood, a natural and renewable resource, as a raw material for pulp production. During the production process, wood by-products such as bark and lignin are used as renewable energy sources. This not only covers the plant's energy needs, but also enables energy to be exported to the grid, contributing to the decarbonisation of the electricity mix.

The chemicals used in the process are also recovered and reused in a closed cycle, thus reducing the use of raw materials.

The end product is cellulose pulp (100% recyclable) which is sold to customers for several paper applications, some of which are alternatives to single-use plastic products. The durability of the product sold depends on the final use that Ence's customers make of the pulp. In terms of packaging, Ence only uses paper and wire to protect the pulp bales. Paper, which is 100% recyclable, can be incorporated by the customer together with the pulp into their process and the wire is recovered by the customers for recycling. In addition to pulp, renewable electricity is obtained in the process.

The main equipment in the pulp production process includes:



- Wood debarking and wood chipping equipment: These treat the wood for the cooking process.
- Digesters: Used to cook wood chips with chemicals to separate the cellulose fibres from the other wood components (lignin, etc.).
- Washing equipment: They remove chemicals and residues from the cooking process, cleaning the pulp prior to bleaching.
- Bleaching agents: Used to bleach the pulp, removing residual colour and improving the quality of the pulp.
- Dryers: Machines that remove the water from the bleached pulp, drying it into sheets.
- Recovery boilers: Used to recover black liquor, a by-product of the cooking process that is rich in lignin (renewable fuel), recovering chemical products that are reused in the process and generating energy for the plant.
- Lime kiln: Used to heat lime slurry and convert calcium carbonate (CaCO₃) into calcium oxide (CaO) so that it can be reintroduced into the process and reduce the need for virgin raw materials.
- Biomass boiler: Used to recover biomass from wood debarking and other external sources, generating steam that is used as a source of thermal energy in the plant and to produce electricity in the turbines.
- Turbine and generator: Equipment used for the generation of electricity.

³⁷ No rare earths or packaging are used in Ence's production processes

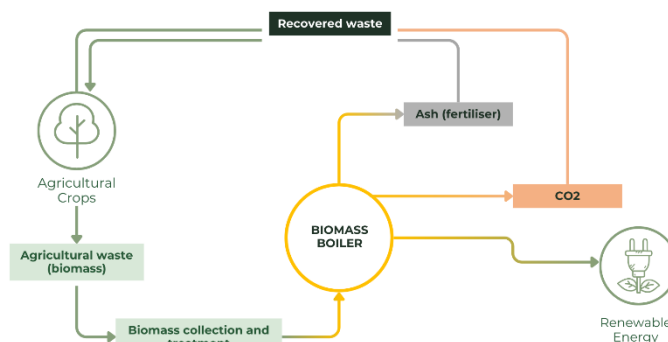
- The plants also have other equipment for auxiliary processes, such as gas treatment systems to avoid odorous emissions, industrial wastewater treatment plants to purify effluents, equipment for the treatment of combustion gases and particulates (electrostatic precipitators, stripping systems, etc.) or the cooling equipment (air condensers, cooling towers) to enable the reincorporation of the turbine water into the steam production circuit.

Electrical and thermal energy with biomass

Ence uses agroforestry biomass, a natural and renewable resource for the production of **renewable energy**. This biomass comes from agricultural and forestry management activities near its plants. By using it, Ence not only helps to decarbonise the electricity mix and the processes of customers to whom it provides renewable thermal energy, but also plays a crucial role in the circularisation of agricultural and forestry waste.

By using agroforestry waste, such as prunings and biomass from forest clearing and fire prevention, Ence offers farmers and forest owners a sustainable solution to manage their waste. This contributes to reducing uncontrolled burning and the related environmental and public health problems.

The energy recovered from this biomass is also carried out in a circular process, in which the vast majority of the waste generated (ash) is recovered for use as fertiliser and other applications (manufacture of construction materials, technosoils, etc.)



The main equipment in the renewable energy production process includes:

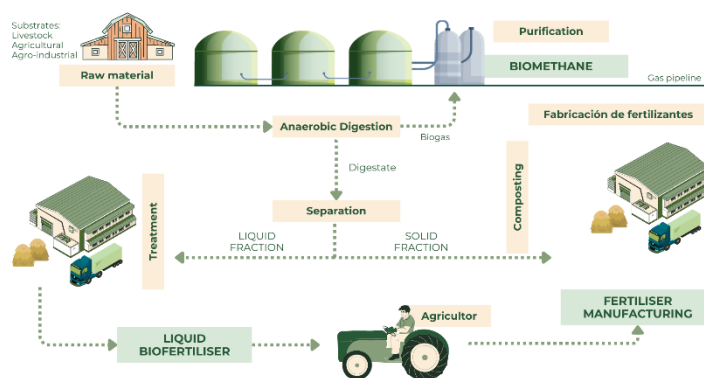
- Biomass treatment plants: Used for shredding and screening organic materials such as branches and other plant waste, preparing them for energy recovery.
- Biomass boilers: Where biomass combustion takes place, which is used to produce steam.
- Power generation plants also have turbines and generators (equipment used to generate electricity).
- The plants also have other equipment for auxiliary processes, such as industrial wastewater treatment plants and equipment for the treatment of combustion gases (electrostatic precipitators, bag filters, etc.) or the cooling equipment (air condensers, cooling towers) to enable the reincorporation of the turbine water into the steam production circuit.

Biogas

The biogas business model is another example of circular economy, based on the use of organic material from agriculture and livestock for its transformation into biogas and its subsequent injection into the gas network. For its part, the digestate generated after the production of biogas production will be used to produce bio-fertilisers by means of composting. Like the biomass energy business, Ence Biogas contributes to solving the problem that waste management poses for many agricultural and livestock industries, avoiding the environmental impacts derived from inadequate waste management and also contributing to decarbonising the energy system, in this case by providing renewable gas that will facilitate the decarbonisation of industries that are difficult to electrify.

In biomethane generation, several key pieces of equipment are used to convert biogas into high-quality biomethane. The main ones include:

- Pre-treatment systems: Equipment that prepares organic matter prior to anaerobic digestion, such as shredders and mixers.
- Anaerobic digesters: Used for the decomposition of organic matter in the absence of oxygen, producing biogas.
- Upgrading units: Biogas purification technologies to obtain biomethane.
- Compressors: Used to compress purified biomethane to facilitate its injection into the high-pressure gas transport network.
- Composting tunnels: Spaces in which aerobic composting treatment of digestate from digesters takes place for the production of compost.
- Pelletisers: Equipment that treats the compost obtained to convert it into pellets of suitable dimensions and characteristics for transport and marketing as fertiliser.
- The plants also have other equipment, such as equipment for the treatment of the liquid fraction obtained from the solid/liquid separation of the digestate, which is used for the production of liquid fertilisers and water that is suitable for irrigation, or air treatment equipment (biofilters) that prevents the emission of odorous compounds.



Biomass trading

The **biomass trading** business model is also based on the principles of the circular economy, as Ence provides its customers with biomass to replace the use of fossil fuels with renewable fuels based on the recovery of agricultural and forestry waste.

Other business lines

At a strategic level, Ence is committed to growth and diversification in business models and circular projects. An example of this is the As Pontes Project which focuses on the manufacture of bleached recycled pulp using recovered paper and cardboard as raw material and thus eliminating the dependence on wood in pulp manufacture. This approach reduces the demand for natural resources and promotes the circular economy principles by reusing materials that would otherwise be discarded. Compared to the manufacture of pulp from wood, this innovative process will help reduce greenhouse gas emissions by more than 45% and water consumption by more than 50%. Another example is Ence's commitment to developing a new range of sustainable packaging produced from moulded cellulose, capable of replacing plastic packaging in the food industry and thus advancing the circularity of its business model. In addition to these new business lines, Ence is also working on the development of an innovative project to produce recovered textile fibres from the chemical recycling of textile waste.

2.6.1 Impacts, risks, and opportunities

Through the update of the dual materiality analysis described in section **1.4.4 Double materiality analysis**, a specific analysis was carried out to identify and assess the impacts, risks and opportunities related to the circular economy. Consultations were also carried out both with the Group's own staff and with other external stakeholders.

2.6.1.1 Impacts

Although Ence promotes a model based on the circular economy, it is aware of the negative impacts that can arise in the event of inefficient use of raw materials or poor waste management. The main potential **negative impacts** identified include:

Impact	Description of the impact	Prevention / mitigation measures
I1: Consumption of raw materials (wood and biomass) (C / VC)	In Ence's production processes, the essential raw materials used are renewable natural resources such as wood and biomass. If not produced by means of sustainable management, their production could have negative impacts on biodiversity.	Ence applies and promotes sustainable forest management practices that ensure a responsible supply of timber. In this regard, Ence implements an Integrated Forest Management System certified in accordance with the requirements established in the FSC® Sustainable Forest Management and Chain of Custody standards, with licence numbers FSC®-C099970 and FSC®-C081854 (Forest Stewardship Council®) and PEFC, with licence numbers PEFC/14-22-00010 and PEFC/14-33-00001 (Programme for the Endorsement of Forest Certification). At the end of 2024, 90% of the forest area managed by Ence was certified according to FSC® or PEFC. In terms of its supply chain, 79% of the wood purchased by Ence in 2024 had one or more PEFC or FSC® certifications. For more information see 2.5 Biodiversity . As for biomass, Ence uses agroforestry waste, such as pruning and biomass from forest clearing, which has a positive impact on waste management and fire prevention by reducing uncontrolled burning. Moreover, the biomass that Ence uses in its plants as an energy source is SURE System certified, which guarantees that the biomass complies with the sustainability criteria established in Directive (EU) 2018/2001. By the end of 2024, all of the company's facilities had this certification and over 95% of the biomass consumed was also certified.
I2: Consumption of other raw material (chemicals, fuels, etc.). (C / VC)	Ence's operations use chemicals and other raw materials the extraction and transformation processes of which (upstream of Ence's activity) can have negative impacts on the environment.	Ence seeks to replace the consumption of raw materials with by-products, such as replacing natural gas with biomethanol generated as a by-product in biofactories. For more information see section 2.6.4 Objectives, actions and resources .
I3: Generation of waste as a consequence of the production process (C / OO, VC)	Waste is produced in Ence's activities (the vast majority of which is non-hazardous), although more than 90% of it is recovered or recycled to avoid being sent to landfill.	The main waste generated at Ence's facilities is recovered for reuse in other applications. In the case of biofactories, limestone sludge residues can be used to replace chemicals in the neutralisation of acid sludge, and as a by-product in the manufacture of cements, and in the case of power plants and biofactories, the generated ashes and slags can be used in the manufacture of fertilisers, technosoils and as raw materials for other products. In the case of the biogas business, the generated digestate can be used as a biofertiliser after composting. As for the treatment process of the waste generated at Ence's plants, it is collected and managed by authorised waste managers in accordance with current legislation. Thanks to its efforts in waste management and recovery, Ence has managed to renew the AENOR Zero Waste certification in 2024 in all its plants, certifying that at least 90% of the waste generated is recycled or recovered, the real ratios being above 98%.

C: Current; P: Potential / OO: Own Operations; VC: Value Chain

On the other hand, Ence identifies a wide range of positive impacts derived from its activity that contribute to a more sustainable management of its resources and waste, including:

- The use of agricultural and forestry waste for the generation of renewable energy or the use of agricultural and livestock waste for the production of biomethane represent clear examples of positive impacts that provide a solution to the problem of their management, reducing their derived environmental impacts (such as eutrophication and nitrate contamination of aquifers or forest fires caused by uncontrolled burning) and revitalising rural areas affected by depopulation and deindustrialisation.
- **Increase in renewable energy production and reduction of fossil energy consumption (and consequent reduction of greenhouse gas emissions)** thanks to the energy recovery of process by-products. For example, wood by-products such as bark or lignin with a zero emission factor are used as biofuels in the pulp manufacturing process. Moreover, Ence is already using biomethanol (obtained as a by-product of the industrial process) in its biofactories to replace part of its fossil fuel consumption.
- **Substitution of chemical fertilisers with biofertilisers** from digestate generated after biogas production.
- **Recovery of waste produced in industrial processes for different applications.** An example of this is the use of the produced ashes and slag for the creation of technosoils or building materials. In this sense, a variety of R&D projects are being developed to analyse possible new uses for the waste generated in energy plants, focused on the search for a new life for the generated waste.

2.6.1.2 Risks and opportunities

Risks

Environmental risks are identified and managed within the TQM (Total Quality Management) model, which includes aspects related to environmental protection, quality, and health and safety. Within the scope of this model, the different environmental vectors affecting Ence's activity are analysed, including some that are directly related to the circular economy, such as raw material consumption and waste generation. For more information on the environmental risk management model, see the section ***Cross-cutting mitigation measures in the chapter on 2.3 Pollution***

In addition, a specific analysis of the impacts, risks and opportunities related to the circular economy was carried out during the dual materiality analysis process described in section ***1.4.4 Double materiality analysis***. Ence's main stakeholders participated in the dual materiality analysis. The main risks related to the use of raw materials (inputs) and waste management (outputs) identified during the dual materiality analysis are specified below:

Risk	Description of the risk	Mitigation measures
R1: Decrease in resource availability due to stricter regulation of biomass / agro-livestock waste	Regulatory changes related to biomass (especially of forest origin) set by standards such as the new Renewable Energy Directive (RED III) may restrict access to these resources by affecting their use in power generation or biogas.	In the case of energy generation using biomass, Ence has defined a strategy to increase the capacity to mobilise biomass and diversify the supply chain in order to be able to use alternative biomasses that are not affected by REDIII restrictions. Similarly, regarding biogas (still in the development phase), Ence is committed to diversifying the type of agricultural and livestock waste so as not to depend on a single source and to identify alternatives to waste that may be subject to regulatory restrictions.
R2: Decline in production due to shortfall in wood and biomass supply due to competition	Competition for wood and biomass from potential new players to the industry may affect supply chains and thus the availability of these resources.	Ence's strategy is to strengthen and expand the network of wood and biomass suppliers so as not to depend on a small group of suppliers or region, thus diversifying the supply chain. In addition, the effective management of Ence's forest assets is a mitigation measure as they are a source of raw material supply for the facilities.
R3: Increase in the price of raw materials	Increased demand for wood and biomass could lead to price increases due to the entry of new players in the industry (see risk above). Volatility in the prices of other raw materials such as chemical products or fuels (gas, fuel) can also occur as a result of incidents in global markets.	So as to reduce Ence's exposure to fluctuations in the price of fossil fuels and main chemicals, Ence is committed to the consumption of secondary raw materials/by-products from the process itself.

The risk management process related to circular economy is integrated into the company's global risk management process described in section ***1.4.7.3 ESG risk identification, assessment and management process*** and the risks stated here are included in Ence's Risk Map.

Opportunities

Ence's circular economy model presents business **opportunities** that enable it to reduce waste treatment costs and generate value for the company through the sale of by-products from its production processes. Examples of this are the use of ash and slag from biomass-based energy generation for the manufacture of fertilisers, cement and other products, the potential sale of lignin for the production of biofuels and other industrial applications, the commercialisation of biogenic CO₂ and biomethanol produced in facilities to generate e-fuels or the production of biofertilisers from the digestate that will be produced in biogas plants. For more details on how Ence has integrated these opportunities into its strategy, see section ***1.3 Strategic framework***.

2.6.3 Environmental policy

Ence has a [Corporate Environmental Policy](#) approved by the Board of Directors, and available on the [website](#), which formalises and develops the company's commitment to environmental protection in its operations and compliance with environmental regulations. This Framework Policy establishes a number of general principles for action that apply to all environmental aspects and then determines a series of priority lines of action to manage environmental impacts, risks and opportunities, including those related to the circular economy.

Among the priority lines of action, the Policy includes the **promotion of the circular economy and the responsible use of resources**. In this line, the following principles of action are established:

- Prioritisation of the use of renewable natural resources and secondary or recycled raw materials in the company's processes, with a special focus on reducing the consumption of fossil fuels and raw materials.
- Identification and periodic analysis of the environmental impacts of the resources used by the company from a life cycle perspective, so that raw materials with a better environmental profile can be selected. Specifically, it states that the use of raw materials associated with deforestation or forest degradation shall be avoided.
- Adaptation of the company's processes to minimise the generation of waste and facilitate its reuse, recycling and recovery, following the waste management hierarchy and minimising landfill. In this regard, the Policy determines that management systems that are aligned with Zero Waste certification shall be implemented and maintained. Moreover, it establishes the need to study the potential of materials currently considered waste or residuals generated in the company's processes for use as secondary raw materials and/or by-products in its own processes or in other industries.
- Incorporation of the environmental perspective in the design of new products, using life cycle analysis to select alternatives that offer environmental advantages and help Ence's customers to reduce their environmental footprint.
- Implementation of sustainable forest management practices to ensure the long-term sustainability of forest holdings, the production of timber that is free of negative environmental impacts and the regeneration of nature.
- Reducing energy consumption, promoting the use of renewable energy and implementing energy efficiency measures in the company's activities.

This policy applies to all Ence Group companies and employees, as well as to suppliers and contractors providing services at Ence facilities.

2.6.4 Objectives, actions and resources

Strategy and Objectives

The Circular Economy Strategy is integrated into both the 2024-2028 Strategic Framework and the 2024-2028 Sustainability Master Plan, which define the main lines of action at group level to continue promoting the principles of circularity in the business model. The Strategic Framework places special emphasis on continuing to advance the circularity of the cellulose business model with the manufacture of moulded cellulose packaging to replace plastic in the food industry and the launch of the paper and cardboard recycling business line with the As Pontes Project, which focuses on the manufacture of bleached recycled paper pulp using recovered paper and cardboard; and which has been declared a strategic industrial project by the Galician government.

Among the four strategic pillars of the Sustainability Master Plan, the "Bioproducts and ecosystem services" pillar incorporates a specific line of action to promote the circular economy through the development of secondary raw materials derived from the production process to increase the range of products and diversify the customer portfolio (see section **1.4.5 2024-2028 Sustainability Master Plan and annual targets**).

Lines of action	Identification of IROs	Main measures	Objectives ³⁸	Waste hierarchy ³⁹	Type of objective ⁴⁰
Boost the circular economy by developing secondary raw materials	I2, I3, R1, R2, R3	Number of R&D projects on new secondary raw materials	Pulp: 3 projects (2028) Energy: 2 projects (2028)	Prevention	Outputs, increased circular design of processes
	I1, I2, I3, R1, R2, R3	Increased sales of new secondary raw materials	Pulp: 4,000 metric tons (industrial waste and lignin) in 2028	Prevention	Outputs, increased circular design of processes
	I2, I3, R1, R2, R3	% of waste recovered + by-products for which we receive financial remuneration / total waste produced	Energy: increase by 2% from 2022, to reach 8% in 2028	Recovery	Outputs, waste management

Taking into account the objectives of the Sustainability Master Plan in the line of development of secondary raw materials, the following objectives have been set for 2025, all related to the prevention of waste generation by increasing the circular design of processes:

- Regarding energy, achieving by-product status for HU46 ashes in order to promote their use as a secondary raw material.
- Regarding cellulose, within the macro objective of "R&D projects for research and development of new secondary raw materials", the following objectives have been set:
 - Conduct a feasibility study for the production and marketing of biomethanol produced as a by-product of the process in Navia (new potential source of income for the company)
 - Carry out the necessary tests to check the viability of using a by-product of dissolving cellulose production to replace soda, (with the resulting savings in raw materials)
 - Start the activities of the company *Sostenibilidad y Economía Circular* (SyEC), created as a waste manager in order to be able to start OCC trading activities, which will later supply the As Pontes plant.

In addition to these objectives, regarding circular economy, Ence's plants have set an objective for 2025 (as they did in 2024 and will do for the rest of the Master Plan period) to renovate the **Zero Waste** certification, which implies the quantitative objective of allocating at least 90% of the waste generated to recycling or recovery.

Regarding the monitoring of objectives, the Management Committee reviews the annual objectives on a monthly basis and reports progress to the Board of Directors. The Board's Sustainability Committee also reviews the progress of the annual objectives on a quarterly basis. The objectives of the Sustainability Master Plan are monitored by the Management Committee and the Board on an ongoing basis, especially the Sustainability Committee.

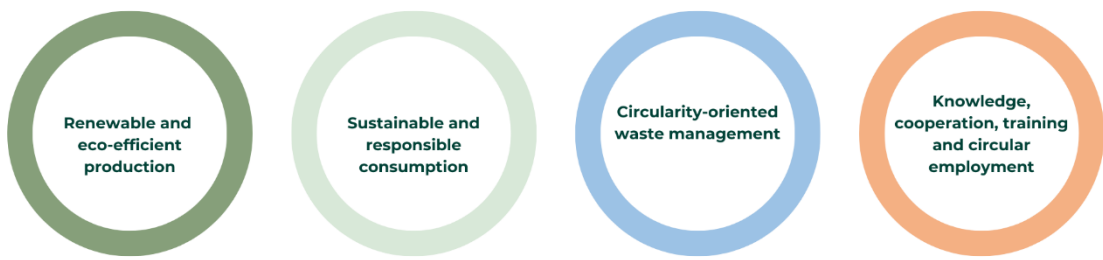
Furthermore, in 2024, Magnon certified its circular business model according to the AENOR Model for the certification of business strategies aligned with the principles of the Circular Economy, covering the activities of renewable electrical and thermal energy generation, as well as the trading business. This certification had been set as a goal for 2024.

³⁸ The objectives that have been set go beyond legal compliance, as they are voluntary objectives. They have also been defined as part of the Strategic Sustainability Plan in which the different Ence departments responsible for achieving them took part as stakeholders. The established objectives refer to Ence's internal management indicators that are applicable to direct operations, so it was not necessary (not applicable) to review scientific evidence in their definition.

³⁹ Waste hierarchy: (a) prevention; (b) preparation for re-use; (c) recycling; (d) other recovery, e.g. energy recovery; and (e) disposal.

⁴⁰ The type of objective refers to whether the objective is related to resource inputs or outputs including waste.

To achieve certification, Magnon implemented its Circular Economy Strategy, which is based on four lines of action:



Magnon's Circular Economy Strategy is based on Ence Group's 2024-2028 Sustainability Master Plan integrating the objectives of the Sustainability Master Plan in each of its lines of action.

Actions and resources

One of the lines of work of Ence's Circular Economy Strategy is to recover its waste, so that it can continue to circulate in the economic cycles, avoiding the generation of waste and the economic and environmental cost of waste management. Below are some examples of projects that have been under development in 2024:

In biofactories, the main wastes are recoverable and can be used in other applications that enable their recovery; examples include:

Main waste	Waste recovery actions
Ash from biomass combustion is composed mainly of inorganic minerals, such as oxides of calcium, potassium, magnesium and phosphorus.	Ence is undertaking innovative projects to recover the ashes generated during the energy generation process in the biofactories. One of these projects is in the testing phase and consists of using the ashes for landscape restoration in quarries. This approach seeks to restore degraded areas, enhancing the natural environment and promoting biodiversity. Another, more established project uses ash as a product for the inertisation of acid sludge . This process involves neutralising the acid sludge, making it safer and less harmful to the environment. This second project, in 2024, has shown promising results and is progressing satisfactorily.
Slag is solid waste formed during the combustion of biomass. They are composed mainly of inorganic minerals and may contain traces of ash and non-combustible materials.	As with ash, Ence has carried out a pilot project to use the slag in landscape restoration . The results of the pilot project have been very satisfactory and this practice is expected to become consolidated as an opportunity for slag recovery from 2025 onwards.
Lime sludge , a by-product of the cellulose production process, contains mainly calcium carbonate (CaCO ₃) and is generated during the regeneration of lime in the lime kiln.	Ence has conducted a pilot trial to use limestone sludge as a raw material in cement production . This trial has yielded positive results, demonstrating that limestone sludge can be effectively included in the cement manufacturing process. This approach not only provides a solution for the management of sludge, but also contributes to the reduction of the use of traditional raw materials in the cement industry.

In addition to the innovative projects described above, the main biofactory wastes (ash and slag) have traditionally been used in recycling and recovery applications, such as the manufacture of **technosoils** to improve soil quality and restore degraded areas.

Moreover, Navia obtained, in 2023, definitive authorisation for the energy recovery of the bio-sludge from the secondary treatment of its sewage treatment plant (those from the primary treatment are already recovered). Thus, in 2024, more than 8,303 t of this type of bio-sludge will be recovered in the Biomass Boiler, thus contributing to a significant reduction in the carbon footprint associated with the transport of this waste.

Thanks to these efforts, Ence's biofactories have had AENOR Zero Waste certification since 2019, which guarantees that more than 90% of the waste generated is recycled or recovered and less than 10% is managed using landfill.

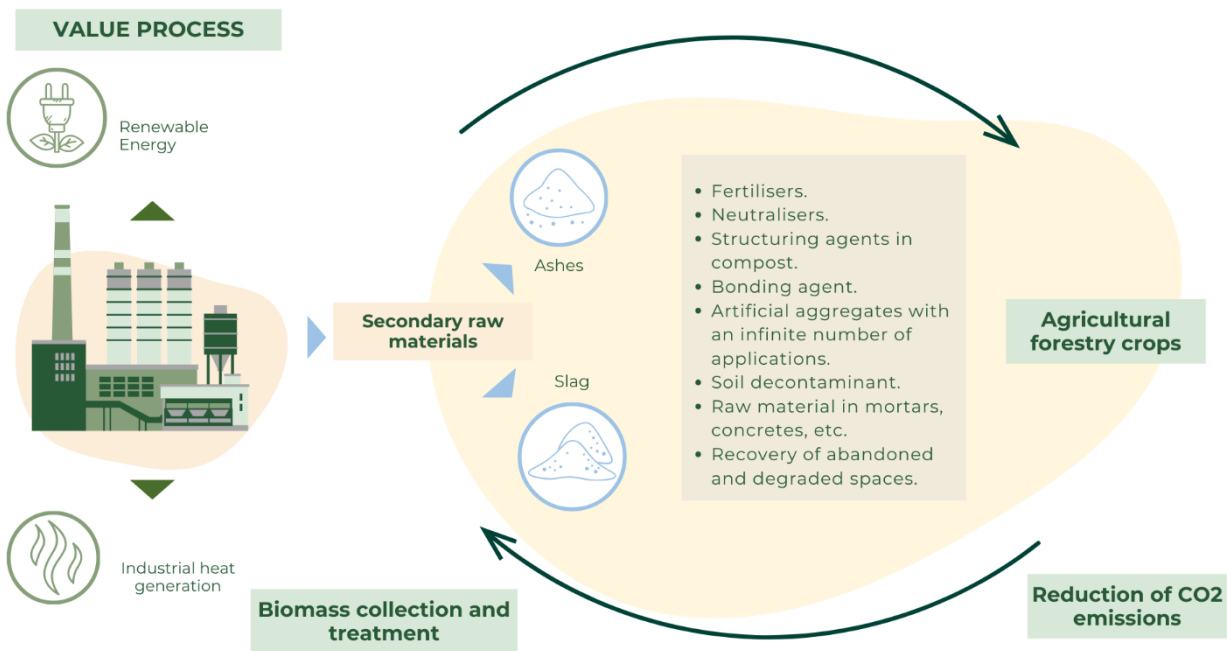
Magnon has created a **specific area of product recovery**, the main objectives of which are to identify markets for the secondary raw materials generated by the company as waste, to optimise the technical and economic management associated with waste/by-products in the different plants and to explore potential new lines of business associated with these materials. This area is working on several projects to achieve the valorisation of ash and slag, the main waste from

the biomass energy production process, and thus give them a new use as fertilisers or to generate artificial aggregates. The actions include:

Main waste	Waste recovery actions
Ash and slag produced in the biomass boiler. Ash is mainly inorganic mineral such as oxides of calcium, potassium, magnesium and phosphorus. Slag is waste that is coarser than ash and consists of ash residues and non-combustible materials.	<p>In 2023, Ence obtained administrative recognition of the ash from the Huelva plant (HU-50) as a by-product for the production of pulp for underground mining. A similar project is currently being worked on for HU46. Thanks to these projects, it is expected that 32,000 t/year will be managed as by-products.</p> <p>In Puertollano, work is being done along the same lines to make use of ash and slag for the manufacture of mortar and cement by providing silicon and calcium oxides.</p> <p>In addition, the use of slag is also being used in the formulation of technosoils for the reclamation of degraded soils, as in the case of land reclamation actions after the end of mining operations. In this area, Ence participates in RD&I projects, including the Tekura project (second phase starting in 2024), which aims to restore a mine in Salamanca. For this project, the Puertollano plant provides slag, which is used to manufacture technosoils to neutralise the effects of mining activity, and it is expected to last throughout 2025. The same use is given to the slag from the energy plant located in Mérida, as it is destined for a nearby mine in La Garrovilla (Badajoz). The restoration project is based on the creation of technosoils using slag from biomass combustion boilers and municipal solid waste (MSW). The first phase was completed in October 2024 and the second phase will start in January 2025.</p>

The product recovery area also coordinates participation in RD&I projects in the circular economy, such as:

- **Phoseco Project** developed in 2023 and continued in 2024. Its goal was to study the recovery of phosphorus



contained in biomass combustion ashes for incorporation into fertilisers.

- **LIFE Icirbus 4 Industries Project**, which evaluates the actions carried out in the field of circular economy. In the first phase of the project, with satisfactory results, the Mérida plant participated by providing the ashes for the tests.
- **Return the fines that arrive with the biomass to the source** in order to avoid soil degradation due to agricultural and forestry exploitation continues. With this initiative that started in 2022, a natural material with value for the fight against desertification and soil degradation is returned. Thus, by 2024, the vast majority of the fines produced at the Puertollano and Mérida plants will have been managed for return to the agricultural plots.
- Following the tests and permit applications undertaken in Mérida and Puertollano for the **recovery of wood packaging waste**, a positive decision is awaited in order to be able to include this product as a raw material in the processes of both plants. The start of this application is planned at the Huelva Industrial Complex.

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- In 2024, a collaborative project has been proposed as the centrepiece of the **CSIC-COCREA** programme (*“Development of sustainable mortars based on fly ash and boiler slag from biomass combustion”*). Progress will be made in 2025 if the grant is awarded.

Earmarked resources

In 2024, the total investment (Capex) related to the Circular Economy has exceeded €5 million.

- Among the most noteworthy investments is the **As Pontes Project** for the manufacture of bleached recycled pulp using recovered paper and cardboard as raw material (≈€2.3 million).
- Also noteworthy are the projects related to the **reduction of waste generation**, which have involved an investment of close to €1.2 million, including actions to increase the dryness of the sludge generated in Navia and Pontevedra, thus reducing the volume of waste to be managed.
- Also noteworthy are the actions for the **reduction of fines and inert** materials in Huelva and Puertollano, with a budget of over €1.2 million, which enable the separation of the biomass material from the fines in order to return them to the land.

This category also includes investments related to **ash recovery** projects and actions aimed at **reducing the consumption of raw materials** such as chemicals.

2.6.5 Metrics⁴¹

Consumption of raw materials

Wood and biomass consumption account for 97% of total raw material consumption. For both wood and biomass, Ence applies a sustainable management model through the implementation of wood certifications according to FSC® and PEFC standards and biomass sustainability with SURE certification. For more details see section **Sustainable timber and biomass management**.

Of the biomass consumption, 82% comes from agricultural and forestry residues that are revalued for energy generation in plants and biofactories and in industrial heating facilities, representing 39% (1,627,501 t) of the total consumption of raw materials. The other 18% corresponds to internal biomass generated during production processes (e.g. during the debarking of wood) and sewage sludge. These secondary raw materials, generated during the process, represent 8.5% (356,758 t) of the total consumption of raw materials. Moreover, Ence uses biofuels generated during the pulp production process such as black liquor (a by-product of the Kraft process when wood is converted into cellulose pulp by removing lignin and hemicellulose) and biomethanol (a biofuel obtained from the treatment of gases from the digestion process). For more details see section **2.2.5.1 Energy consumption**.

Below is a list of the main raw materials used, distinguishing between the two main business lines, pulp and energy.

Consumption of raw materials (t)	2023	2024	Methodology ⁽⁴⁾
Timber	3,334,971.0	2,065,701.0	M/C
Pulp Business	3,334,971.0	2,065,701.0	M/C
Biomass	1,734,124.0	1,996,621.0	M/C
Pulp Business	626,817.0	662,858.0	M/C
Energy Business⁽¹⁾	1,107,307.0	1,333,763.0	M/C
Chemical products	104,724.1	114,105.3	M/C
Pulp Business	101,652.6	110,953.4	M/C
Soda	22,523.7	22,083.2	M/C
Sulphuric acid	21,747.9	22,709.9	M/C
Oxygenated water	10,068.2	11,816.3	M/C
Chlorate	13,058.3	13,585.7	M/C
Sodium carbonate ⁽²⁾	383.7	2,737.0	M/C
Oxygen	22,555.1	23,980.5	M/C
Lime	11,315.7	14,040.9	M/C
Energy Business⁽¹⁾	3,071.5	3,151.8	M/C
Soda	589.1	660.9	M/C

⁴¹ Information on the La Galera facility (facility acquired by Ence at the end of December) is not included.

Consumption of raw materials (t)	2023	2024	Methodology ⁽⁴⁾
Ammonia	1,654.3	1,929.8	M/C
Sulphuric acid	69.3	80.9	M/C
Lime	516.0	133.5	M/C
Hypochlorite	208.6	269.9	M/C
Hydrochloric acid	34.1	76.8	M/C
Packaging	4,518.5	4,704.3	M/C
Pulp Business	4,518.5	4,704.3	M/C
Wrapping paper	2,231.9	2,328.1	M/C
Tied and unitised wire	2,286.6	2,376.3	M/C
Other	8,403.6	7,452.0	M/C
Energy Business⁽¹⁾	8,403.6	7,452.0	M/C
Sand ⁽³⁾	8,403.6	7,452.0	M/C
Total	5,186,741.2	4,188,583.6	M/C
Pulp Business	4,067,959.2	2,844,216.8	M/C
Energy Business⁽¹⁾	1,118,782.1	1,344,366.9	M/C

⁽¹⁾ The energy business includes stand-alone biomass power plants. In 2024, the Energy business will also include the biomass thermal power plant.

⁽²⁾ At the end of 2024, the increase in the price of soda led to its substitution by sodium carbonate.

⁽³⁾ The Huelva plant consumes sand for the fluid bed boiler.

⁽⁴⁾ Measured (M); Calculated (C); Estimated (E).

The quantification of **wood and biomass consumption** is carried out through mass balances (initial stock + inputs - final stock - wastage). In the case of wood, inputs are measured directly at the weighbridge and stored material (e.g. wood chip silos) is also taken into account. In the case of biomass, pulp mills consider both internal biomass (generated on-site, such as wood debarking), external biomass (e.g. from suppliers) and biomass resulting from water treatment (sewage sludge). Data on internal biomass consumption are derived from direct measurements (e.g. dynamic scales) or from calculations based on the consumed volume of wood. External biomass is calculated by stock change (opening stock + receipts - closing stock). In the case of sewage sludge, this information is extracted from the PI system through automatic reading. In the case of power plants, biomass consumption is obtained from direct measurements at the scales or from the incoming conveyor belts. In the case of **chemicals and sand**, a mass balance (inputs + opening stock - closing stock) is also carried out. Inputs are recorded according to the weighing scales at the entrance to the facilities, in the case of bulk supply, or with the delivery note record. The stock in storage is measured according to the reading of the storage tanks. For **packaging materials**, they are measured directly on the scale and the information is automatically transferred to PI.

Waste

1. Hazardous waste (t) - 2024		2. Non-hazardous waste (t) - 2024	
Recovery operation	271	Recovery operation	300,640
Preparation for re-use	0	(a) Preparation for re-use	0
Recycling	59	(b) Recycling	56,136
Other recovery operations ⁽¹⁾	212	(c) Other recovery operations ⁽¹⁾	244,504
Disposal operation	36	Disposal operation	1,252
Incineration	0	(d) Incineration	0
Landfill	0	(e) Landfill	1,183
Other disposal operations	36	(f) Other disposal operations	69
TOTAL HAZARDOUS WASTE⁽²⁾	307	TOTAL NON-HAZARDOUS WASTE⁽³⁾	301,892
		TOTAL WASTE (1+2)	302,199
		TOTAL RECOVERED WASTE (%)	99.6%
		TOTAL LANDFILL WASTE (%)	<1%

⁽¹⁾ According to waste legislation (Act 7/2022 on waste and contaminated land for a circular economy) waste managers must provide the necessary information to disaggregate the waste they manage by type of recovery operation (preparation for reuse, recycling or other recovery operations) or by type of disposal operation (incineration, landfill or other disposal operations). To do so, managers must provide a four-digit code. This requirement is mandatory only if the manager has this coding in the scope of its authorisation. Full implementation of this obligation has a transition period. Currently, most managers are in the process of adaptation and the information provided only includes a two-digit code, differentiating whether it is a recovery or disposal operation, but without being able to detail what type of recovery or disposal. Therefore, most of the recovered waste (81.3%) has been included in the category "other recovery operations". It is expected that as managers adapt their permits, they will be able to provide more information and therefore the % of non-recycled waste, currently at 81.4% (246,004 t), will decrease.

⁽²⁾ 2023 data: 351.6 t

⁽³⁾ 2023 data: 311,300 t

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The quantity of hazardous and non-hazardous waste generated is obtained from the information supplied by the waste manager either on the manager's scales or on Ence's scales after reception by the manager.

03. Social

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3. Social

3.1 Own workforce

S1

Ence's growth and diversification strategy can only be undertaken successfully thanks to the commitment of its employees, as they are the driving force behind the implementation of the initiatives envisaged in the strategic framework. It is therefore key to recognise and value the crucial role employees at all levels of the organisation play, ensuring that they are motivated and supported to contribute to the achievement of business objectives while guaranteeing their safety, well-being and professional development.

Ence has a diverse range of employees who play crucial roles in the operation and success of the company. Below is a (non-exhaustive) breakdown of the main **types of company employees**:

- **Plant operators:** in charge of the daily operations in pulp production and power generation plants, ensuring the efficient and safe operation of equipment and processes.
- **Forestry technicians and standing procurement teams:** this includes the forestry and forest management specialists who plan and monitor forestry activities to maximise productivity and sustainability, as well as the network of buyers who contact forest and agricultural owners to purchase timber and/or standing biomass (and then manage its harvesting).
- **Technicians:** professionals with specific knowledge in areas such as engineering, maintenance, quality and environment, who support the optimisation and ongoing improvement of processes.
- **Auxiliary and support staff:** employees who manage financial and human resources duties, ensuring the required support for daily operations and regulatory compliance.
- **Sales team:** responsible for the promotion and sale of Ence products, as well as for managing customer relations and identifying new business opportunities.
- **R&D researchers and technicians:** professionals focused on the research and development of new products and technologies, contributing to the company's innovation.
- **Business development teams:** responsible for the start-up of Ence's new business lines, in charge of processes such as land management, relations with potential partners and suppliers, administrative processing of projects and coordination with engineering and technology partners for the design of new plants.
- **Management:** leaders who set the strategic direction of the company, make key decisions, manage teams and oversee the overall performance of the organisation.

Ence's employees are located in Spain and Portugal, countries with a low risk of human rights violations, where no risks related to forced labour or child labour have been identified. Ence's main **work centres** (by number of employees) are:

- **Industrial facilities:** cellulose pulp production biofactories located in Navia (Asturias) and Pontevedra (Galicia); as well as energy generation plants in Huelva (Andalusia); Enemansa (Ciudad Real - Castilla La Mancha); Lucena (Córdoba - Andalusia); La Loma (Jaén - Andalusia); Mérida (Extremadura) and Puertollano (Ciudad Real - Castilla La Mancha).
- **Corporate offices:** located in Madrid

With regard to the group of non-wage-earning employees, within this category, Ence only has interns whose duties, and associated economic compensation, is directly related to work experience linked to completing or complementing their academic training.

These employees, with their diverse skills and responsibilities, are key to Ence's ability to achieve its strategic objectives and maintain its competitiveness in the market.

3.1.1 Impacts, risks, and opportunities

Through the double materiality analysis described in section **1.4.4 Double materiality analysis** above, specific analysis was carried out to identify and assess in-house employee-related impacts, risks and opportunities. Consultations were also carried out both with the Group's own staff and with other external stakeholders.

3.1.1.1 Impacts

Although Ence places people at the centre, it is aware that there may be **negative impacts** on its in-house personnel in the event of poor management of operations or the application of inadequate people management policies. In order to identify the negative impacts on different groups of its in-house personnel, Ence has dialogue mechanisms for employees to report any incidents or concerns, thanks to which it is possible to identify whether there is any particular group that could be more exposed to negative impacts (see section **3.1.4 Dialogue and Participation Processes**). The main negative impacts identified for the Ence workforce as a whole and the actions implemented to mitigate them are detailed below:

Impact	Description of the impact	Prevention / mitigation measures
I1: Occupational accidents (A)	If employees are not sufficiently aware or the company does not apply adequate preventive measures, there could be negative impacts in terms of accidents at work.	Ence provides specific health and safety training to all employees (see section 3.1.8.4 Health and safety) and has a health and safety risk management model (see section 3.1.8.3 Risk prevention and management model) certified in accordance with ISO 45001 at all its industrial operations centres. Due to the relevance of this impact and the strategic priority it represents for Ence, a specific section 3.1.8 Health and safety has been included describing the entire health and safety management model at Ence. Thanks to its efforts in this area, Ence has accident rates well below industry and national averages.
I2: High employee turnover (P)	Low staff loyalty could lead to high employee turnover.	Ence has developed a comprehensive offer for its employees, covering all aspects of their work experience, such as compensation, training and professional development, as well as active work-life balance and equality policies (see section 3.1.5.3 Managing, attracting and retaining talent).
I3: Cases of discrimination or other Human Rights violations (P)	Human Rights violations at work refer to any possible action or inaction that compromises the basic rights of workers. This may include discrimination based on race, gender, religion, sexual orientation or disability, as well as harassment, exploitation at work or unsafe working conditions, among others.	Ence has established specific policies of zero tolerance of discrimination or human rights violations that promote respect and equality. These include the Code of Conduct, the Diversity and Equal Opportunities Policy, the Sustainability Policy and the Harassment Prevention Protocol (see section 3.1.4.3 Internal Information Channel). Ence also has secure and confidential whistleblowing mechanisms, such as the Internal Reporting Channel, so that employees can report any violation of their rights without fear of retaliation (see section 3.1.4.3 Internal Information Channel).
I4: Management of personal data (P)	The management of employees' personal data becomes particularly relevant in an increasingly digitalised environment, where employees could be harmed if data were to be disseminated because of improper management.	Ence has implemented several measures to protect the personal data of its employees, ensuring compliance with data protection regulations. These measures include a Privacy Policy that regulates the use and protection of the personal data of employees, contractors and suppliers, aligned with the European Union's General Data Protection Regulation (GDPR). Moreover, the Data Protection Officer (DPO) monitors compliance with these regulations and handles privacy-related complaints and requests. The company also implements technical and organisational measures to protect personal data against unauthorised access, loss, destruction or alteration. In addition to these measures, Ence has a Cybersecurity Plan that ensures, among other things, that personal data are protected against unauthorised access, security breaches and cyberattacks (for more information, see section 4.7 Cybersecurity).

C: Current; P: Potential / In relation to in-house staff, all impacts occur in Own Operations

For mitigation measures, as well as the processes of evaluation, monitoring and resources allocated to them, the different policies and procedures applicable to each of the matters are taken into account. Thus, for example, to mitigate the impacts related to accidents, the provisions of the health and **safety management system** are considered; or the **Policy and Procedure of the Internal Information Channel** regarding the measures to be implemented in the area of human rights violations.

Ence's activity also has a positive impact on its employees, including:

- Increase of the presence of women in a traditionally male-dominated industry through measures to increase the percentage of women in the workforce (see section **3.1.6 Diversity and equal opportunities**).

- Improved occupational safety due to increased awareness through training actions (see section **3.1.8 Health and safety**).
- Improved employee development and performance through training plans (see section **Training and professional development**).
- Reduction of inequalities between men and women through measures to promote equality (see section **3.1.6 Diversity and equal opportunities**).
- Employee loyalty through the implementation of employee value creation measures (working from home, attractive salaries, etc.) (see **3.1.5.2 Quality employment**; **3.1.7.2 Welfare plans**; and **Remuneration**).
- Increase of the inclusion of people with disabilities through measures to promote diversity in the workforce (see section **3.1.6.4 Persons with different abilities**).

For its part, Ence's growth and diversification strategy focused on business models based on the circular and low-carbon economy is directly reflected in the human team. For the development of new lines of business such as the sale of renewable thermal energy, biomass trading or the development of biomethane plants, there is a need for professional profiles with the appropriate knowledge to respond to new strategic needs. Moreover, meeting efficiency, new product development and decarbonisation targets entails the modification and redefinition of industrial processes. In this context of change, business diversification and modifications in production processes, there is a need to adapt the skill set of employees to the new reality of the company. In order to meet this challenge, Ence provides specific training to improve skills and acquire new knowledge. An example of this is the sustainability training that is undertaken through different initiatives aimed at all employees to integrate sustainability principles into the organisational culture. In 2024, more than 20% of the workforce participated in training activities related to sustainability, with almost 270 hours of training being provided in this area.

3.1.1.2 Risks and opportunities

Risks

Ence's relations with its employees are key to the success of its strategy. Identify and manage the risks to which Ence is exposed related to its in-house personnel is key to minimising potential negative impacts. The **main risks** identified are described below:

Risk	Description of the risk	Mitigation measure
R1: Reputational damage or fines related to employee data privacy.	When employees' personal data is not adequately protected, there is a risk that this information is accessible to unauthorised persons, which can result in sanctions and loss of reputation for the company.	<p>Ence has several policies and actions in place to protect the privacy of its employees' data, including the following:</p> <ul style="list-style-type: none"> ▪ Privacy Policy regulating how the personal data of employees, contractors and suppliers is collected, processed and protected. ▪ Data protection officer in charge of monitoring compliance with data protection rules. ▪ Technical and organisational measures to protect personal data against unauthorised access, loss, destruction or alteration. <p>In addition to these measures, Ence has a Cybersecurity Plan that ensures, among other things, that personal data are protected against unauthorised access, security breaches and cyberattacks (for more information, see section 4.7 Cybersecurity).</p>
R2: Reputational damage due to the pay gap.	If a significant gap exists, this may worsen the perception of the company among its stakeholders, especially among potential employees, affecting the Group's ability to attract and retain talent.	Ence has an Equal Opportunities and Diversity Policy that promotes the effective application of the principle of equality between men and women, guaranteeing equal opportunities for recruitment and professional development at all levels of the organisation, as well as non-discrimination in terms of pay or any other type of discrimination. The company also sets equality objectives to promote the recruitment and promotion of women in the workforce and ensures equal pay.
R3: Increased costs associated with turnover and loss of talent.	Excessive turnover can pose a risk to Ence in terms of higher personnel costs and loss of internal talent.	Ence draws up a value proposition for employees that covers all aspects of their work experience, including compensation, training and professional development, as well as active work-life balance and equality policies (see section 3.1.5.3 Managing, attracting and retaining talent).
R4: Fines/sanctions for labour law and workers' rights issues.	Possible breaches of labour law and violations of workers' rights can lead to fines and sanctions for the company.	Ence has specific Policies to prevent discrimination and protect human rights, promoting respect and equality. These include the Code of Conduct, the Diversity and Equal Opportunities Policy, the Sustainability Policy and the Harassment Prevention Protocol (see section 3.1.2 Policies related to in-house employees).

Risk	Description of the risk	Mitigation measure
	Ence also has an Internal Reporting Channel as a whistleblowing mechanism for employees to report rights violations (see section 3.1.4.3 Internal Information Channel).	

The risk management process related to in-house staff is integrated into the company's global risk management process described in section **1.4.7.1 Risk management approach** and the risks stated here are included in Ence's Risk Map.

Opportunities

Although Ence is exposed to these risks, it is also aware that proper management of human capital translates into **opportunities** for the company. Developing new skills among employees not only enriches their professional growth, but may also open doors to new business opportunities for the company. A committed and well-trained team improves production capacity, increasing both efficiency and productivity. Moreover, Ence's value proposition to its employees and commitment to promoting a positive work environment will significantly enhance its reputation as an employer brand, attracting new talent. Finally, reducing staff turnover and retaining talent reduces the costs associated with recruiting and training new employees, contributing to greater stability and continuity in the organisation.

Properly managing the potential negative impacts and risks associated with its in-house personnel is key to implementing Ence's strategy effectively. For this reason, two of the four strategic pillars of the 2024-2028 Sustainability Master Plan ("Eco-efficient Operations" and "Positive Social Impact") include specific lines to strengthen health and safety programmes to reduce impacts on people; and to promote equality, talent development and retention (for more details, see section **1.4.5 2024-2028 Sustainability Master Plan and annual targets**). In addition, due to the importance of Human Capital for the company, Ence also has a Strategic Plan for People the main objective of which is to align human talent management with the company's global strategy (see section **3.1.3 Strategic Plan for People**).

3.1.2 Policies related to in-house employees

Ence has several human capital management policies in place to identify, mitigate, and where appropriate, remedy the potential risks and negative impacts related to employees identified in the section **3.1.1 Impacts, risks, and opportunities**. These policies are the basis of the culture to ensure a healthy, safe, diverse, inclusive, fair, transparent, participatory and equitable work environment.

The **Code of Conduct** ([website](#)) expressly recognises workers' rights and the company's commitments to its employees in terms of protecting health and safety in working conditions, equal opportunities and the prevention of interpersonal conflicts and harassment. It also determines that Ence's ethical pillars are based on strict compliance with the Universal Declaration of Human Rights, including labour rights. The Code of Conduct, approved by the Board of Directors, is the key pillar guiding all company policies and practices and sets the standards of behaviour to be followed by all employees.

Under the umbrella of the Code of Conduct, Ence has developed several **specific policies** in particular areas that reinforce its commitment to the responsible management of its workers and respect for human rights, such as:

- **Diversity and Equal Opportunities Policy** ([website](#)), approved by the Board of Directors, which aims to establish the principles of action to achieve real equality among all employees and to avoid any exclusion or discriminatory conduct. The principles for action include:
 - Respect and promote diversity, guaranteeing non-discrimination on grounds of gender, age, race, nationality, ethnic origin, sexual orientation, religion, ideology, marital status, family responsibility or disability.
 - Ensure that the principle of equal opportunities and fair treatment is respected in recruitment, selection and hiring processes.
 - Implement measures to promote diversity and effective gender equality.
 - Encourage the incorporation and access of women to positions of responsibility to promote balanced representation at all levels within the company.
 - Promote diversity on Ence's Board of Directors.
 - Ensure that working conditions enable employees to find work-life balance.
 - Contribute to the inclusion of people with disabilities in the job market.
 - Extend to Ence's value chain its commitment to respect diversity and equal opportunities.

This policy applies to all Ence Group companies and employees.

- **Health and Safety Policy** ([website](#)), approved by the Board of Directors, which aims to establish the principles of action that promote a culture of safety throughout the company, guaranteeing the highest levels of safety

and respect for the health of all the people who work at any of Ence's centres and/or activities. And to also implement a robust system of occupational risk prevention to minimise the likelihood of injury or illness as a result of working conditions. The principles for action include:

- Integrate security into daily business and all operations.
- Systematically identify, assess and prevent risks in tasks and facilities, as well as unsafe behaviour of people.
- Comply with all applicable Health and Safety regulatory requirements.
- Surface and analyse all accidents and incidents, drawing lessons learned from them and putting in place the necessary means to prevent their recurrence.
- Select and maintain safety-approved suppliers and ensure that they apply the same safety standards as Ence.
- Have the means and resources to eliminate hazards and reduce risk situations.

This Policy applies to all Ence Group companies and employees, including the employees of companies working for Ence, as well as those who may visit any of the work centres from time to time.

- For its part, the Sustainability Policy ([website](#)) includes the company's express commitment to the internationally recognised human rights enshrined in the United Nations International Bill of Human Rights and in the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights, as well as in the ILO Declaration on Fundamental Principles and Rights at Work and its conventions (including forced labour, child labour and human trafficking, among others). In addition, this policy incorporates a commitment to conduct business in accordance with the highest ethical standards and standards of conduct, including the United Nations Guiding Principles on Business and Human Rights, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact (see section **1.4.2 Sustainability policies**). This policy applies to all Ence Group companies and employees.

Moreover, there is a third level of management to regulate certain aspects through specific procedures, applicable to all Ence employees, such as:

- Working time policy that regulates working conditions to ensure an appropriate work-life balance for employees.
- Staff Recruitment Procedure: It guarantees an objective and merit-based recruitment process, avoiding any kind of bias or discrimination.
- Harassment prevention protocol: It establishes the measures and procedures to prevent, avoid, resolve and sanction cases of harassment that may occur between people working in the company.

In order to raise awareness of these rules among employees, Ence undertakes training, specific communications or reminders. It also makes it compulsory for all employees to sign the Code of Conduct when they join the company. Ence also has whistleblowing mechanisms, such as the Internal Reporting Channel, through which impacts related to human rights violations can be reported in order to establish the actions to be taken to provide remediation measures (see section 3.1.4.3 Internal Information Channel).

These policies are defined to cover the main impacts, risks and opportunities related to in-house staff identified in section **3.1.1 Impacts, risks, and opportunities**.

3.1.3 Strategic Plan for People

In 2024, Ence approved the new **2024-2028 Strategic Plan for People** in order to support the deployment of the company's growth and diversification strategy, optimise operational efficiency and foster a dynamic working environment that promotes the professional and personal growth of all employees. Within the framework of this plan, Ence has established a number of objectives focused on maximising opportunities and responding to the impacts and risks identified in relation to its own personnel (see section **3.1.1 Impacts, risks, and opportunities**).

Production process

To define the 2024-2028 Strategic Plan, both internal factors (Ence and its human team) and external factors (global trends and challenges in people management) have been taken into account:

1. **Internal factors** that take into account both the strategic needs of the company and the interests of employees:
 - a. **2024-2028 Strategic Framework**: in order to achieve the growth and diversification objectives of the Strategic Framework, there is a need to search for new professionals and adapt the human team to changes, as well as to acquire new skills and profiles for the development of new businesses.

- b. Great Place to Work (GPTW) survey results: the opinions expressed by employees in the latest 2023 GPTW survey have also been taken into account when defining the objectives and initiatives of the new Strategic Plan for People. The GPWT survey is launched annually to all company employees. This is an anonymous survey and the results are processed by an independent external consultant. In this respect, the main challenges identified after analysis of the results are linked to improving internal communication; trust in leaders; the need for greater recognition; innovation and promoting the development of different ideas; enhancing training and development; fostering interdepartmental collaboration; and improving induction plans, especially in interdepartmental changes.
2. External factors: the main challenges in people management faced by companies have been analysed, such as the need to adapt to the rapid advance of technology, including artificial intelligence; the management of equality and diversity; the perspectives of the younger generations and their relationship with work; new expectations regarding work-life balance, including the search for a balance between remote and on-site work; and wellbeing policies with special attention to mental health.

Structure and objectives

The 2024-2028 Strategic Plan for People is structured around 4 core concepts:

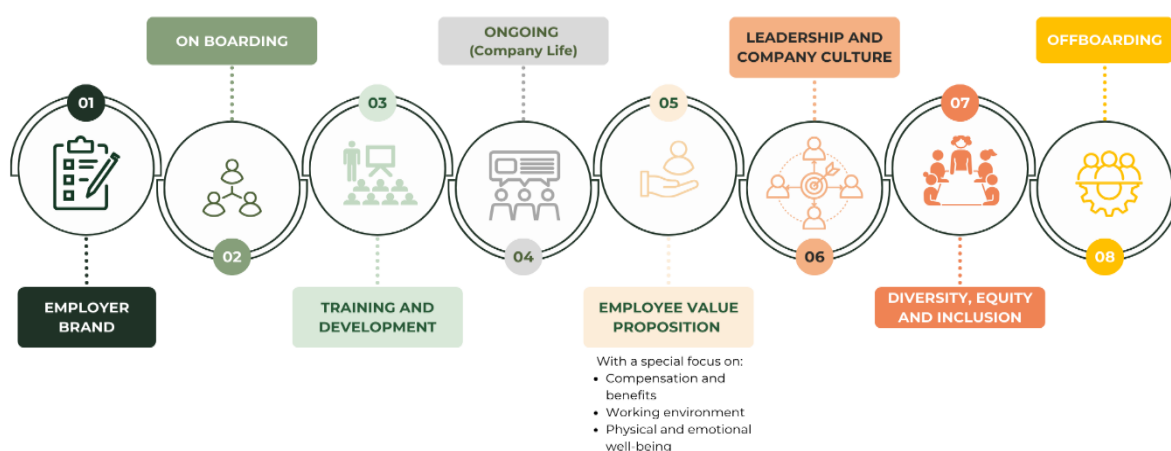
1. Improve the **employee experience** and align their expectations with Ence's value proposition.
2. Strengthen the **leadership of managers**.
3. Strengthen the **brand image** and position the company as a benchmark employer with a focus on ongoing improvement.
4. Improve the efficiency of **people management processes** and manage through data (People Analytics).

As cross-cutting support for the entire Strategic Plan for People, the objective is to reinforce internal communication by establishing new channels and points of relationship with employees.

For each of these core concepts of the Strategic Plan for People, a number of actions have been defined and objectives have been established (voluntary ones and aimed at all the company's employees). The definition of objectives has taken into account both internal factors (including employee expectations) and external factors used during the definition of the Strategic Plan for People.

1. Improve the employee experience and align their expectations with Ence's value proposition.

- **Description**: the management of the employee experience is determined through all the key moments (personal and professional) that are experienced in the company from before the start of the employment relationship until the employee leaves the company.
- **Actions and initiatives**:
 - Employer brand: initiatives to enhance Ence's image as an attractive company to work for.
 - Onboarding: initiatives focused on accompanying new recruits to facilitate the process of landing in the company.



- Training and Development: initiatives focused on promoting the learning and growth of employees throughout their careers.

- Ongoing (life in the company): initiatives focused on accompanying employees in the different professional and personal moments they experience during their time in the company.
 - Employee Value Proposition (EVP): initiatives focused on improving the value proposition that Ence offers its employees.
 - Diversity, equity and inclusion: initiatives focused on encouraging diversity in the Company by creating an inclusive and equitable work environment.
 - Offboarding: initiatives focused on managing the end of the employment relationship by trying to ensure that the employee experiences this in a positive way and retains a positive image of the company after leaving.
- **Related objectives:** All of the above initiatives aimed at improving the employee experience have two main objectives: improving employee perception (thus increasing employee loyalty) and promoting development and equality. The following objectives have been set as specific objectives:

IRO	Objective	2024 Objective	2024 Performance	2025 Objective
I2, R3	Improve the eNPS (employee Net Promoter Score).	N/A	19 (base year)	Improve the base year score by 50% in 2028.
I2, R3	Keep a low turnover rate in key positions (no. of voluntary departures of Key Persons / total no. of Key Persons).	<2%	3.4%	<2%
I2, R3	Boost internal promotion (no. of vacancies filled by internal promotions / no. of new recruits).	30.0%	34.6%	30.0%
R2	Increase the % of women in the workforce.	28.0%	27.2%	29.0%
R2	Increase the % of female executives (directors and managers).	29.0%	29.4%	30.0%

Note: the objectives derived from the 2024-2028 Strategic Plan for People are also part of the 2024-2028 Sustainability Master Plan and have been included in the "Positive Social Impact" pillar. For more information, see section 1.4.5 2024-2028 Sustainability Master Plan and annual targets).

2. Strengthen the leadership of managers

- **Description:** team leaders are one of the key levers for generating and transmitting company culture, which in turn directly influences employee perception. To improve this perception, managers need to be aligned with the company's values and exercise a leadership style that embodies Ence's culture.
- **Actions and initiatives:** initiatives focused on reviewing the figure of the "Ence Leader", translating the skills required of leaders in specific behaviours and providing training and/or coaching to reinforce and develop leadership skills.
- **Related objectives:** initiatives focused on promoting leadership and alignment with Ence's purpose and culture are aimed at improving employee perception. This objective is broken down into the first two objectives detailed in core concept 1 (improve eNPS and maintain a low turnover rate, see table above).

3. Strengthen the brand image and position the company as a benchmark employer.

- **Description:** to attract and retain talent, the employer brand image needs to be strengthened, with certifications that position Ence as a great place to work for potential employees. These certifications will serve as branding, benchmarking, standardisation and networking tools with which to consolidate Ence's position as a benchmark employer.
- **Actions and initiatives:** assessment of the criteria and requirements of the Top Employer certification.
- **Related objectives:** the stated objective is to maintain the Top Employer certification by improving the score obtained and/or implementing new initiatives that identify Top Employers.

IRO	Objective	2024 Objective	2024 Performance	2025 Objective
I2, R3	Maintain Top Employer certification and improve the obtained score.	Obtain Top Employer certification.	Obtained certification (Score: 76.6)	Maintaining certification in 2025 (Score: 78).

4. Improve the efficiency of people management processes and manage through data (People Analytics).

- **Description:** the digitisation and automation of key human capital processes will improve management efficiency and promote data-driven decision making.
- **Actions and initiatives:** initiatives focused on digitalising core human capital processes using tools such as AUNA (SAP) and the creation of a human capital scorecard based on digitalised indicators.
- **Related objectives:** Digitalisation of all core human capital processes by 2028.

3.1.4 Dialogue and Participation Processes

Ence believes that fostering open, two-way communication not only improves transparency and trust within the organisation, but also enables its employees to feel valued and heard. This collaborative approach enables the identification of opportunities for improvement, the generation of innovative ideas and the implementation of initiatives arising from communication with employees, aligning the entire team with the company's strategic objectives. Dialogue processes are undertaken directly with employees or through workers' representatives.

3.1.4.1 Direct dialogue processes with employees

Ence has implemented several initiatives to encourage dialogue and employee participation. These include live online meetings with the Chair during quarterly results presentations, and meetings between managers and employees to listen to their views and suggestions for improvement. Ence also promotes dialogue between employees through the "Ence Directo" sessions, in which managers from different areas share their management's strategy and objectives. The annual management team meeting was also held in 2024 to analyse the context, review the strategy and set guidelines for the coming year.

In addition to these initiatives, Ence continues to encourage personalised dialogue between each employee and his or her supervisor through weekly "One on One" meetings and six-monthly follow-ups and annual performance interviews; as well as dialogue focused on equality through initiatives such as the "Round Tables".

Ence also considers it important to recognise the efforts of its team members, which is why the company promotes recognition actions by the Management Committee and regular acknowledgements through Ence's internal communication channels. The company also recognises each year at a specific event those employees who, due to their special contribution of value, have been considered as "Benchmarks".

In addition to all these initiatives, Ence maintains various **internal communication channels**, such as the AUNA platform, the my Ence app, the corporate intranet and other means of communication such as panels and monitors installed in the company's plants and offices.

Another of Ence's objectives is to improve the organisational climate and strengthen the pride of belonging among all members of the human team.

For this, Ence analyses the perception of its employees and develops action plans for the aspects identified as areas for improvement. The main tool used by the company to ascertain the opinion and degree of satisfaction of its employees is the annual opinion poll, for all company employees, which are carried out in accordance with the Great Place to Work methodology. In 2024, Ence renewed its **Great Place to Work** Certification for the fifth consecutive year. The results of the annual climate survey are communicated to all employees by providing information at group and departmental level. This way, each department draws up an action plan in which it identifies specific actions to be carried out during the year. In 2024, the results of the latest climate survey were incorporated into the process of defining the 2024-2028 Strategic Plan for People, which was presented to all employees in specific meetings at the different work centres, revealing how employees' concerns have been included in the plan and gathering suggestions and proposals to include them in the plan.



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In addition to the annual opinion poll, Ence checks the organizational culture every month with surveys for all employees focused on specific aspects of the company experience. The results of these surveys are presented monthly to Ence's Management Committee and are communicated to all employees through internal communications.

Furthermore, in 2024, as part of the development of the Ence Energía y Celulosa S.A. Equality Plan, a specific survey was launched on this issue to ascertain the perception and concerns of all employees in this respect, so that their contributions can be taken into account in the definition of the plan.

3.1.4.2 Dialogue processes through workers' representatives

In addition to the direct dialogue processes with employees, Ence maintains a fluid dialogue with workers' representatives through the Works Councils where employees express their concerns and issues.

Ence includes the management of labour relations as another of its priorities, establishing the objective of strengthening the company's proactivity in these relations and making progress in three aspects:

- Open and transparent communication.
- Participatory dialogue with workers' representatives.
- Building joint solutions and seeking consensus in the company's actions.

Ence bases labour relations on the principles of transparency, dialogue, trust and co-responsibility to guarantee a cordial and aligned relationship with workers in order to improve efficiency and productivity and applies its industrial relations protocol in its interaction with workers' representatives.

Regular monthly meetings are held with workers' representatives. In this sense, in 2024, Ence has held numerous meetings with employee representatives to involve them in management decisions, respond to their concerns, request their participation and gather their proposals and integrate them in the company's strategy. An example of this is the meetings held regarding the drafting of the new Equality Plan for Ence, CEASA and Magnon, where a specific committee was set up with representatives of the company and workers' representatives. The Strategic Plan for People was also presented to the representatives.

The Human Capital Directorate is involved in dialogue and negotiation with workers' representatives, whose main duties are:

1. **Collective bargaining:** Participate in the negotiation of collective agreements to agree on fair and equitable working conditions
2. **Consultation and Communication:** Maintain an open communication channel with workers' representatives to discuss relevant issues and make informed decisions.
3. **Conflict Resolution:** Collaborate in the resolution of labour disputes in a proactive and constructive manner.

Specifically, it is the General Director of Human Capital who leads the negotiations on behalf of the company, guaranteeing, through her status as a member of the Management Committee, that the issues addressed are passed on to this decision-making body of the company.

To ensure that the dialogue process is efficient, in addition to allocating human resources, Ence uses external tools to analyse the organisational climate, such as the Great Place to Work survey and the Top Employer certification mentioned above.

In terms of **workers' rights**, Ence strictly complies with legislation, and given that it operates in Spain and Portugal where there are robust regulatory frameworks and government control systems, the risk of infringement of worker conditions and human rights is very low. Moreover, Ence's Code of Conduct expressly recognises the rights of workers. Ence's Sustainability Policy includes the company's express commitment to respect human rights and specifically the rights of workers as set out in the ILO Declaration on Fundamental Principles and Rights at Work and its agreements (see section **3.1.2 Policies related to in-house employees**).

As a result of the social dialogue between Ence and workers' representatives, Ence has several collective bargaining agreements that regulate employee working conditions such as wages, working hours, holidays and other employee rights and obligations. The main agreements in force are:

1. Collective Bargaining Agreement of CEASA Biofactory in Navia
2. Collective Bargaining Agreement of Ence Energía y Celulosa, S.A. Biofactory in Pontevedra
3. Collective Bargaining Agreement of Ence Energía y Celulosa, S.A. Madrid Offices
4. Collective Bargaining Agreement of Ence Energía y Celulosa, S.A. Pontevedra Offices

5. Collective Bargaining Agreement of Ence Energía y Celulosa, S.A. Navia Offices

Ence is also represented by several trade unions at its work centres, which actively participate in the dialogue processes.

3.1.4.3 Internal Information Channel

Moreover, in addition to the dialogue mechanisms outlined above, Ence provides its employees with mechanisms whereby they can **confidentially report** practices that do not comply with the principles established in the Code of Conduct and the company's other internal rules, such as the company's **Internal Information Channel** (<https://ence.integrityline.com/>).

The Channel is available to all Ence employees or third parties who collaborate with the company. In 2024, there have been no confirmed cases and therefore no fines or sanctions related to discrimination or human rights violations of in-house employees. In 2024, 2 cases related to harassment were reported, one of which was closed after investigation and the other is still under investigation. For more information on the line and the procedure for managing and responding to communications, as well as the monitoring and reporting mechanisms and how Ence ensures that stakeholders are aware of the line, see section **Integrity Line**.

3.1.5 Characteristics of the workforce⁴²

3.1.5.1 Workforce profile

In 2024, the average headcount of the Group was 1,244.7 people, ending the year with 1,245⁴³ people in the workforce. The following tables include the breakdown by gender and country.

Gender	Number of employees	
	2023	2024
Man	916	907
Woman	346	338
Other	-	-
Not notified	-	-
TOTAL	1,262	1,245

Country	Number of employees	
	2023	2024
Spain	1,257	1,241
Portugal	5	4
TOTAL	1,262	1,245

Annex II Environmental and social indicators - Workforce profile includes a breakdown of the workforce by professional group, age, gender, country.

3.1.5.2 Quality employment

Ence is committed to generating and maintaining stable, quality employment, in order to offer an attractive professional project to the company's employees. This way, by the end of 2024, among Ence's employees, 94% have a permanent contract and 97% work full time. The following tables include the breakdown by type of contract, working hours, gender and country.

Number of employees by type of contract				
Woman	Man	Other	Not notified	Total
2024				
Number of employees				

⁴² Note on quantitative information related to the workforce: Ence reports the information at the end of the financial year (31/12/2024) and in number of people, as the difference between the mean workforce data and year-end data is less than 5%, so both data reflect equivalent and very similar information. With the exception of the turnover rate which is calculated on the basis of the average number of staff members in order to take into account staff fluctuations during the reference period.

⁴³ Information on the total number of employees at year-end and the average number of employees is included under "11.1 Workforce data" in the Consolidated Financial Statements for 2024.

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Number of employees by type of contract				
Woman	Man	Other	Not notified	Total
338	907	-	-	1,245
Number of permanent employees				
303	866	-	-	1,169
Number of contractors				
35	41	-	-	76
Number of employees with non-guaranteed hours ⁽¹⁾				
-	-	-	-	-
Number of full-time employees				
320	891	-	-	1,211
Number of part-time employees				
18	16	-	-	34
2023				
Number of employees				
346	916	-	-	1,262
Number of permanent employees				
307	874	-	-	1,181
Number of contractors				
39	42	-	-	81
Number of employees with non-guaranteed hours ⁽¹⁾				
-	-	-	-	-
Number of full-time employees				
328	906	-	-	1,234
Number of part-time employees				
18	10	-	-	28

(1) Ence has no employees with non-guaranteed hours. Non-guaranteed hourly wage earners are company employees without any guarantee of a minimum or fixed number of working hours.

Number of employees by type of contract and country		
Spain	Portugal	Total
2024		
Number of employees		
1,241	4	1,245
Number of permanent employees		
1,165	4	1,169
Number of contractors		
76	0	76
Number of employees with non-guaranteed hours ⁽¹⁾		
-	-	-
Number of full-time employees		
1,207	4	1,211
Number of part-time employees		
34	0	34
2023		
Number of employees		
1,257	5	1,262
Number of permanent employees		
1,176	5	1,181
Number of contractors		
81	0	81
Number of employees with non-guaranteed hours ⁽¹⁾		
-	-	-
Number of full-time employees		
1,229	5	1,234
Number of part-time employees		
28	0	28

(1) Ence has no employees with non-guaranteed hours. Non-guaranteed hourly wage earners are company employees without any guarantee of a minimum or fixed number of working hours.

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Ence's commitment to generating stable quality employment has translated yet again into low **staff turnover** with a turnover rate ⁴⁴ at group level has been 0.5. In 2024, there were a total of 607 terminations⁴⁵, of which 32 were dismissals. Most of these terminations correspond to temporary contracts, which are carried out to cover maternity/paternity leave, IT, absenteeism, specific situations such as annual technical stoppages, etc. In addition, absenteeism in 2024 decreased to 5.77% (124,217 hours) versus 9.48% in 2023 (115,218 hours), including sickness, occupational accidents, maternity/paternity, paid and union leave.

Annex II Environmental and social indicators - Quality employment includes the detail of **Breakdown of workforce by contract** type and **Workforce by workday type** broken down by age, gender, country. The breakdown of **Turnover rate** and **Redundancies** is also included.

3.1.5.3 Managing, attracting and retaining talent

Talent management is one of Ence's key priorities. The company is committed to attracting, developing and retaining the professionals needed to deliver its corporate strategy. To achieve this, Ence has designed a comprehensive value proposition for its employees, covering all aspects of their work experience, including compensation, professional development and active work-life balance and equality policies.

Attracting talent

To manage human capital effectively, Ence starts by attracting the talent needed to foster growth and develop new business lines, which are strategic objectives of the company. To this end, Ence identifies the profiles required in the short and medium term according to its strategy and creates an attractive value proposition for each one. The company also prioritises the attraction of local talent as part of its commitment to the development of the communities where it operates.

Ence uses several tools to attract talent, such as the Talent Programme, which facilitates access to employment and the professional development of young people in the areas where the company operates. This programme offers scholarships to recent graduates, offering them the opportunity to start their career in different areas of the company. Each intern has a mentor who facilitates their integration into the teams, monitors their learning and evaluates their performance. In 2024, 123 interns participated in this programme (64 men and 59 women), of whom 12% joined the Ence workforce at the end of their internship.

Once new employees join the company, Ence implements an **Induction Plan** that includes training sessions, adherence to internal rules of conduct, and where appropriate, an immersion programme and visits to the facilities to familiarise them with day-to-day operations.

Training and professional development

Training

Another key aspect of talent management at Ence is the development and improvement of its staff's skills. To this end, Ence draws up annual training plans based on an analysis of the skills it needs of its workforce, also including the training needs identified in the employees' individual development plans and the needs arising from the Strategic Framework for growth and diversification.

Ence's commitment to the development of talent and the ongoing training of its employees is reflected in several of its policies. The [Management Policy](#), for example, actively promotes awareness and ongoing training of each employee, providing the required knowledge, procedures and resources for efficient and quality performance. It also encourages the participation of employees so that their skills, knowledge and experience are shared for the benefit of the whole organisation.

⁴⁴ Turnover rate = (No. of total departures) / average workforce. The total number of departures includes resignations, dismissals, retirements, and if any, deaths in service.

⁴⁵ The total number of departures includes resignations, dismissals, retirements, and if any, deaths in service.

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Furthermore, the [Sustainability Policy](#) and the [Diversity and Equal Opportunities Policy](#) ensure that training is offered to all employees without discrimination based on gender or other personal conditions, and promote work-life balance with the training opportunities offered by the company.

In 2024, the Ence Group provided a total of 23,141 hours of training, equivalent to 18.59 hours of training per employee. Although a specific training plan with particular courses is defined each year, the training activities are grouped into 7 large areas, aligned with Ence's strategic priorities:

- Environmental awareness
- Regulatory compliance
- Leadership development
- Health and safety
- Sustainability
- Operation and maintenance technique
- Digital transformation

This financial year, it is worth highlighting the training activities in the field of technical skills, occupational health and safety, and regulatory compliance.

2024 training categories		
Training	Participants	Hours
Operation and maintenance technique	1,002	7,435.0
Occupational health and safety	1,181	7,088.5
Regulatory compliance	1,084	4,360.0
Leadership development	524	2,944.0
Sustainability	252	645.5
Environmental awareness	488	400.5
Digital transformation	140	267.5
Total	4,671	23,141.0

Annex II Environmental and social indicators - Training and professional development includes a breakdown of average hours of training by gender and occupational category.

Professional development

After being welcomed into the company, the next step in Ence's talent management strategy is to ensure professional development opportunities that allow employees to reach their full potential, thus not only offering an attractive project for the employee, but also boosting pride in belonging to the company and building talent loyalty.

Ence applies two complementary tools to manage talent development: the **Career Plan**, which is defined jointly with the employee and has a long-term focus, and the **Individual Development Plan**, which is established with an annual horizon. Once a year, the employee has a development interview with their manager, in which career and individual development plans are reviewed, the annual performance evaluation is shared, the achievement of individual objectives is reviewed, alignment with corporate values is analysed and the necessary reinforcements or training actions are proposed. In addition to the evaluation by supervisors, the performance management model is supplemented by feedback from peers and employees (360° Feedback).

In 2024, Ence Group carried out a total of 590 performance evaluations (71% of the total workforce), having evaluated 95% of employees in individual contracts and directors, on a target of 100% of these groups.

% of staff who have received performance evaluations 2024	Man	Woman	Total
Total % Staff	69%	74%	71%
Managers and individual contract (%)	95%	94%	95%
Staff covered by collective agreement (%)	42%	39%	42%

For contract staff, development interviews are also conducted to identify their career plan and Individual Development Plan (IDP). In 2024, 290 development interviews were conducted (82% men and 18% women).

Annex II Environmental and social indicators - Training and professional development includes a breakdown of performance appraisals by gender and occupational category.

2024 Sustainability Report

Ence uses other tools to foster talent development, including **corporate leadership, coaching, mentoring and management development** programmes, as well as external management development and other training. Equality criteria are also included in these programmes to enhance the professional development of women and their access to management positions.

Another key aspect of career development management is the **promotion process**. Ence seeks to balance external recruitment with the promotion of internal talent, offering growth opportunities to its employees. This fosters motivation, pride of belonging and commitment to the company. Ence posts internal vacancies in its communication channels with employees, and by 2024, it proposed to cover at least 30% of the number of vacancies filled by internal promotions with respect to the number of new recruits, closing the year with a figure close to 35%. In 2024, there were 59 internal promotions, of which 15 were for women. In addition, Ence informs the entire organisation of internal promotions to highlight its commitment to its human resources.

Remuneration

A key component of Ence's talent management strategy is the design of remuneration policies that are attractive and competitive for employees with individual contracts. In determining the elements of remuneration, the duties of each position and the value that each person brings according to their profile and experience are considered, within a structure of salary levels and bands that is transparently communicated to all staff. The remuneration established by collective agreement serves as a guaranteed minimum for staff on individual contracts. In addition, variable remuneration is linked to the achievement of personal, organisational and business objectives, including sustainability aspects (see section **1.4.1.1 Sustainability objectives linked to variable remuneration**).

Salary reviews for individual contract employees at Ence are carried out with the objective of guaranteeing internal equity and external competitiveness. To this end, Ence relies on the merit matrix, based on the positioning of each employee's salary band and their performance.

For employees subject to collective bargaining agreements, the agreed remuneration and pay structures are set out in the respective agreements in accordance with the legislation in force.

In all cases, for 100% of Ence employees, the starting salary of the lowest professional category is higher than the minimum wage applicable in Spain and Portugal. In 2024, the proportionality has been as follows:

Proportionality between the IMW and lower-level salary at Ence ⁽¹⁾		
SPAIN	2023	2024
Men	1.29	1.30
Women	1.27	1.28
PORTUGAL	2023	2024
Men	2.68	2.83
Women	2.97	2.83

(1) This does not include information on the 6 employees of the La Galera facility (a facility acquired by Ence at the end of December) whose remuneration in 2024 did not under any circumstances correspond to Ence.

In 2024, the **average effective remuneration** ⁴⁶, excluding the Management Committee, was €70,251 per year, including fixed and variable remuneration.

Average remuneration 2024 (€) ⁽¹⁾	2023 ⁽²⁾	2024 ⁽³⁾
Total average remuneration	67,715	70,251

(1) In order to preserve confidentiality, the average remuneration breakdowns by age and professional category included in the Annex also do not include the average remuneration of employees in Portugal due to their low representativeness (5 employees in 2023 and 4 in 2024).

(2) Data recalculated according to the new calculation methodology for 2024. For more details on the methodology followed, see section **Pay Gap**.

(3) This does not include information on the 6 employees of the La Galera facility (a facility acquired by Ence at the end of December) whose remuneration in 2024 did not under any circumstances correspond to Ence.

It should be noted that in 2024, Ence revised the methodology for calculating average pay and the pay gap, adapting it to the requirements established by the Sustainability Reporting Directive (CSRD) for calculating the pay gap. The following tables include the data with the new quantification methodology having recalculated 2023. For more details on the methodology followed, see section **Pay Gap**.

⁴⁶ The average remuneration data include all Ence Group employees with an employment contract. The CEO is not included as his relationship with Ence is not governed by an employment contract, but by a commercial contract.

Annex II Environmental and social indicators - Remunerations includes a breakdown of remuneration by gender, age and professional category.

Pay Gap

Regarding remuneration, Ence is committed to eliminating the gender pay gap and ensuring that there is no gender bias in salaries. In order to comply with this principle, Ence monitors pay differentials between current job groupings according to their professional category and job value in the organisation in order to eliminate them.

In 2024, a revision of the pay gap quantification methodology was carried out to adapt it to the requirements of Directive 2022/2464 on corporate sustainability reporting, applying the following formula:

$$\text{Wage gap} = [(\text{Average gross hourly pay level of male employees} - \text{average gross hourly pay level of female employees}) / \text{Average gross hourly pay level of male employees}] \times 1,000$$

In order to be able to compare remuneration between employees, all wage and salary concepts of all employees registered at the end of the reporting period are considered. To equalise, the salaries of employees who, due to their contractual situation, have not had an employment relationship with Ence throughout the year are extrapolated to annualised totals, employees who had partial working hours or reductions are taken to 100% of the working hours and for those who were on sick leave the salary conditions are taken as if they were no longer on sick leave. In addition, items that are eligible for equalisation are carried at 100% of the salary conditions, and one-off payments are maintained as paid. For the calculation of gross hourly wages, depending on the work centre of each employee, the number of hours worked is assigned to each employee. From this data, the average for men and women is calculated applying the formula described above. For the purposes of the calculation, employees are considered to be all persons whose conditions are covered by any type of employment contract. The CEO is not included in the calculation because he is not a salaried employee as he has a commercial contract instead of an employment contract.

In 2024, the total gap calculated according to this methodology has been 10.3% at Group level. The gap results, also broken down by occupational category, are presented below:

ENCE Group Wage gap (%) ⁽¹⁾	2023 ⁽²⁾	2024 ⁽³⁾
Senior Management ⁽⁴⁾	39.05%	41.00%
General management	3.10%	-3.40%
Managers	0.36%	1.80%
Technicians	12.63%	10.60%
Team managers	-9.69%	0.60%
Operators	27.73%	31.20%
Maintenance	11.97%	50.70%
Support and improvement	20.47%	1.40%
Clerical workers	6.21%	0.70%
TOTAL	11.78%	10.30%

(1) In order to preserve confidentiality, the average remuneration breakdowns by age and professional category included in the Annex also do not include the average remuneration of employees in Portugal due to their low representativeness (5 employees in 2023 and 4 in 2024).

(2) Data recalculated according to the new calculation methodology for 2024. For more details on the methodology followed, see section Pay Gap.

(3) This does not include information on the 6 employees of the La Galera facility (a facility acquired by Ence at the end of December) whose remuneration in 2024 did not under any circumstances correspond to Ence.

(4) Senior Management includes the Management Committee, the Internal Auditing Director and the Ethics and Compliance Director.

By occupational group, the pay gap is highest in Senior Management. For this group, it is important to note that the difference observed is mainly due to the different nature of the assessed contribution levels. According to the internal job evaluation, senior management roles are grouped into three different levels of responsibility and contribution to the strategic development of the company. These levels vary both in terms of the complexity of the duties and the direct impact on organisational results, leading to a natural variability in compensation.

Then, the occupational groups with the highest pay gaps are operators and maintenance. In an industry as masculine as ours, Ence maintains active policies to increase the incorporation of women in the framework of collective bargaining agreements in order to increase their representation in the workforce. The agreements include what are called "lacks", which means that employees who join the agreements will not receive 100% of the salary conditions until the third year, so that women who have recently joined have a lower salary until they have 3 years of general seniority.

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Ultimately, the fact of incorporating a majority of women at the entry levels of the organisation in order to promote equal representation of both genders, means that in the first few years the salaries of these junior women are lower than those of their male counterparts who have been at the same levels for the longest time and who have been promoted organically to higher levels of responsibility over the years. It is expected that as the female population becomes more representative and their average age increases, this gap will narrow. In any case, it is shown that the gap detected is not due to any gender bias in the selection processes or in the remuneration or promotion of any group.

Compensation ratio

The ratio of total annual compensation of the highest paid person to the average workforce in 2024 was 14.2 times. The annual compensation in 2024 of the highest-paid person decreased by 13.9% while the average annual compensation of the workforce increased by 3.7%⁴⁷.

Remuneration by gender on the Board of Directors

In the case of members of the **Board of Directors**, remuneration is governed by the principles of Ence's Directors' Remuneration Policy, which applies to all Directors without distinction as to gender or other personal circumstances. Variations in annual remuneration are based solely on objective criteria established by this Policy, such as their participation in various Board Committees or their role as Chair of one of them.

Total Average for Financial Year 2024 ⁽¹⁾		
Period	2023	2024
Gender	€MM	€MM
Men	96.7	100.8
Women	106.9	106.0

(1) For the calculation of the mean remuneration, fixed remuneration, allowances and indemnities and the payment of long-term savings schemes have been taken into account, but variable remuneration has not been taken into account, as it is only received by the Chairperson for their executive duties and not for their status as a director. It also does not include the Chairperson's remuneration for executive functions. The individual remuneration of each Board member can be consulted in Ence's Annual Remuneration Report.

3.1.6 Diversity and equal opportunities

Ence is firmly committed to equal opportunities and the rejection of any type of discrimination in the management of the human team, as established in its Code of Conduct, but the company also sees diversity as a lever for generating value, as it enriches and provides different points of view in decision-making. Ence's principles in this matter are defined in the Diversity and Equal Opportunities Policy, approved by the Board of Directors and publicly available to all the company's stakeholders in its [website](#) (see section **3.1.2 Policies related to in-house employees**).

3.1.6.1 Equality strategy and objectives

Ence's Equality Policy establishes a number of commitments that are materialised in the equality objectives defined in the 2024-2028 Sustainability Master Plan and in the annual sustainability objectives established each year on the basis of the framework objectives set out in the Plan (see section **1.4.5 2024-2028 Sustainability Master Plan and annual targets**).

Equality objectives			
Line of action	2024 Objective	2024 Performance	2025 Objective
Increase the % of women in the workforce	28.0%	27.2%	29.0%
Increase the % of female executives (directors and managers)	29.0%	29.4%	30.0%

The annual objectives are reviewed monthly by the Management Committee and the Board of Directors, in addition to a detailed quarterly review by the Board's Sustainability Committee.

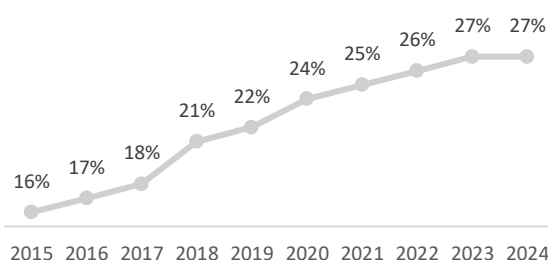
⁴⁷The CEO is not included in the calculation because he is not a salaried employee as he has a commercial contract instead of an employment contract. Moreover, this does not include information on the 6 employees of the La Galera facility (a facility acquired by Ence at the end of December) whose remuneration in 2024 did not under any circumstances correspond to Ence.

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The body in charge of defining the objectives and designing complementary measures to promote equality and diversity is the **Technical Commission for Equality**, in which managers from the areas of cellulose, renewable energies, forest estate, sustainability and human capital participate. The Commission meets regularly to follow up on measures, plans and objectives.

All the initiatives implemented by Ence to promote equality have resulted in a significant increase in the presence of women in the workforce in recent years, reaching a representation of 27% by the end of the 2024 financial year.

Evolution of the presence of women at Ence



3.1.6.2 Diversity indicators

At the end of 2024, the percentage of women in the workforce was 27%, in line with the previous year. In terms of Senior Management ⁴⁸, the representation of women was 30%.

Senior Management		
Gender	Number of employees	%
Men	7	70%
Women	3	30%
TOTAL	10	100%

As for the distribution by age bracket, the data for the last two years are presented below:

Age:	Number of employees	
	2023	2024
Up to 30 years old	122	110
From 31 to 50 years old	899	863
Over 50 years old	241	272
TOTAL	1,262	1,245

3.1.6.3 Work-life balance

Work-life balance is a key principle in Ence's Diversity and Equal Opportunities Policy. The company sees work-life balance not only as an employee's right, but also as a tool to retain talent and foster pride in belonging. To meet this commitment, Ence implements measures such as flexible working hours, digital disconnection, optimisation of the meeting schedule and working from home.

Ence also offers its employees benefits in addition to those required by law, such as breastfeeding leave that can be accumulated into full working days, maternity leave cover, part-time maternity leave and the promotion of online meetings to avoid commuting.

Ence's value proposition for staff who are not under the collective bargaining agreement also includes a working hours policy that enables greater time flexibility, enabling employees to organise their working hours according to their needs. For certain positions, Ence also offers the possibility of working from home up to two days a week, thus facilitating the work-life balance. Updates to this policy are communicated to employees on Ence's internal communication channels.

As required by Spanish law, 100% of Ence employees are entitled to several types of leave for family reasons, such as maternity leave, paternity leave or leave to care for family members in the event of an accident, serious illness, hospitalisation or surgery. In 2024, 21%⁴⁹ of the workforce took some of these leaves. Among the employees who took leave, 5% were women and 15% were men.

⁴⁸ Senior Management comprises the Management Committee, the Internal Audit Directorate and the Ethics and Compliance Department. The Management Committee is formed by the Chief Executive Officer, the General Managers of the business areas, and the General Managers of the related corporate areas.

⁴⁹This includes employees who are or have been in the workforce during the reporting period (excluding Interns, Partial Retirees and Directors).

3.1.6.4 Persons with different abilities

The inclusion of people with different abilities in the workplace is another of the commitments of Ence's Equality and Diversity of Opportunities Policy. In accordance with this Policy, the company develops specific integration plans and removes any physical or other barriers to effective integration. In 2024, Ence had 11 employees with different abilities⁵⁰, providing all the necessary resources and conditions to ensure their accessibility and enable them to perform their duties properly.

Gender	Employees with different abilities			
	2023		2024	
	Number	% of total staff	Number	% of total staff
Man	8	0.63%	8	0.64%
Woman	4	0.32%	3	0.24%
TOTAL	12	0.95%	11	0.88%

In addition to providing direct employment through hiring, Ence works for inclusion through the indirect generation of employment for disabled profiles through collaboration agreements with foundations and special employment centres, thus complying with the requirements of the General Act on Disability.

In this sense, Ence has also been collaborating for years with the Adecco Foundation to provide assistance to families in the Ence workforce with children with different abilities and in various initiatives, such as the promotion of the people with different abilities week and the implementation of alternative measures for managing uniqueness. Ence also works with special employment centres and subcontractors.

In addition, as part of its community relations plans, Ence collaborates with many associations that work to **integrate people with different abilities**, such as the Association for the Disabled of Northwestern Asturias (ADINORA) which, located in Navia, serving the entire region. Ence collaborates with this group by providing services such as speech therapy, physiotherapy and social integration. Along the same lines, in 2024 the company collaborated with **Asociación Fraternidad** by providing resources for the renovation of one of its centres. *Asociación Fraternidad* is an NGO that focuses on the inclusion of people with intellectual disabilities, working in Western Asturias since 1982. Its mission is to transform lives by providing holistic care and promoting a more inclusive and respectful world. They offer resources such as residential centres and comprehensive care centres to promote the autonomy and personal and social development of people with different abilities.

3.1.7 Workers' rights

3.1.7.1 Right to association and collective bargaining and social dialogue

At the end of 2024, 42% of the workforce has a contract linked to a particular collective bargaining agreement, the same % as in 2023. However, all Ence employees, regardless of whether they are covered by collective bargaining agreements or individual contracts, are subject to the collective bargaining agreements of the different work centres, and where applicable, the relevant industry or provincial agreements.

Ence is represented by several trade unions at its work centres, which actively participate in the dialogue processes⁵¹. In 2024, the collective bargaining agreement for Ence Energía y Celulosa offices in Pontevedra was negotiated.

Coverage rate	Collective bargaining coverage		Social dialogue (Workers' representation)
	Employees - EEA	Employees - Non EEA	
0%-19%	-	N/A	-
20%-39%	-	N/A	-
40%-59%	-	N/A	-
60%-79%	-	N/A	-

⁵⁰ Persons with different abilities are persons with disabilities according to the definition of the Royal Legislative Decree 1/2013. According to this Act, persons with disabilities are those who have physical, mental, intellectual or sensory impairments, which are expected to be permanent, and which in interaction with various barriers may prevent their full and effective participation in society on an equal basis with others. The Act also establishes that persons with disabilities are those who have been granted a degree of disability equal to or greater than 33%. These definitions have been taken into account in the data collection methodology.

⁵¹ Ence has no employee representation on European Works Councils, Societas Europaea (SE) Works Councils or European Cooperative Society (ECS) Works Councils.

80%-100%

Spain / Portugal

N/A

Spain / Portugal

% of the 2024 Workforce percentage by type of group, gender and country				
Type of group	SPAIN		PORTUGAL	
	Men	Women	Men	Women
Individual contract	64%	36%	50%	50%
Collective bargaining agreement	80%	20%	0%	0%
Total	73%	27%	50%	50%

3.1.7.2 Welfare plans

All Ence employees are covered by the benefits established in the national legislation on social protection in the countries where it operates (Spain and Portugal), including benefits for leave due to accidents, sick leave, maternity/paternity leave, retirement or entitlement to unemployment benefit.

In addition to these public programme benefits, Ence completes its value proposition for employees with a number of social benefits designed to adapt to the needs of each person and guarantee social protection that goes beyond the strictly legal requirements. These benefits apply to full-time, part-time and temporary employees and include a pension plan, so that employees have an additional source of income after retirement, and life and accident insurance, to protect the employee and their family in all circumstances.

Depending on the applicable bargaining agreement and the work centre, Ence also offers other social benefits such as the flexible remuneration plan, medical insurance, the supplementary benefit for situations of temporary incapacity or the factory restaurant/canteen card.

3.1.8 Health and safety

Ence's main strategic priority is to guarantee the health safety of everyone involved in its operations, whether they are direct employees or contractors. This is why the company is committed to providing all the necessary resources to carry out its activities in a safe manner, acting to protect the health of both its employees and those who collaborate with the company through contractors.

With the ultimate aim of achieving zero accidents in its operations, Ence has implemented and is working to improve the management systems and the implementation of innovative tools in order to ensure safety in all its activities.

For the report on the health and safety management model and its performance, which is linked to the objective of minimising the potential for workplace accidents (see section "**3.1.1 Impacts, risks, and opportunities**"), Ence structures the information around the key aspects governing the safety culture: Structure and Governing Bodies; Policies and Principles of Action; Occupational Risk Prevention Management Model; Training; Performance; and Workers' Welfare.

3.1.8.1 Governing bodies and structure

Health and safety management at Ence is organised through a **Joint Prevention Service (JPS)**⁵², which assumes the preventive specialisation areas of safety at work, ergonomics and applied psycho-sociology, and health surveillance; and outsourced the speciality of industrial hygiene. The JPS covers 100% of the Ence Group's workforce.

At the level of **governance bodies**, in 2020, Ence created the **ELSE** ("*Equipo de Liderazgo en Seguridad*", Safety Leadership Team) **Committee**, a decision-making body that periodically reviews the company's safety performance and the progress of the main improvement initiatives. This body also approves corporate standards regarding security. The ELSE committee is made up of: the Chairperson, the General Managers of Cellulose and Magnon, the Internal Auditing Director, and the Security Managers of the different Business Units.

3.1.8.2 Health and Safety Policy and principles of action

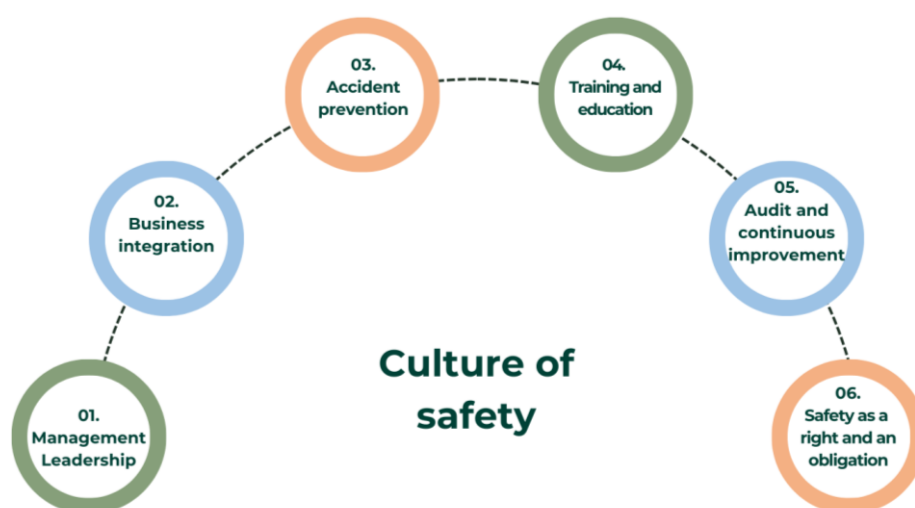
Ence sets out its principles of action in its **Health and Safety Policy**. It also defines the governance bodies and their respective responsibilities in relation to the definition, implementation and compliance with the principles set out in the

⁵² The JPS management model is aligned with the requirements of Royal Decree 39/1997, which implements the Prevention Services Regulations and Act 31/1995 on the Prevention of Occupational Risks.

policy. This policy is available to all stakeholders on the company's [website](#) (see section **3.1.2 Policies related to in-house employees**).

Moreover, the protection of people's health and safety is one of the principles of action set out in Ence's Code of Conduct and forms part of the company's values. Ence not only sees safety as a fundamental right of its workers, but also as a tool to improve the organisation's efficiency, climate, pride of belonging, and ultimately, the company's competitiveness.

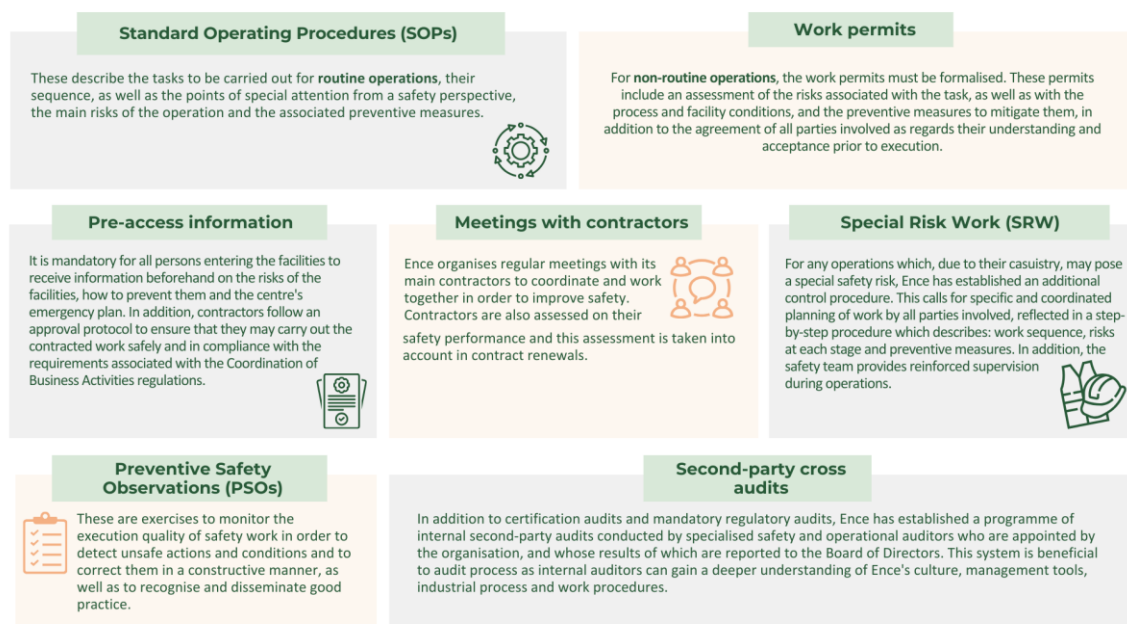
The cross-cutting approach to safety culture ensures that it reaches all levels of the company by making safe behaviours the standard way of doing business and leading to the creation of an operational discipline that at a later stage leads to the operational excellence that the company seeks. This culture focuses on the following aspects:



1. **Management leadership and responsibility:** visible commitment of management and the entire chain of command to safety, exemplary in daily management.
2. **Business integration:** integration of security in all processes as a cornerstone of making decisions.
3. **Accident prevention:** the constructive investigation of all accidents and incidents by implementing measures to prevent recurrence and sharing lessons learned.
4. **Training and education:** ongoing training for all employees to ensure that they are sufficiently trained to work safely.
5. **Audit and ongoing improvement:** application of the PDCA (Plan, Do, Check, Act) ongoing improvement cycle by continuously auditing to monitor if security plans and procedures are understood and executed correctly.
6. **Safety as a right and an obligation:** Safety is not only an employee's right, but also an obligation, as all company employees are ultimately responsible for their own safety and that of the people around them.

3.1.8.3 Risk prevention and management model

The health and safety management system applies to 100% of Ence's employees and is governed in accordance with the criteria of the international standard ISO 45001:2018; all Ence's industrial operations centres are certified by an independent third party in accordance with this standard. This management model, subject to annual internal and external audits, has procedures in place to prevent occupational risks linked to the tasks performed and working conditions by providing all employees with tools to ensure safe workplaces. These include the following:



3.1.8.4 Health and safety training

Health and Safety training is a key instrument in **preventive action**, promoting a culture of safety in the company and thus protecting the worker against possible risks that may be present during day-to-day operations. For this reason, Ence has designed a training itinerary for all the company's profiles, in which the specific training actions required are defined according to their risk group. A total of 7,088.5 hours of health and safety training were provided in 2024. It also requires initial training in the risks and preventive measures characteristic of our business, as well as in emergency plans, for any contractor who is going to work for Ence.

3.1.8.5 Objectives and performance

Ence has set itself the goal of achieving **zero accidents** in all its operations, extending this vision not only to its employees, but also to its contractors. Therefore, when setting safety improvement targets, Ence **incorporates all external personnel**.

In addition, specific voluntary health and safety targets have been defined within the 2024-2028 Sustainability Master Plan:

2024 Health and Safety Targets ⁽¹⁾			
Business line	Pulp	Forestry	Power Plants
Lost Time Injury Frequency Rate (LTIFR) ⁵³	2.48	9.44	2.97
Severity Rate ⁵⁴	0.142	0.489	0.07
2024 Performance			
Business line	Pulp	Forestry	Power Plants
Lost Time Injury Frequency Rate (LTIFR)	2.76	5.97	4.10
Severity Rate	0.053	0.413	0.033

(1) Cellulose: includes cellulose business (biofactories); Energy: includes energy business (independent power plants); Forestry: includes Forestry procurement, Forest and Biomass supply; Forestry: includes Forestry procurement, forest and Biomass supply

⁵³ Lost Time Injury Frequency Rate (LTIFR) = Accidents with sick leave for in-house and external personnel x 10⁶ / Hours worked for in-house and external personnel

⁵⁴ Severity rate = Days lost (working days) due to accidents of in-house and external personnel x 10³ / Hours worked by in-house and external personnel

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These objectives are aimed at reducing the potential negative impact of Ence's operations on the health and safety of its in-house staff and external personnel. They are set for 2024-2028 and include the three main business lines (Pulp, Forestry and Power Plants). Ence's historical values and the industry's main reference values have been taken into account in defining the objectives.

Security performance is monitored through two types of indicators for which specific targets are set:



In 2024, the Pulp business has started the execution of its strategic plan (2024-2026) to implement the SPM - Safe Process Management culture in its two biofactories and avoid serious accidents that could affect people, the environment, reputation and assets of the company. In this period, the analysis in terms of risk of more than 4,500 potentially risky events stood out.

In the forestry area, the implementation of a practical workshop in the forest, to learn about safe felling and cutting procedures, facilitating access to training for chainsaw operators in safety aspects that help them to avoid one of the main causes of accidents in the forestry area.

The key performance indicators for 2024 are set out below. These indicators include information not only on Ence's own personnel, but also include data on external personnel, demonstrating Ence's firm commitment to safety for people who work under contract.

Accidents

In 2024, the number of accidents with and without sick leave decreased by 3.5% compared to the previous year, with no fatal accidents among both in-house and external staff. Whenever an accident or incident is recorded, and based on the corresponding corporate procedure, it is investigated, with an exhaustive analysis of causes until the root cause is identified, the definition of corrective actions to mitigate it and preventive actions to avoid its repetition, recorded and communicated, in order to disseminate the main lessons learned. The accident and incident database is one of the main sources of information and analysis for building the annual Safety FMOs. The number of calendar days lost due to accidents with sick leave amounted to 257 for in-house staff and 706 for external staff.

Annex II Environmental and social indicators - Accidents includes a breakdown of accidents by gender, in-house staff and external staff.

Accident rates

In 2024, both the Frequency Rate and Severity Rate decreased regarding the previous year:

Accident rates	2022	2023	2024
Lost Time Injury Frequency Rate (LTIFR)	5.26	6.40	4.15
Severity Rate	0.221	0.446	0.192

In 2024, the accident rate⁵⁶, also known as the hazard rate, was 10.88 for in-house staff.

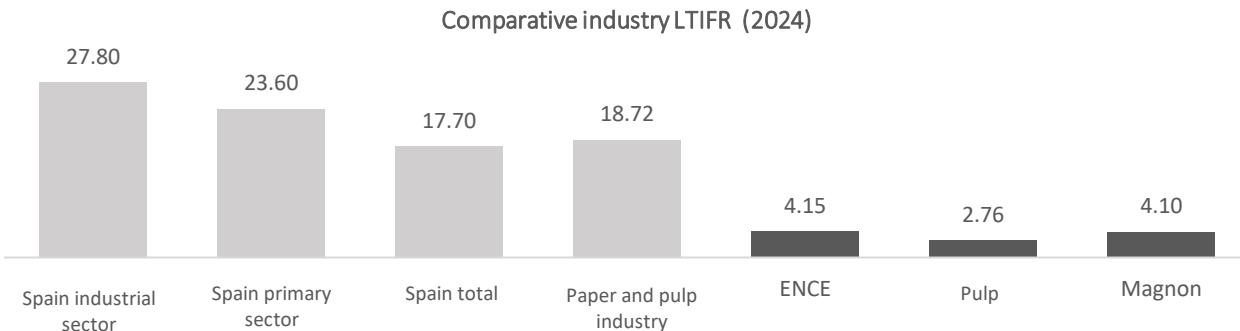
⁵⁵ Deaths as a result of accidents at work are included (except those resulting from non-traumatic pathologies). The following are not included in the calculation of accident rates: "in itinere" accidents, or accidents resulting from non-traumatic pathologies.

⁵⁶ Accident rate: (number of recordable occupational accidents/number of effective hours worked) x 1,000,000; the number of recordable occupational accidents are those occurring at the workplace and in itinere with or without sick leave.

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Ence's good safety performance means that the company is well below the benchmark accident rates in Spain. In the last four years, Ence has been below the levels of the general LTIFR rate of the industry or the cellulose and paper industry in Spain.

In this sense, in 2024, the cellulose and paper business has maintained accident levels (LTIFR) 3.6 times lower than those of the cellulose and paper industry. The energy business is 6.8 times below the levels of industry in Spain. Maintaining such low levels over time is only possible because of the company's strong safety culture.



Source: Spanish Ministry of Labour, ASPAPEL (data published in 2024).

Annex II Environmental and social indicators - Accident rates includes a breakdown of accident rates by gender, in-house staff and external staff for the main business lines.

3.1.8.6 Workers' health and welfare

As well as ensuring safety in its operations, Ence also makes it a priority to protect health and promote a healthy lifestyle among its employees.

In 2024, Ence continued to work on monitoring the health of its employees and promoting healthy lifestyles, with measures such as:

- Annual **medical check-ups** for its employees on a voluntary basis. These check-ups include an exhaustive and detailed examination that goes beyond the usual basic parameters and includes specific tests such as electrocardiogram, mammography, spirometry, stress test, visual and auditory examination, chest X-ray, carotid ultrasound, abdominal ultrasound, gynaecological examination, cytology, blood and urine analysis, etc.
- **Flu vaccination campaign** by providing employees with the opportunity to get vaccinated at their workplaces.
- The "Ence for your health" **informative bulletins**, which deal with general health issues and promote healthy habits, have also continued to be published.
- Emotional health support tools. Ence, which adheres to the Luxembourg Declaration and is a member of the 'Healthy Companies' network, with the objective of improving and promoting health in the workplace, offers its employees several tools to promote their emotional health, such as confidential and anonymous questionnaires to assess their emotional health, an employee assistance programme consisting of a personalised psychological counselling service to resolve possible situations of psychological and emotional distress, as well as psycho-educational workshops and newsletters on different topics.

Ence's health monitoring service not only monitors employees' health, but also draws up **plans to promote a healthy lifestyle**. These plans focus on promoting a balanced diet, smoking cessation, encouraging physical activity and carrying out specific testing campaigns, such as those related to hypertension and cholesterol, among others.

In addition, as part of its social benefits, Ence provides its employees with medical insurance and life and accident insurance, contributing 50% of the contribution to protect both the employee and his or her family.

Ence is also responsible of preparing the corresponding epidemiological studies and annual reports in the operations sites. In this regard, Ence has not identified through its risk assessment systems any job positions with a risk of occupational diseases, which is why **no cases of occupational diseases were recorded** in 2023 or 2024.

3.1.9 Earmarked resources

In terms of resources allocated to its in-house personnel, in 2024, Ence earmarked €2.8 million for voluntary contributions to pension plans and €2 million for other social expenses including, among others, voluntary contributions to life insurance, medical care, school aid and scholarships, the contribution of restaurant or canteen tickets. These amounts are reflected in note "11 Personnel" of the Consolidated Financial Statements.

In addition to these resources, in 2024, the total investment (CapEx) related to Health and Safety has reached nearly €3.4 million.

These investments include improvements in industrial safety and the structural facility integrity, actions related to the fire control plan, improving the systems for the prevention and control of legionnaire's disease in the plants' refrigeration equipment, anti-stroke systems and other projects related to the prevention of occupational hazards.

3.2 Workers in the value chain

S2

Through the update of the double materiality analysis described in section **1.4.4 Double materiality analysis** above, specific analysis was carried out to identify and assess impacts, risks and opportunities related to workers in the value chain.

The companies that make up Ence's value chain, and therefore its employees, are essential to Ence as they play a key role in the tasks of supply, logistics and maintenance, among other essential tasks for the proper functioning of Ence's operations, and are a crucial element in implementing the company's development plans.

Ence's value chain is characterised by the great diversity of collaborating companies with which the company works, ranging from large industrial supply companies, small and medium-sized local companies in the areas of operation to a large number of self-employed professionals in the areas of logistics or forestry work. This diversity not only enriches the work environment with a wide range of skills and perspectives, but also strengthens the company's capacity to innovate and adapt to market changes. Collaboration with these different groups of workers is key to Ence's success, always ensuring that these companies have an adequate organisational infrastructure and maintain control, organisation and management of their workers. The main types of workers in the value chain in each of Ence's businesses are described below.

In the pulp business, the value chain includes a wide variety of partners at different stages of the process, from raw material supply to pulp distribution:

- **Supply of raw materials:** To guarantee the supply of wood and biomass to the pulp mills, Ence collaborates with:
 - **Forest owners:** owners of timber production land. In these cases, Ence acquires the right of the forests (standing purchases) and is responsible for harvesting and transporting the wood and/or biomass to the factory by means of harvesting companies and transporters. In many cases, especially in the northwest of the Iberian Peninsula, these are small individual landowners, families, town councils or local forest communities with whom Ence works directly. In 2024, Ence worked with over 1,500 forest owners, 98.6% of whom were smallholders.
 - **Timber harvesting contracts:** these are responsible for harvesting timber in the forests managed by Ence (forest assets or standing purchase forests). These are mostly small contracting companies (SMEs) with their own forestry staff (in some cases subcontracting part of their activities) and machine operators using specialised machines to cut and prepare the wood for transport. In 2024, Ence worked with over 83 timber harvesting contractors, of which more than 70% were SMEs.
 - **Transporters:** these are transport companies and self-employed persons who are responsible for transporting the timber from the forest or intermediate parks to the processing plants. In the vast majority of cases, this involves road transport using lorries. In some cases, these are self-employed people with only one truck or small transport companies, which operate a small number of trucks. In 2024, Ence worked with more than 200 timber transporters, over 85% of which were small transporters.
 - **Wood/biomass suppliers:** companies that deliver wood/biomass directly to Ence's plants. These companies undertake the tasks of landowner relations, harvesting and transport of wood/biomass. In 2024, Ence worked with 200 wood suppliers and more than 60 biomass suppliers, 84% and 82% of which, respectively, were small suppliers. Ence occasionally works with international suppliers who import wood from third-party countries

and transport it by ship, although these are occasional contributions as more than 86% of the wood used by Ence is of domestic origin.

- **Distribution of cellulose pulp:** for the distribution of cellulose pulp from the biofactories to the end customers, Ence collaborates with:
 - **Port authorities:** Ence maintains a close relationship with port authorities for the distribution of its pulp. This collaboration is key to coordinate the efficient handling of large volumes of pulp, which is essential for Ence's logistics and distribution.
 - **Port service companies:** these companies are responsible for the loading and unloading of vessels, as well as the temporary storage of the pulp. These companies have their own employees or subcontract part of their activities.
 - **Maritime transport providers:** large companies specialised in the transport of large volumes of pulp from ports of origin to international ports of destination.
 - **Transporters:** these include companies that manage land transport from Ence's production plants to the ports of origin and from the ports of destination to the final destination. These companies have their own employees or subcontract part of their activities.

In the case of the energy business, the main suppliers are related to the supply of biomass to the power plants and follow a similar pattern to that of wood purchases in the pulp business.

- **Agricultural landowners:** They mainly include agricultural companies and small farmers who provide Ence with agricultural residues that are generated as a result of their activities and are key to ensure a constant supply of biomass. As in the case of wood, this type of direct purchases are called standing purchases, and in these cases, Ence also manages the use and transport of biomass with specialised contractors. Agricultural enterprises often rely on directly hired employees who in many cases are migrants with different origins and with temporary or seasonal contracts depending on agricultural needs. In 2024, Ence worked with almost 700 agricultural landowners, all of whom were smallholders.
- **Biomass utilisation contractors:** As in the case of cellulose, these are mostly small companies (SMEs) responsible for the tasks of collecting, preparing and processing the biomass to Ence's facilities. In 2024, Ence worked with 56 contractors, all of them SMEs.
- **Transporters:** Companies that transport biomass from production areas to electricity generation plants. In the vast majority of cases, road transport is involved and the means of transport used are lorries. In many cases, self-employed professionals or small transport companies load and unload the biomass and take it to Ence's facilities. In 2024, Ence worked with more than 110 biomass transporters, 96,5% of which were small transporters.
- **Biomass suppliers:** Companies responsible for supplying biomass to Ence's electricity generation plants. These companies undertake biomass utilisation and transport. In 2024, Ence worked with almost 190 of these suppliers, 99.5% of which were small biomass suppliers.

In the case of the forestry management of Ence's assets, this activity provides raw material for the other business lines as an additional source of wood and biomass supply from the forests managed by Ence for pulp production and renewable energy generation activities. To manage its forests, Ence collaborates with forestry, logging and transport companies. In addition, for the proper forest management, Ence collaborates with other suppliers such as R&D suppliers (e.g. universities or research centres) or small suppliers related to nursery activities (e.g. supply of seeds, fertilisers, etc.).

Industrial suppliers: In addition to suppliers related to the procurement, harvesting and transport of timber and biomass, Ence also works with other suppliers linked to the pulp and energy business who supply the chemicals, other materials and equipment needed for pulp production and power generation. These suppliers are usually large companies that specialise in industry with their own employees. In addition to those, Ence also works with many industrial contractors, who take care of tasks such as maintenance, repairs, cleaning, security, etc. These companies are particularly relevant at times of annual technical shutdowns, when scheduled upgrading and maintenance work is concentrated. They are also involved in the implementation of industrial projects, such as capacity expansions, development of new production lines (e.g. the new fluff pulp production line at the Navia biofactory) and other projects. In these cases, Ence works with a wide variety of companies, from small local maintenance companies to large industrial groups with their own workers, and in some cases they also subcontract part of their activities.

Ence also works regularly with engineering and consulting firms for the design and development of its industrial projects, such as the development of water recirculation projects in existing biofactories or the engineering of projects such as the

new recycled cellulose plant in As Pontes or the new moulded cellulose plant for sustainable packaging or the new business line of biomethane plants. In these projects, Ence collaborates with large international engineering companies and technologists, as well as small local consultancy firms that provide support in the processing and permitting processes.

In addition, Ence works with other **service providers** such as law firms, auditors and consultants of various types for its corporate functions.

3.2.1 Impacts, risks, and opportunities

Through the double materiality analysis described in section **1.4.4 Double materiality analysis** above, specific analysis was carried out to identify and assess in-house employee-related impacts, risks and opportunities. Consultations with suppliers and other external stakeholders were also undertaken

3.2.1.1 Impacts

As detailed in the previous section, many of the activities undertaken by workers in Ence's value chain are related to agricultural or forestry work and are often carried out by self-employed and small companies (SMEs) with high subcontracting ratios, constantly changing working conditions due to seasonality and the hiring of migrant staff. Moreover, the work is carried out in weather conditions that are not always favourable. In this context, there is the potential for **negative impacts** that may mainly affect the health and safety of contract workers and the violation of the working conditions of workers in the value chain. Negative impacts include:

Impact	Description of the impact	Prevention / mitigation measures
I1: Accident potential. (C / VC)	Contractors' employees may suffer accidents in the course of their employment for the company.	<p>The safety of suppliers' and contractors' employees is a priority for Ence, which is why the company sets improvement targets that take into account not only its in-house personnel but also external workers (see section 3.1.8 Health and safety). Specifically, Ence promotes, among other things, that the companies that form part of the value chain train their employees and provides these companies with innovative tools for health and safety protection. In this area, Ence has developed pioneering tools to improve safety management in forestry work, with which it has managed to position itself as a benchmark in the industry in this field. They include:</p> <ul style="list-style-type: none"> Measures to improve awareness and preventive training of contractors, through the creation of SOPs in video or practical safety awareness days for chainsaw operators. Measures to minimise the risk of accidents during logging operations with the use of distance meters, devices to assist the control of safety distances in the manual felling of trees by chainsaw operators. Development of a predictive algorithm that takes into account meteorological factors, particularities of the plot and the task to be undertaken. With this information, the algorithm anticipates the risk level of the operation and the probability of accidents.
I2: Violation of working conditions. (P / VC)	Workers in the value chain may be subjected to precarious working conditions and potential violations of their labour rights.	Ence has developed preventive measures to ensure that contractors respect human and labour rights throughout the value chain and the company has due diligence mechanisms in place to detect possible breaches and terminate relationships with companies that do not meet the company's ethical standards; for more information see section 3.2.4 Human rights in the value chain .
I3: Management of personal data. (P / VC)	The management of personal data is of particular importance in an increasingly digitalised context, where workers could be affected by the inadequate management of their information.	Ence has implemented several measures to protect the personal data of its contractors, ensuring compliance with data protection regulations. These measures include the Privacy Policy which regulates the use and protection of personal data of employees, contractors and suppliers. This policy is aligned with the European Union's General Data Protection Regulation (GDPR). The Data Protection Officer (DPO) monitors compliance with data protection regulations and handles privacy-related complaints and requests. The company also implements technical and organisational measures to protect personal data against unauthorised access, loss, destruction or alteration. In addition to these measures, Ence has a Cybersecurity Plan that

ensures, among other things, that personal data are protected against unauthorised access, security breaches and cyberattacks (for more information, see section **4.7 Cybersecurity**).

C: Current; P: Potential / OO: Own Operations; VC: Value Chain

Ence's activity also has a positive impact on the employees in the value chain, improving their working conditions:

- **Job creation:** Ence's activity significantly boosts quality employment and value creation for the communities in the areas where it operates, as the company is clearly committed to hiring local suppliers. Thus, in 2024, Ence worked with over 6,100 suppliers, 95% of which were local. Purchases from suppliers amounted to some €960 million, with 86% of expenditure going to local suppliers. Furthermore, thanks to its forestry extension policies and the establishment of long-term relationships with suppliers and industrial partners, Ence stimulates and contributes to preventing the deindustrialisation and depopulation of the rural environment. Ence also actively contributes to the growth and development of the contractor companies with which it works, through machinery acquisition programmes and other actions that help micro agricultural and forestry companies grow, generate employment and offer better working conditions to their workers. By strengthening the industrial fabric of the regions in which it operates, Ence also generates indirect and induced employment, which is key in rural Spain.
- **Training and skill set development:** Ence offers education and training programmes in its areas of influence in order to improve the skills and abilities of local communities. This provides opportunities for professional development and improved employability, with initiatives such as the forestry machinists' school.
- **Commitment to fair working conditions:** all suppliers must adhere to Ence's Code of Conduct before entering into any business relationship, thereby ensuring that the principles of the Code of Conduct are extended to all employees, including the protection of human rights and the promotion of equality.

3.2.1.2 Risks and opportunities

Risks

Identifying and managing the risks to which Ence is exposed from its value chain in terms of the working conditions of the employees of the companies it contracts with is key to minimising potential negative impacts. The **main risks** identified are described below:

Risk	Description of the risk	Mitigation measure
R1: Reputational damage or fines related to data privacy of workers in the value chain.	Non-compliance with data protection regulations of employees in the value chain could lead to sanctions and a worsening of the company's reputation.	<ul style="list-style-type: none"> ▪ Privacy Policy regulating how the personal data of employees, contractors and suppliers is collected, processed and protected. ▪ Data protection officer in charge of monitoring compliance with data protection rules. ▪ Technical and organisational measures to protect personal data against unauthorised access, loss, destruction or alteration. ▪ In addition to these measures, Ence has a Cybersecurity Plan that ensures, among other things, that personal data are protected against unauthorised access, security breaches and cyberattacks (for more information, see section 4.7 Cybersecurity).
R2: Worsening of relations with suppliers due to the demands of Ence's procedures.	Ence's demands in terms of quality, sustainability and regulatory compliance can lead to tensions with suppliers.	<ul style="list-style-type: none"> ▪ Open and clear communication with suppliers to ensure they understand expectations and requirements. ▪ Ongoing review of procedures and requirements to avoid redundancies and duplication. ▪ Ence seeks to be flexible and adapt to the capabilities and needs of its suppliers, adjusting procedures where possible without compromising quality and sustainability standards.
R3: Strikes in the value chain.	Strikes in the value chain can disrupt the distribution of products, affecting the production process and customer supply.	<ul style="list-style-type: none"> ▪ Supplier diversification to expand the portfolio to more than one supplier or just one region. ▪ Development of contingency plans to address potential supply chain disruptions. Storage and safety stock to ensure continuity in the event of potential supply chain disruptions.
R4: Reputational loss due to the poor labour practices of suppliers (e.g. working	If Ence's suppliers do not comply with labour and human rights regulations, this can have a	<ul style="list-style-type: none"> ▪ Supplier adherence to Ence's Code of Conduct to extend Ence's ethical principles to suppliers. ▪ Ence's Purchasing Policy extends its commitment to respect human rights to its supply chain.

Risk	Description of the risk	Mitigation measure
conditions, equality, human rights).	negative impact on the company's reputation.	<ul style="list-style-type: none"> ■ Inclusion of specific contractual clauses on labour conditions and human rights in the approval processes for industrial suppliers, agroforestry services, wood and biomass. ■ Sustainability Due Diligence Policy and Procedure that sets out the minimum human rights, environmental and ethics and compliance requirements that suppliers are required to meet. ■ Supplier evaluation system. ■ CTAIMA platform to manage documentation and compliance requirements related to Occupational Risk Prevention regulations. This system enables Ence and its contractors to ensure that all business activities are undertaken safely and in compliance with current legislation. <p>For more information see section 3.2.4 Human rights in the value chain.</p>
R5: Non-compliance with health and safety and human rights regulations.	Failure to comply with occupational health and safety regulations can result in sanctions and loss of reputation for the company.	
R6: Environmental or social non-compliance of suppliers.	Non-compliance with environmental and social regulations by suppliers may result in sanctions and loss of reputation for the company.	Undertaking of regular audits and assessments of suppliers to verify compliance with environmental and social regulations.

Properly managing the potential negative impacts and risks associated with workers in the value chain is key to guaranteeing the stability and continuity of Ence's business model and the deployment of its strategy. Therefore, in the 2024-2028 Sustainability Master Plan, one of the four strategic pillars is the "Responsible Supply Chain", a pillar that aims to improve the management of the main environmental, social and governance aspects of the supply chain (for more details, see section **1.4.5 2024-2028 Sustainability Master Plan and annual targets**).

The risk management process related to workers in the value chain is integrated into the company's global risk management process described in section **1.4.7.3 ESG risk identification, assessment and management process** and the risks stated here are included in Ence's Risk Map.

Opportunities

In addition, there are opportunities related to the workers in the value chain, including the improvement of Ence's reputation driven by better human rights (HR) performance of suppliers.

3.2.2 Supplier dialogue process

To maintain a transparent and effective relationship with suppliers, Ence uses different channels of dialogue:

1. **Supplier Portal:** this is a specific portal for suppliers accessible from the [website](#) where they can access relevant information, manage their data and make enquiries about their transactions and contracts.
2. **ARIBA Platform:** through [SAP Ariba](#), Ence manages the registration, approval, tenders, orders and invoicing of its industrial suppliers. This platform enables efficient and centralised management of these purchasing processes.
3. **Meetings:** Ence organises meetings with its suppliers to address issues of common interest and plan future collaborations.
4. **Visits:** Ence organises visits to its facilities so that suppliers who provide services to the company's plants can learn more about the processes and standards that Ence applies in its activities.
5. **Interviews:** Ence conducts interviews with suppliers to obtain direct and personalised feedback, which helps to improve relations and processes on an ongoing basis.
6. **Focus Groups:** Focus groups are organised with suppliers to discuss specific issues and gain a deeper insight into their needs and expectations. This enables Ence to adapt its strategies and processes more effectively.

These communication channels ensure that Ence and its suppliers maintain a collaborative, transparent and ongoing improvement-oriented relationship and serve as tools to jointly address the potential negative impacts described above.

When it comes to establishing dialogue processes with suppliers, it is the different areas of Ence which, depending on the business relationship, determine the frequency, form, mechanism and the most appropriate time. Furthermore, the level of Ence-supplier dialogue is determined according to the type of collaboration and may vary according to needs. In most cases, interaction takes place directly between the Ence manager and the manager of the contracted company.

3.2.3 Policies related to value chain workers

Ence has a [Sustainability Due Diligence Policy](#), approved in 2023 by the Board of Directors, which aims to ensure respect for the human rights recognised in international frameworks and respect for the environment by guaranteeing that due diligence processes are established both in direct operations and in the value chain. In addition, this Policy provides for the establishment of credible grievance mechanisms and dialogue; and the implementation of remediation and reparation measures that respond to materialised negative impacts. This Policy is described in more detail in the section below **4.6.3.1 Due Diligence policy and procedure**.

On the one hand, [Ence's Code of Conduct](#), applicable to direct and supplier operations, defines the ethical bases and establishes the principles and guidelines for conduct aimed at guaranteeing ethical and responsible behaviour by Ence in its direct operations, while promoting and extending these behaviours to its entire value chain. The Code of Conduct explicitly includes the commitment to strict compliance with the Universal Declaration of Human Rights as one of the pillars that must govern the way of acting and its consideration in the contracting and supplier selection processes.

Moreover, Ence's [Purchasing Policy](#) extends its commitment to respect human rights to its supply chain. An example of this can be found in the certification process for industrial and service suppliers of agroforestry, wood and biomass, including a formal statement to be filled in by suppliers. In this statement, they undertake to comply with the highest ethical and behaviour standards, such as the United Nations Guiding Principles on Business and Human Rights, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact. These statements are contractual commitments, whereby Ence ensures that its suppliers do not cause or contribute to negative human rights impacts.

[The Sustainability Policy](#) sets out Ence's guidelines for action to help improve people's well-being, ensure the environmental sustainability of its operations, promote the economic and social development of the communities in which it operates and create sustainable value. Commitment to human rights is one of the general principles of this policy, which ensures respect for and compliance with the main international human rights agreements.

These policies are defined to cover the main impacts, risks and opportunities related to workers in the value chain identified in section **3.2.1 Impacts, risks, and opportunities**.

3.2.4 Human rights in the value chain

Despite operating in markets with a low risk of human rights violations (mainly Spain and Portugal), Ence has mechanisms in place to ensure compliance with workers' rights both in its direct operations and in its supply chain.

Derived from the Sustainability Due Diligence Policy, in 2023, Ence also drew up and approved the Due Diligence Procedure with third parties, which establishes the guidelines to be followed by the Ence Group to manage all commercial relations with a view to ensuring compliance with basic principles in the areas of human rights, the environment, ethics and compliance.

In 2024, the company established an area-based Escalation Plan to gradually deploy the Procedure in order to analyse the Group's commercial relations (suppliers, partners, collaborators), identifying potential risks and defining mitigation measures. The objective linked to the deployment of this procedure is set out below.

Line of action	IROs	Objective	Type of objective	Business	2024 Objective	2024 Performance	2028 Objective
Establish a Due Diligence process in the value chain	I2, R4	Analysing the third parties with which Ence has due diligence relationships	Voluntary	Ence Group	Analyse 400 third parties according to the new Due Diligence Procedure	77 third parties analysed (1)	>90% of turnover analysed according to the Due Diligence Procedure

(1) This objective was suspended during the process of scaling up the Due Diligence procedure as it was decided to automate the third party analysis process through the implementation of a digital tool. By 2025, a target has been set to analyse 1,500 counterparties using this tool.

In order to set this objective and the Escalation Plan, the type of suppliers has been taken into account, establishing a gradual deployment plan prioritising suppliers that could potentially be more exposed to human rights violations. To this end, a digital tool specialised in supply chain analysis for ESG, ethics and compliance is planned to be implemented by 2025.

With the implementation of this Due Diligence Policy and Procedure, Ence has sought to adapt in advance to the new requirements of the European Directive on corporate due diligence in sustainability matters (known as CSDDD).

However, for more information on supply chain management, see section **4.4 Supply chain monitoring***Error! No se encuentra el origen de la referencia..*

3.2.5 Channels for reporting concerns and incidents

Ence has an Internal Reporting Channel ([Integrity Line](#)) that enables suppliers and other interested parties to confidentially report any inappropriate conduct or violation of company policies.

The Internal Information Channel is the means of communication with Ence, through which employees, managers, administrators and stakeholders can confidentially transmit any information about infractions or well-founded suspicions of non-compliance with acts that contravene the Law, Ence's Code of Conduct, the Criminal Compliance Policy, the Anti-Corruption and Fraud Policy, Ence's Antitrust Compliance Programme or Ence's internal regulations and procedures. For more information see section **Integrity Line**.

In addition to the internal information channel, Ence's dialogue mechanisms with its suppliers (see section **3.2.2 Supplier dialogue process**) enable suppliers to express their concerns.

3.3 Affected communities

S3

One of the pillars of Ence's sustainability strategy is generate a positive impact and contribute to the development of communities in the areas where it operates. In this sense, the relationship with neighbouring communities is a priority line of action in which work is being undertaken on two levels. On the one hand, Ence seeks to guarantee the social licence to operate, behaving as a respectful neighbour and open to dialogue with its stakeholders, and on the other, the company seeks to generate a positive impact on the community through the creation of wealth and employment in the area and the promotion of social projects that improve the quality of life of the communities.

In this context, Ence is aware that in order to generate a relationship of trust with the communities in which it operates, the company needs to listen and respond proactively to the concerns and expectations of the different stakeholders, and therefore maintains various channels for two-way dialogue with them and applies procedures to manage the possible negative impacts that its activity may have on them.

The type of communities that may be affected by the direct activities of Ence or through the activities of its value chain are mainly the local communities that are close to the industrial plants (especially in cases where Ence's plants are located in a peri-urban environment or close to towns, as may be the case of the biofactories in Pontevedra and Navia or the energy complex in Huelva) or the communities in the rural areas where Ence carries out its forestry activities or obtains its main raw materials (wood and biomass). Except in the case of Pontevedra, the local communities tend to be small population centres and Ence places special focus on the people who may be directly affected by its activity because they live in homes near the plants.⁵⁷

3.3.1 Impacts, risks, and opportunities

Through the update of the dual materiality analysis described in section **1.4.4 Double materiality analysis**, a specific analysis was carried out to identify and assess the impacts, risks and opportunities related to local communities.

3.3.1.1 Impacts

Ence's activity, like any other industrial activity, if not managed properly, can have a negative impact on the areas in which the company operates, affecting local communities. The main negative impacts are associated with nuisances that may be caused by the activities of the company's industrial plants, as well as activities undertaken by suppliers along its value chain (logistics, forestry suppliers, etc.). These impacts may condition the social licence to operate, or the approval of the activity by the community in which it takes place (beyond regulatory authorisation). The following is a summary of the main negative impacts that the company may have on local communities:

⁵⁷The concept of indigenous peoples does not apply in Ence's forestry environment, as the company carries out its activities in Spain, where there are no indigenous peoples according to the definitions established by the UN.

Impact	Description of the impact	Prevention / mitigation measures
I1: Generation of noise, odours, dust and other nuisances. (C / OO, VC)	Ence's industrial activities and of its value chain can generate noise, odours and other nuisances for neighbouring communities.	Ence has management plans and tools in place to minimise noise, odour and dust emissions at its plants, as well as measures to prevent nuisance from lorry traffic and the plants' impact on the landscape, which are described in greater detail in section 3.3.5 Adoption of measures for the mitigation of negative impacts .
I2: Lorry traffic. (C / OO, VC)	Lorry traffic resulting from the transport of raw materials and other products can cause nuisance to neighbouring populations.	
I3: Landscape impact. (C / OO)	The company's plants, especially those closest to population centres, can have a negative impact on the landscape and affect the perception of neighbouring communities.	
I4: Emissions and discharges. (C / OO, VC)	Impacts related to emissions and effluent discharges from the plants are described in section 2.3 Pollution of this report.	Section 2.3 Pollution describes the policies, actions and objectives established by Ence to mitigate these impacts. Potential impacts arising from the use of water resources and mitigation measures are described in section 2.4 Water resources
I5: Changes in land use. (P / OW, VC)	Potential impacts of change in land use that could occur in the forestry activity of Ence and its forestry suppliers.	Ence does not undertake forestry activities that involve a change in land use. All the areas in which Ence carries out its forestry activity and from which the wood it consumes is sourced are classified as rustic-forest use and as such managed under the guidelines of the competent forestry administrations. In the case of industrial activities, Ence operates on industrial land with the relevant authorisations. For more information, see section 2.5 Biodiversity

C: Current; P: Potential / In relation to in-house staff, all impacts occur in Own Operations

Ence's activity also generates significant **positive impacts**, as it is a significant driver of job creation and value for the communities in the areas where it operates.

Ence also promotes the professional development of young people in the regions in which it operates, facilitating their incorporation into the job market through the **Talent Programme** and agreements with various town councils and educational centres and through initiatives such as the forestry machinist schools that the company has set up to promote the employability of young people and train professionals who can alleviate the lack of human resources suffered by the forestry industry. These positive impacts are explained in more detail in section **3.3.7 Positive social footprint**.

3.3.1.2 Risks and opportunities

Risks

The main risks for the company regarding the local communities in the areas where it operates or in the development areas of the new business lines are summarised in the potential loss of social licence to operate and the potential social protest to the new projects:

Risk	Description of the risk	Mitigation measures
R1: Loss of the social licence to operate.	A lack of acceptance or support from the local community for Ence's activities could mean the company's loss of social legitimacy to operate.	<p>To secure the social licence to operate, Ence applies several measures:</p> <ul style="list-style-type: none"> ▪ Operational excellence: the procedures and improvement objectives that Ence establishes for vectors such as odour and noise contribute to minimising impacts on the community and therefore the risk of complaints and loss of social licence to operate due to these causes (see section 2.5 - Pollution). ▪ Proactive communication and complaints handling: Ence defines two-way dialogue channels with its stakeholders and has a specific procedure for managing possible complaints from neighbours in order to respond to their concerns and possible effects (for more details, see section 3.3.4 Listening processes and remediation of negative impacts).
R2: Cancellation of new projects	Increasing social pressure and opposition from different	To avoid social dispute against new projects in the Biogas area, Ence has a specific procedure (MICS - Minimising the Impact of Social Disputes) for

due to social opposition.	stakeholders may cause difficulties in the company's growth plans in some business areas due to project delays or cancellations.	managing relationships with the community in which each project is to be located. This includes institutional relations with local administrations and proactive communication and dialogue with residents and other stakeholders from the early stages of project development. In addition, Ence has included measures to avoid negative impacts, such as odour studies, in the procedure for locating and designing its plants (see section 3.3.5 Adoption of measures for the mitigation of negative impacts). As regards new photovoltaic projects, Ence works with specialised consultancy firms to carry out socio-economic analysis of the surrounding area prior to project development, identifying and mapping local stakeholders according to their degree of influence and their position with respect to the project, and establishing channels for consultation and dialogue with the groups identified.
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The risk management process related to local communities is integrated into the company's global risk management process described in section **1.4.7.3 ESG risk identification, assessment and management process** and the risks stated here are included in Ence's Risk Map.

Opportunities

The active management of relationships with the local community also provides Ence with a number of **opportunities**. These include greater availability and ease of hiring local staff in any communities in which the company carries out its training and professionalisation programmes for contractors. In addition, a fluid relationship with the ecosystem of local stakeholders facilitates the generation of synergies with suppliers, surrounding companies and administrations to carry out projects or develop new lines of business, which may lead to logistical and operational advantages.

3.3.2 Processes and channels for dialogue with local communities

Ence understands that the basis for building trusting relationships with local communities, and therefore, securing the social licence to operate, is to establish a fluid dialogue with them so that the company can learn first-hand about their expectations and concerns and integrate stakeholders' points of view into the company's strategy and growth model.

To this end, Ence establishes various processes and channels for dialogue with communities, depending on the information to be shared and the characteristics of the group or collective that is the subject of the dialogue. The channels are defined according to the stakeholder in question and local specificities, always with the aim of interacting with the group as effectively, constructively and respectfully as possible.

In general, the channels established by Ence can be divided into two blocks:

- **Generic channels**, such as the company's websites, Ence social media accounts, generic Ence e-mail addresses (e.g. comunicacion@ence.es), publications in the media, participation in forums, conferences, trade fairs and public presentations made by the company, as well as the integrity line (<https://ence.integrityline.com/>).
- **Specific channels and procedures**: these are established to approach specific groups or collectives and are designed (format, frequency, etc.) according to the characteristics and particularities of the group with which dialogue is to be established. This block includes channels such as surveys, opinion studies, focus groups, interviews, complaint channels, specific portals and platforms (e.g. for suppliers and customers), meetings, project presentations and visits to Ence's facilities. In this regard, it is worth highlighting the specific meetings held by Ence to present its projects to different groups of the population in which the project will be carried out, such as those carried out in As Pontes (for the presentation of the future recovered fibre plant) or those organised in different municipalities of Catalonia, Castilla y León, Castilla-La Mancha and Aragon for the presentation of the future biomethane plants that Ence Biogas wishes to implement in these locations. These dialogue mechanisms are critical for Ence, which is why the company sets annual objectives for several related indicators, such as the number of visits or the number of meetings with stakeholders (see section **3.3.6 Objectives and metrics**). These specific channels for dialogue are established with groups of the communities directly affected by Ence's activities, including representatives of regional councils and administrations, neighbourhood associations, environmental groups, NGOs, etc. For each of these interactions, Ence appoints internal staff with the appropriate functions to establish dialogue and respond to stakeholder concerns, including, among others, the Communication Department, sustainability managers or specific managers with

technical knowledge of the new projects to be carried out and an understanding of the social needs of the areas in which they are to be carried out.

Ence keeps these channels open throughout all phases of project design, processing, construction and operation to ensure that anyone potentially affected always has a direct channel of communication with the company. In addition, the Communication Department, in collaboration with the different areas, is responsible for establishing a Communication Plan that takes into account the communication strategy towards various stakeholders, including local communities, as well as other factors.

In the case of employees, Ence uses specific channels and procedures such as internal presentations, the intranet, satisfaction surveys, meetings with management, newsletters and other means of internal communication (for more details, see section **3.1**).

3.3.3 Policies related to affected communities

In 2024 Ence's Board of Directors approved the **Stakeholder Engagement and Positive Social Impact Policy**, applicable to all lines of business, the main objective of which is to establish Ence's commitments and principles of conduct in terms of stakeholder engagement and management of its positive social impact, as well as to lay the foundations for planning actions in these areas. The Policy, which has been approved by Ence's Board of Directors, is available to its stakeholders on the company's [website](#).

The Policy includes a definition of Ence's stakeholders (all individuals, groups or organisations that, through their decisions and opinions, influence the company and/or are directly or indirectly affected by its activity) and describes the main categories of stakeholders used by Ence in its relationship plans.

The Policy also establishes Ence's principles of conduct in its relationships with its stakeholders, including the following:

- Act with **integrity** in all relationships with stakeholders, demonstrating responsibility, ethical behaviour and respect for human rights and the communities in which Ence operates. Ence takes into account the local and specific sensitivities of each group in its approach and dialogue with them, always showing a respectful and collaborative attitude and seeking to establish a long-term relationship of trust. Ence also undertakes to ensure confidentiality in its interactions with stakeholders as required, and not to exert any kind of coercion or pressure on groups that are critical of the company, so as to create safe and trustworthy spaces for dialogue for all groups.
- Promote the **creation of shared value** with stakeholders, especially with the communities where Ence operates, designing business models that contribute to their sustainable development and implementing measures to prevent and mitigate any economic, social and environmental risks arising from its activities that could affect them.
- **Identify** any stakeholders that may be affected by the Group's activities, especially in the design and planning phases, so that they can be involved from the outset in the most appropriate way for each group.
- **Actively listen** to stakeholders, promoting a two-way and constructive dialogue with them, adapting formats and channels to their realities and encouraging their participation and involvement in the company's activities.
- Identify **relevant stakeholder issues**, integrate them into materiality analysis and update the Group's sustainability strategy accordingly.
- **Communicate transparently**, sharing true, relevant and complete information with stakeholders in a clear, appropriate and understandable way for all groups.
- Make **channels for dialogue** available to stakeholders and design procedures to respond to their communications, especially in the case of complaints about the effects of Ence's activities. The company is also committed to act sensitively regarding any concerns raised, informing the operation areas of any complaints or concerns voiced and designing, where appropriate, mitigation plans to achieve or consolidate the social licence to operate.
- Establish **positive social impact plans** to channel the company's sponsorship, social action and corporate volunteering activities.
- In the case of **shareholders, investors and other stakeholders in the financial environment**, these principles of conduct are complemented by the principles, channels and procedures established in Ence's [Policy on](#)

Information, Communication and Contacts with Shareholders, Institutional Investors, Financial Analysts and Proxy Advisors.

The Policy also establishes the **listening and dialogue mechanisms** to be established by the company with its stakeholders, as well as the channels that will be used for two-way communication with them.

In addition, the Policy also develops Ence's commitment to implementing **positive social impact plans** in the communities where it operates, aimed at channelling the company's social and environmental initiatives to improve people's quality of life and protect the environment. In this regard, the Policy establishes the characteristics of any collaborations that Ence will carry out with the community which is part of these plans, ensuring that these are in line with the Group's business model and its sustainability strategy. It also stipulates the priority lines of action on which these plans will focus.

Lastly, the Policy includes the mechanisms for compliance with the commitments established, as well as the roles and responsibilities of the different governing bodies and operational areas of the company in the implementation of the Policy.

In addition, Ence's **Code of Conduct**, approved by the Board of Directors and available on the [website](#), recognises Ence's commitment to playing an active and positive role in the communities in which it operates. The Code states that directors, general management and employees should consider the potential impact of their decisions about communications, as well as how best to assess and communicate impacts. Ence therefore strives to make its investments while respecting local communities and supporting initiatives of cultural and social value. The pillars of the Code are based on strict compliance with the Universal Declaration of Human Rights. In the event of human rights violations in the local communities where Ence operates, the company has an Integrity Line through which stakeholders can report any incidents and whose procedure establishes the measures to be implemented on a case-by-case basis to mitigate or remedy any negative impacts. For more information see section **3.3.4.1 Integrity Line**.

3.3.4 Listening processes and remediation of negative impacts

In addition to the channels for dialogue described above, through which its stakeholders may inform the company of potential negative effects or impacts, Ence has two specific procedures for reporting non-compliance or impacts: the Integrity Line and the community complaints management procedure.

3.3.4.1 Integrity Line

Ence provides all if its stakeholders with an integrity line through which anyone can report irregular or unlawful conduct occurring within the framework of Ence's activities that is contrary to its Code of Conduct, its corporate policies and standards or the legal framework in force. The internal information system officer manages the communications received, and ensures the confidentiality of information, the anonymity of any person who sends a communication, the absence of retaliation against any person who communicates in good faith and respect for the rights of all parties involved.

The integrity line is publicly accessible to all Ence stakeholders on the website <https://enceintegrityline.com/>.

In 2024, no communications related to human rights violations have been received from local communities. For more information on the line and the procedure for managing and responding to communications, as well as the monitoring and reporting mechanisms and how Ence ensures that stakeholders are aware of the line, see section **Integrity Line**.

3.3.4.2 Complaints management procedure

In addition to the aforementioned integrity line, Ence has a specific mechanism for managing community complaints, which is part of the Environmental Incident Communication and Investigation Procedure.

This procedure includes a definition of what Ence considers a complaint (any communication sent by a third party of an impact on an environmental vector, and/or a nuisance to the well-being of a nearby community as a result of the plant's activity). Communications may be sent by Ence's own workforce (internal complaints) or by contractors working at the company's facilities or other people, for example, residents of the local community (external complaints). The procedure stipulates that all of them must be recorded and investigated in a similar way to environmental incidents, following the steps described below:

Communication

Firstly, the person who receives the complaint through the communication channels set up for this purpose proceeds to report it and fill in the initial details of the complaint. Process, operational and environmental specialists will analyse the event in order to implement the necessary measures as quickly as possible to contain, minimise the impact and take the necessary steps to avoid a recurrence.

Investigation

Once the first containment measures have been implemented, the complaint is brought to the attention of the chain of command and the causes of the incident will start to be analysed in the computer application that the company has set up for this purpose. The investigators will gather all the necessary data to establish the causes that gave rise to the complaint and the necessary corrective, preventive, informative and improvement measures will be put in place. The investigation will be led by the head of the area in which the incident originated and during the analysis process, the aforementioned may be assisted by staff from the Process Engineering, Environment, Maintenance and Production areas, or any other areas that, due to the nature of the event, may be necessary. The investigation will be carried out systematically using the automatic tool designed for this purpose, and may be complemented with the help of Continuous Improvement tools implemented at Ence (SCRA or QC), or guide formats for existing environmental investigations at the plants. The action plan will be monitored through the tool and regularly checked by the chain of command and the new risk scenario that led to the incident will be standardised.

Response

Once the origin of the incident giving rise to the complaint has been investigated, the company's managers contact the person(s) concerned to provide them with information about the reported nuisance and the measures implemented to prevent it in the future.

This procedure is complemented by an SOP (standard operating procedure) on "Reporting and Investigation of External Environmental Complaints" to raise awareness among facility employees about the main steps to be taken in handling complaints.

Recording and managing complaints is a priority line of action for Ence, which is why the company sets annual objectives in this area as part of the 2024-2028 Sustainability Master Plan (for more details, see section **3.3.6 Objectives and metrics**).

3.3.5 Adoption of measures for the mitigation of negative impacts

As mentioned in section **3.3.1 Impacts, risks, and opportunities** above, the main potential negative impacts of Ence's activity on local communities are related to nuisances that may be caused by the generation of odour, noise or dust, lorry traffic and the landscape impacts of plants located in peri-urban environments (Pontevedra).

In order to prevent and mitigate these impacts, Ence has been adopting plans and measures for years that have resulted in significant improvements in odour, noise and dust indicators.

As regards management of the **odour impact of biofactories**, the company implemented the Zero Odour Plan more than ten years ago and thanks to the actions carried out under this plan, odour emissions in both biofactories have been reduced by more than 99.8% since the plan was launched in 2010. Despite these significant achievements, Ence continues to set annual targets for the ongoing reduction of these emissions. The odour impact mitigation measures, the objectives set and the metrics used are described in more detail in section **2.3 Pollution**.

To manage the potential **odour impact of biomethane plants**, these are designed to minimise any potential sources of odour. The facilities where industrial processes are carried out are closed, the organic substrates (slurry, etc.) are received in tankers and stored in hermetically sealed warehouses, the composting process of the digestate is also carried out in enclosed areas (composting tunnels) and potential odour mitigation systems, such as biofilters, are in place. In addition, organic substrates are not stored in any ponds or open containers that may generate odour and the digestate is not applied in the field, so no odour is generated either. Nonetheless, before moving forward with the project, Ence works with specialised engineering firms to carry out an odour study, which takes into account the potential sources of odour emissions, the meteorological and orographic characteristics of the site, the wind rose and other variables that may influence odour dispersion. The study is conducted prior to the environmental proceedings. If the study shows that there could be potential odour impacts on the municipality, the site is rejected.

In the case of **noise impact**, which is another of Ence's priorities to ensure respectful coexistence with neighbouring communities, improvement objectives and noise reduction plans are set out each year, mainly focusing on the closest

facilities to population centres such as Huelva, Navia and Pontevedra. For more information on the mitigation measures, the objectives set and the performance metrics, see section **2.3 Pollution**.

As regards lorry traffic, Ence works with its logistics and supply contracts to reduce the impact on the population caused by **road traffic**. In the case of new projects, such as biomethane plants, the company selects potential sites according to the access to the plot, so as to ensure that there will be no lorry traffic through population centres and no nuisance will be caused to neighbouring communities. Ence also undertakes to adapt and maintain the accesses to the plants in perfect condition so that no damage is caused to the road network in the municipality.

In terms of **landscape impact**, Ence designs industrial projects with mitigation measures such as the use of cladding colours similar to those of the surrounding area and the planting of perimeter plant screens. In the event that facilities are located near population centres or areas of great landscape value, as in the case of the Pontevedra biofactory, Ence designs specific mitigation projects. In 2019, the company completed the landscape integration project for this plant, which involved an investment of around 4 million euros. The project was based on the installation of elements which, due to their shapes, elaboration and chromatic tones, enabled a greater landscape integration of the biofactory in its surroundings, and was also complemented by the planting of trees around the industrial complex, which facilitates the visual integration of the plot with the Lourizán arboretum behind it. In 2024, the total investment (CapEx) related to landscape impact mitigation has reached nearly €117 k.

As a general **preventive measure** for the development of new projects, Ence prioritises sites affected by the dismantling of previous industrial facilities. In this way, Ence contributes to a **just transition**, proposing industrial alternatives based on renewable energies and the circular economy in communities affected by deindustrialisation and exposed to population loss. Of particular note are the cases of the Puertollano biomass plant, built on the former site of the Elcogás coal gasification plant, and the future recovered pulp production plant in As Pontes, which will be built on the site of the former coal storage facility of the local thermal power station. In this regard, Ence takes advantage of disused industrial land, obtains synergies with the local ecosystem of supplier companies and offers quality employment opportunities for the population.

In addition to these measures, as mentioned above, Ence opens **channels and spaces for dialogue** with local stakeholders from the early conceptual design phases of its projects so that the company may identify specific potential impacts for the community and design the corresponding prevention and mitigation measures with it.

As the negative impacts are mostly related to odour, noise and dust, the resources earmarked for their management are described in section **2.3 Pollution**.

3.3.6 Objectives and metrics

Ence establishes lines of action and objectives to prevent, mitigate, and where necessary, remedy any impacts identified that may affect local communities (reduction of odour, number of complaints, etc.). The main objectives in this respect are summarised below:

Line of action	IIRO	Objective	Type of objective	Business	2024 Objective	2024 Performance	2025 Objective
Maintain social licence to operate (Odour, Noise and Dust - OND)	I1, R1, R2	Reduction of odour minutes (channelled + diffuse) (<60 min/year plan to 2028)	Voluntary	Cellulose (Pontevedra)	80 min	87	60 min
			Voluntary	Cellulose (Navia)	60 min	21	40 min
	I1, I3, R1, R2	Improvement of air quality - Dust reduction	Voluntary	Cellulose (Pontevedra)	N/A	N/A	42 mg/Nm ³
			Voluntary	Cellulose (Navia)	N/A	N/A	17 mg/Nm ³
			Voluntary	Renewable energy	Conduct risk analysis at plants and establish action plan	Preventive plans conducted at all biomass plants	Implementation of plans
Reduce community complaints		Reduction in the no. of complaints received	Voluntary	Group	8	6	7

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In defining these objectives, Ence draws on its experience in managing its operations, as well as listening to local communities who, through dialogue and complaint mechanisms, inform Ence of their main concerns.

However, the company also sets **objectives for active collaboration with the community**, reflecting Ence's performance in dialogue with its stakeholders and in its priority lines of positive social impact, such as hiring staff from local communities or professionalising the Spanish forestry industry. The main objectives in this respect are summarised below:

Line of action	IRO	Objective	Type of objective	Business	2024 Objective	2024 Performance	2025 Objective
Foster professional development in local communities	R1 and R2	Promote the training of forestry engineers	Voluntary	Forestry	>30 people trained/year	38	>30 people trained/year
		Advise forest owners through the management improvement team	Voluntary	Forestry	400 consultancies	1070	>350 ⁵⁸ consultancies > 60% of improvements introduced
		Promote the hiring of local staff	Voluntary	Group	>35% local staff/total contracts	92%	N/A ⁵⁹
		Promote the training and entering into the job market of young people from local communities (Talent Programme).	Voluntary	Group	Hiring of at least 4 trainees/year	15	Hiring of at least 4 trainees/year
Stakeholder relations plan		Encourage stakeholder visits to the facilities	Voluntary	Group	600 visits	885	750 visits
		Organise meetings and gatherings for dialogue with stakeholders	Voluntary	Group	11 meetings	43	50 meetings

These objectives form part of the Annual Sustainability Objectives 2025, which are reviewed by the Management Committee on a monthly basis and are reported to the Board of Directors. In addition, the Sustainability Commission reviews the objectives on a quarterly basis.

3.3.7 Positive social footprint

In its relationship strategy with local communities, Ence understands that it must not only maintain the social licence to operate as it must ensure that there are no negative impacts or nuisances caused to the community, which is the minimum requirement for coexistence in the environments where the company operates. However, in addition to not causing any nuisance, Ence aims to become an important player in the development of local communities and contribute to improving the quality of life of people and the environment.

Ence's contribution to communities or the company's positive social footprint is materialised in three ways:

- **Generation of employment and value for local communities:** as a result of its activity and its value chain, Ence is an important driver of job and wealth creation for the communities in which it operates and for the entire ecosystem of suppliers and contractors with which the company works. Furthermore, through its tax contribution, Ence adds significant value to the municipalities and autonomous communities in which it is taxed.

It is estimated that Ence's activity as a whole directly and indirectly generates over 18,800 jobs, including its employees at the different centres, the jobs it generates through its industrial, logistics and transport contracts, and the jobs it generates in the forestry and agricultural industries. The company is clearly committed to hiring

⁵⁸ The quantitative objective concerning the number of consultancies is reduced to focus on the quality of consultancies, including a new objective related to the introduction of the management improvements indicated for each owner.

⁵⁹ It has been shown that the local hiring rate is well above the objective set in the Sustainability Master Plan and is approaching its maximum limit. No quantitative objective is therefore set in 2025, however the indicator is monitored and measures will be taken in the event of a decline.

local employees and suppliers and to source locally, thus maximising the value added the areas of influence of the plants. By the end of 2024, more than 90% of those hired were local staff.

Ence also contributes to employability through initiatives such as the **Talent Programme**, which facilitates access to employment and professional development for young people in local communities. This programme offers scholarships to recent graduates, giving them the opportunity to start their career in different areas of the company to ensure that their first work experience in the industrial sector is valuable. For more details, see section **3.1.5.3 Managing, attracting and retaining talent** of this report.

Furthermore, thanks to its forestry extension policies and the establishment of long-term relationships with suppliers and industrial partners, Ence stimulates and contributes to preventing the deindustrialisation and depopulation of the rural environment.

- **Social plans:** in addition to generating employment and wealth, Ence contributes to the development of local communities through the social plans implemented by the company to channel its positive social impact initiatives. These plans, in line with the company's sustainability policy and with the principles established in its stakeholder engagement policy, are designed to respond to the needs of the community in order to maximise the creation of shared value by supporting social, environmental and cultural initiatives.

In this respect, Ence has signed and annually renews several collaboration agreements with local councils, such as Navia and San Juan del Puerto, each with an annual budget of €100,000. Within the framework of these agreements, over 85 cultural, social, sporting and environmental initiatives have been developed, with over 24,400 beneficiaries. In the case of Galicia, Ence launches the Ence Pontevedra Social Plan every year, which is part of the Environmental Pact signed between the company and the Ministry of the Environment of Galicia's Regional Government in 2016, and which includes a series of investments and projects associated with environmental improvements that will contribute to the economic development of Pontevedra and Galicia, as well as to the sustainability of the biofactory. The first edition of the Plan was launched in 2017, constituting one of the largest social initiatives of a private company in Spain. The Plan consists of allocating assistance to finance social, cultural, environmental, sports or economic and employment promotion projects, among others. The Pontevedra Social Plan has a budget of €3 million per edition and is structured in the following areas of action: the fight against social exclusion, recovery and care of the environment, education and culture, entrepreneurship and innovation, and grassroots sport. Since its launch, more than 1,100 projects have benefited from the Ence Pontevedra Social Plan and in 2024, Ence has launched the 5th announcement of the Plan, to which nearly 500 initiatives were submitted. For more information on the Plan, Ence has set up a website (www.plansocialence.es) with the list of beneficiaries and more details about the projects carried out.

In addition to the initiatives developed within the framework of these social plans, Ence also promotes corporate volunteering actions for social and environmental projects in local communities, such as **solidarity campaigns** developed together with social organisations. In this regard, the actions carried out to collaborate with those affected by the flooding that devastated the Valencian Community in October 2024 must be noted, when Ence donated material to clean up the affected towns and villages and raised funds together with the Red Cross to help those affected.

- **Professionalisation of the industry:** another of Ence's priority lines of action in its desire to generate a positive footprint in the local community is to contribute to the professionalisation of the industries associated with its value chain and the generation of employment opportunities for young people in rural areas.

Among the initiatives included in this area is the **free advisory** service for forest owners, whose main objective is the professionalisation of the forestry industry, the improvement of productivity and resilience to climate change and its effects (pests and diseases) and the promotion of joint management between owners. Ence provides this service at no cost to the individual, passing on the company's forestry know-how to forest owners and offering personalised advice based on the soil analysis of their own plots. In addition to this free professional advisory service, and with the aim of improving the productivity, profitability and sustainability of forest harvests, Ence offers a 360º service in which the owner is offered all the services they may need throughout the life cycle of the plantations, from quality plants suitable for their plot, monitoring of crops, purchase of timber and management of permits, harvesting and integrated forest management, including advice on other ecosystem services such as CO2 capture, among others.

In order to professionalise and alleviate the lack of skilled labour in the forestry industry, Ence also promotes **courses for forestry engineers**, aimed at training new professionals in the operation of forestry machinery, improving their employability in the sector.

The company also reinforces its commitment to the companies in its value chain through initiatives focused on promoting their professionalisation, efficiency and growth, such as the financing of equipment or the management of replacement machinery to replace broken machinery while it is being repaired. In this respect, Ence not only contributes to the development of the forestry and agricultural industries, but it also promotes long-term relationships and the loyalty of its partners in the supply chain.

3.4 Customers

Ence's business model is mainly based on business-to-business (B2B) activities, which means that commercial relations are mainly between companies that transform the products supplied by Ence into end products. In the case of pulp production, this is an intermediate product which is subsequently used by paper companies to transform it into various end products. As regards energy, the electricity generated is not sold directly to end consumers, but is dumped into the electricity pool which is the wholesale electricity market; in the case of the renewable thermal energy generation business, the thermal energy produced is supplied to industrial companies in their own facilities. In relation to the biogas business, the generation of biomethane for injection into the gas transmission network is envisaged. The only case in which Ence makes its products available to private customers is the sale of plants in its nurseries, which represents a non-significant fraction of the company's turnover, and these are not general consumers, but forest owners who use the plants for their plantations.

Therefore, considering that Ence's products are not intended for end consumers or users, but for companies, any aspects regarding relationships with consumers are not considered material for the company and therefore the European Sustainability Reporting Standard "S4 - Consumers and end-users" (ESRS S4) is not considered applicable. However, Ence does consider 'added value for the customer' as an entity-specific material issue (see section **1.4.4.4 Results of the Double Materiality Analysis**), which encompasses the relationship with industrial customers and the contribution of value through the development of defined products. Given that the information required for ESRS S4 for "consumers and end-users" is to some extent extrapolable to the "customers" stakeholder and to the specific material aspect mentioned, Ence has used the ESRS S4 reporting framework to provide the information relating to customers in this report.

Description of customer groups

Ence's business model, based on the circular economy and the use of natural and renewable resources, offers its customers products with marked sustainability attributes. Moreover, in a highly competitive and commoditised pulp market, Ence's ability to meet customer expectations and offer innovative solutions is crucial to its long-term growth and profitability.

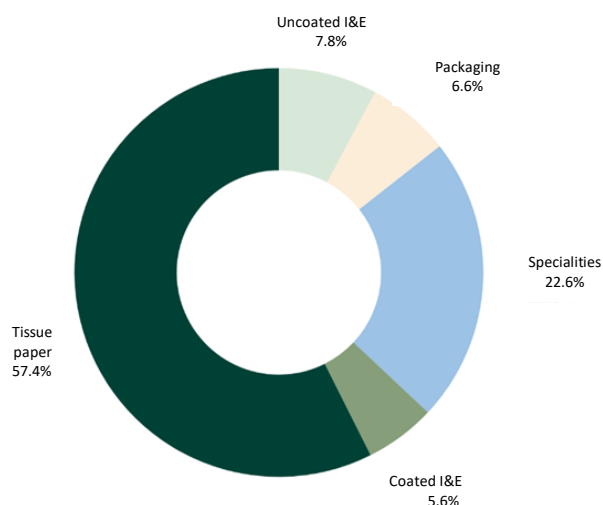
The main types of Ence customers are described below:

- **Pulp customers:** Pulp customers are by far Ence's largest customer group in terms of turnover. These are companies that buy the pulp produced by Ence at its biofactories in Navia and Pontevedra to manufacture various paper products that include a wide range of items from tissue paper, printing and writing paper to special papers for packaging, decoration and other specialities. In many cases, these products **replace non-renewable materials such as plastics**.

In 2024, most of **Ence's turnover** in the pulp business was focused in the tissue paper segment. After that, the most representative categories are specialities, printing and writing (I&E) and packaging.

Regarding the future production plant for bleached pulp from recovered paper to be located in the municipality of As Pontes, the business will be aimed at a customer profile similar to the current one for conventional pulp, mainly in the tissue paper segment. The as customers of future facilities for the production of sustainable packaging from pulp will be companies in the food and retail industries.

Pulp: % of turnover by segment 2024



Concerning **markets**, Ence focuses its sales on the most demanding European markets in terms of quality and environmental performance, such as Germany. This positioning has been achieved thanks to the high quality of the paste, produced mainly from eucalyptus trees from the Iberian Peninsula, certifications that guarantee compliance with rigorous environmental standards, outstanding customer service and excellent logistical capacity which ensures shorter delivery times than its competitors. For further details on the geographical distribution of revenue, see section "9.2 Geographical distribution of revenue" of the Consolidated Financial Accounts.

In 2024, Ence's total sales of pulp products amounted to around 968 KtAD. The main destination markets for this production are in Europe, with Germany, Poland and Spain being the geographical areas where most sales are concentrated.

- **Biomass customers (trading):** The customers in this line of business are mainly companies that buy biomass from Ence to use it in their processes as a greenhouse gas-neutral fuel. Ence's main customers in this line of business belong to the agri-food, food and beverage and timber industries, among others, and include both large companies and SMEs.
- **Renewable thermal energy customers (heating):** This line of business is aimed at companies seeking to decarbonise their industrial processes, which are difficult to electrify, by replacing boilers powered by fossil fuels such as natural gas with renewable fuels like biomass. Ence currently has a contract in operation with a leading company in the food industry. Ence's main customers in this line of business are companies in the food and beverage industry.
- **Improved plant customers (nurseries):** Within forestry activity, Ence has nurseries that are mainly earmarked for the production and genetic improvement of eucalyptus plants. These plants are not only used in the forest assets managed by Ence, but they are also sold to third parties. The main customers of nurseries are forest owners who benefit from improved plants in terms of productivity, resilience to environmental stress caused by climate change and resistance to pests and diseases.
- **Carbon credit customers:** In its forest assets, Ence carries out forest sink projects that absorb CO₂ from the atmosphere and which can be registered in various voluntary offset credit trading schemes, such as the Spanish Climate Change Office register, Verra, etc. Ence trades the credits generated by these projects and its main customers are companies that adopt climate neutrality commitments and need to offset any emissions that they have been unable to reduce. Ence's main customers in this line of business are large listed companies from various industries with advanced climate policies.

3.4.1 Impacts, risks, and opportunities

Through the update of the double materiality analysis described in section **1.4.4 Double materiality analysis** above, specific analysis was carried out to identify and assess customer-related impacts, risks and opportunities. Consultations with customers were also carried out.

3.4.1.1 Impacts

Ence strives for excellence in the quality of its products and seeks to establish trusting, long-term relationships with its customers. However, if not properly managed, the development of commercial relations may give rise to **negative impacts**, mainly affecting customers related to data processing and confidential or sensitive information.

Impact	Description of the impact	Prevention / mitigation measures
I1: Loss of confidential or sensitive customer data. (P / OO)	Potential impact on customers through potential loss or publication of confidential information.	To mitigate this impact, Ence has a Privacy Policy , also applicable to customers, which regulates the use and protection of any data handled by the company. In addition, the Code of Conduct also establishes the principles of confidentiality and the processing of confidential and strictly confidential documents by setting out the rules for archiving, reproduction, distribution and destruction of confidential and strictly confidential information and documentation. Based on these standards, Ence implements systems and procedures to prevent the loss or improper disclosure of its customers' confidential data, including cybersecurity mechanisms to prevent the loss of data due to cyber-attacks (for more information, see section 4.7 Cybersecurity).

C: Current; P: Potential / In relation to in-house staff, all impacts occur in Own Operations

The use of Ence's products also has **positive impacts** for its customers (beyond the technical and economic advantages offered by the company's products). These positive impacts namely include improved customer reputation through the use of products with enhanced sustainability features, such as Ence Advanced products; or through the application of decarbonised technologies, such as heating and trading customers using biomass instead of fossil fuels or the use of emission offset allowances.

To monitor the impact of Ence's activities on its customers, Ence has processes and channels for dialogue, listening and remediation that enable it to obtain information on how its activities and end products affect customers. For more details see sections **3.4.3 Processes and channels for dialogue with customers** and **3.4.4 Listening processes and remediation of negative impacts**.

3.4.1.2 Risks and opportunities

Risks

Risk	Description of the risk	Mitigation measures
R1: Reputational damage and loss of customers due to insufficient positioning on sustainability issues.	In a market where sustainability is becoming a key factor, a lack of robust ESG positioning may put Ence at a disadvantage compared to competitors which are better positioned in this area.	To strengthen Ence's sustainability positioning, Ence has a Sustainability Master Plan that includes the company's strategic sustainability priorities and objectives (see section 1.4.5 2024-2028 Sustainability Master Plan and annual targets). Ence also has specific staff dedicated to sustainability both at corporate level (Corporate Sustainability Department) and in the various businesses, reporting directly to the Corporate Sustainability Department. This in turn reports to the Sustainability Commission, which monitors the objectives and progress of the Sustainability Master Plan. This structure makes it possible to lead the implementation of sustainable initiatives and ensure compliance with increasingly demanding sustainability standards (see section 1.4.1 Governance bodies as regards sustainability). It should be noted that in 2024, Ence has once again been recognised with the Ecovadis platinum medal, which is the highest possible rating. This places Ence at the global forefront in terms of sustainability, as the company is ranked within the 99th percentile of the industry. Ecovadis is one of the leading platforms for assessing ESG aspects that is used by customers to analyse their supply chain. Furthermore, in 2024, Ence has once again demonstrated its position as a world leader in its industry in environmental, social and corporate governance issues,

Risk	Description of the risk	Mitigation measures
		according to the global research, ratings and ESG (environmental, social and governance) <i>data agency Morningstar Sustainalytics</i> , which has set the company's score for these aspects at 93 points out of 100.
R2: Reputational damage and loss of customers due to supply disruptions or quality issues.	Supply disruptions may cause delays in the delivery of products. In addition, the delivery of any products that do not meet the required quality standards may result in complaints, claims and loss of customer trust.	<p>To mitigate the risks related to supply disruptions, Ence has a supplier diversification strategy, contingency plans for supply chain disruptions and storage and safety stock.</p> <p>In order to guarantee the maximum quality of its products, Ence has taken the following measures:</p> <ul style="list-style-type: none"> ▪ Implementation of the Total Quality Management (TQM) model, which focuses on continuous improvement and process management to ensure that every aspect of the operation is optimised in order to achieve excellence. ▪ Senior Management Commitment which ensures that Ence's leaders are committed to excellence and promote a culture of quality throughout the organisation. ▪ Training and development of staff to keep them up to date with best practices and technologies in quality management. This ensures that staff are trained to maintain and improve quality standards. ▪ Customer satisfaction management systems that provide feedback to identify areas for improvement and implement necessary changes quickly and efficiently. ▪ Use of state-of-the-art technologies to monitor and control the quality of their products.

The risk management process related to customers is integrated into the company's global risk management process described in section **1.4.7.3 ESG risk identification, assessment and management process** and the risks stated here are included in Ence's Risk Map.

Opportunities

As regards opportunities in the area of generating added value for its customers, Ence's portfolio of special and unique products represents a competitive advantage and an opportunity to generate value due to the higher margin of these products. The special products of the pulp line of business, **Ence Advanced**, must be noted in this respect. Ence has defined a strategy that aims to “decommoditise” its product portfolio and offer customers a comprehensive value proposition, designing products together with them to meet their specific needs. In this strategy, one of the pillars is the improvement of the sustainability features of products, to help customers reduce the environmental footprint of their end products. The Ence Advanced product portfolio includes some references that are already fully on the market, among which, in terms of sustainability features, the Naturcell products stand out for their reduced carbon footprint as well as their Naturcell Zero version with carbon neutrality certificate, which also have the capacity to replace plastic materials, in addition to Powercell and Closecell. Furthermore, a project has been launched at the Navia biofactory to diversify production towards *fluff* pulp for absorbent hygiene products in Europe, replacing imported fluff pulp. This is manufactured with long fibres and has higher margins than those of standard pulp. For more information on how Ence has integrated these opportunities into its strategy, see section **1.3.1 Strategic Framework - Pulp business**.

3.4.2 Customer-related policies

The **Code of Conduct** ([website](#)), approved by the Board of Directors, expressly recognises that Ence employees and general managers must act with integrity towards customers, aiming to achieve the highest standards of product quality, excellence in service provision and the long-term development of commercial relations based on trust and mutual respect. It also stipulates that the information or advice given to customers must be sufficient, true, complete, timely and appropriate. Respect for human rights and strict compliance with the Universal Declaration of Human Rights is one of the ethical pillars of the Code of Conduct, and these principles apply to all commercial relations, including Ence's customers.

In addition, Ence's **Integrated Management System** ensures that the company's activities are in line with the **Management Policy** ([website](#)), approved by the Board of Directors. The implementation of this system follows the international standards ISO 14001 for environmental management; ISO 45001 for occupational health and safety management; ISO 50001 for energy management; ISO 22000 for food safety; and ISO 9001 for quality management. This system is certified annually by accredited bodies and ensures that Ence's processes and products strive for excellence in

these areas. In particular, ISO 9001 sets out requirements that help organisations to improve the quality of their products and services. This standard focuses on customer satisfaction through the implementation of efficient processes and continuous improvement. By following ISO 9001, Ence is committed to ensuring that its products meet customer requirements and applicable regulations, which helps build customer trust and loyalty.

3.4.3 Processes and channels for dialogue with customers

Another fundamental component of Ence's business strategy is to establish trusting, long-term relationships with its customers, based on collaboration and quality of service. To achieve this goal, in addition to ensuring product quality standards and top technical and customer service, Ence considers it essential to maintain a proactive and ongoing dialogue with its customers to understand their expectations, concerns and needs. To this end, Ence maintains various channels of communication, for example, with its pulp customers:

- **Reciprocal visits:** on a regular basis, Ence teams make visits to its customers' facilities in order to obtain first-hand information on their production processes, their experience with Ence products and address any technical aspects on site. Reciprocally, Ence invites its customers to visit its production centres, nurseries and forest assets, allowing customers to learn about the entire production cycle, from sustainable forest management to pulp manufacturing. During these visits, Ence presents its customers with the latest innovations in product development and shares the company's main achievements.
- **Opinion questionnaires:** Ence launches opinion questionnaires for its customers to find out their perception of the most relevant aspects of their commercial relations, such as delivery time, product quality, certificates and documentation, sales department service and technical service. In the pulp area, the questionnaire is launched annually and the responses are analysed within the framework of the Quality System and are used to set improvement objectives for customer satisfaction individually and globally. In 2024, the data for 2023 were analysed, with an average score of 4.3, which is the highest in the last twelve years. The aspects most valued by Ence's customers include the level of service of the sales team, the ease of contacting the right person and the responsiveness of the sales team. In the latest questionnaire, the ratings have improved in the Deliveries sections, which have experienced the highest growth in recent years; Quality and Sales. On the other hand, the most highly rated sections have been Sales and Certificates and Documentation.

In addition to these relationship channels, in all business areas, Ence's sales team and its technical areas are responsible for establishing the means and channels of communication and dialogue to ensure a fluid relationship with customers and promptly respond to any requests for information that the aforementioned may require by means of questionnaires, forms, specific meetings, etc.

3.4.4 Listening processes and remediation of negative impacts

In addition to the channels for dialogue described above, Ence has specific mechanisms for customers to register potential negative impacts, breaches of the code of conduct or any other incident, such as the Integrity Line and specific procedures in the lines of business, as in the case of the Registration and Monitoring System for Pulp-related Claims and Complaints.

3.4.4.1 Integrity Line

Ence has an [internal reporting channel](#) through which all stakeholders, including customers, can report irregular or unlawful conduct in the course of the company's activities that is contrary to its Code of Conduct, its corporate policies and standards or the legal framework in force. In this regard, all stakeholders have the **Internal Information System Policy** (available on the [website](#)) at their disposal, approved by the Management Committee, which establishes the channel's operating mechanism and Ence's principles of conduct in this area.

In 2024, no customer communications have been received through the integrity line. For more information on the line and the procedure for managing and responding to communications, as well as the monitoring and reporting mechanisms and how Ence ensures that stakeholders are aware of the line, see section **Integrity Line**.

3.4.4.2 Registration and Monitoring System for Claims and Complaints

In addition to the Integrity Line, Ence has a Registration and Monitoring System for all claims and complaints from customers in the **pulp business** to make sure that all necessary measures are put in place to resolve any claim or complaint in a timely manner, thus ensuring customer satisfaction and maintenance of a trusting relationship with the company.

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The Registration and Monitoring System serves as a basis for managing and responding to these situations and is regulated by the *Internal Customer Non-conformities Procedure for Quality*. In this system, in addition to formal claims, complaints and any comments related to possible customer dissatisfaction with the service or product supplied are also recorded. To differentiate between them, in cases where the incident affects compliance with guarantees or other aspects such as incidents caused by the product or service, additional costs, returns, etc., it is treated as a claim, while in other cases it is considered a complaint or comment.

Through this system, a total of 3 complaints and 11 claims have been registered in 2024 from a total of around 8,500 pulp sales transactions.

In order to manage and resolve the incidents received, Ence draws up a follow-up report known as the 8D Report. This report provides a detailed description of the problem, details the immediate containment actions implemented, performs a root cause analysis and defines corrective and preventive actions to avoid recurrence of the problem. In addition, the report includes a list of the verification actions that Ence carries out to ensure that corrective and preventive actions have been effectively implemented.

In the case of **biomass customers** (trading), for each customer, Ence's CRM creates and updates a record of its business activity with them, including dialogue actions with them, such as the record of visits and meetings. The *Biomass Business Management Procedure* also sets out the actions to be taken in the event of customer claims which are related, for example, to the quality of the material supplied. As regards **renewable thermal energy customers** (heating), Ence has internal staff at the customer's facilities who are directly responsible to them for any possible incidents.

In the case of **nursery customers** (forest owners), Ence provides them with various channels of contact with the company, including a specific website (<https://viverosence.es/>). In addition, Ence offers owners a free 360º advisory service, in which the company's technical experts give them information on how to prepare the land beforehand, how to plant and how to carry out subsequent maintenance work. They are also offered advice on the type of species and variety that best adapts to the characteristics of their woodland, as well as the best time to plant in order to obtain maximum profitability, and on the possible pests and diseases that could affect their plantation and how to combat them. Ence also offers them a study of the economic profitability that they will obtain from the sale of their timber, depending on the species, logging and the seasonal quality of the land, as well as legal advice on permits, distances to be respected in plantations, etc.

3.4.5 Adoption of measures and earmarked resources

As mentioned in the section on Impacts, Risks and Opportunities, Ence has taken measures to reduce and mitigate risks and negative impacts and maximise opportunities in relation to the creation of value for its customers.

The main actions and resources aimed at meeting the objectives set out in section **3.4.6 Objectives and metrics** on the pulp business are stated below:

- To enhance all **Ence Advanced** special products in 2024, Ence has carried out a project based on the improvement of current special products, the development of new products and applications and the reinforcement of customer approvals.
- For its part, in 2024 Ence has invested more than €7.4M in the promotion of fluff, an absorbent hygiene product. The equipment will be ready to replace up to 125,000 tonnes of standard pulp with this higher-margin product, progressively from 2025.

3.4.6 Objectives and metrics

Ence establishes lines of action and objectives to prevent, mitigate and remedy any impacts and risks identified, and where appropriate, to enhance the business opportunities identified. The sales area is involved in defining the objectives and takes into account the business growth forecasts, as well as current and forecast customer demand for Ence's products, in addition to other factors:

IRO	Objective	Type	Business	2024 Objective	2024 Performance	2025 Objective	2028 Objective
O1 - increased revenue from sales of Ence Advanced value-added special products	Increase market penetration of special products	Voluntary	Pulp	112 special product approvals	119	12 additional at the end of 2024	Achieve 160 product approvals in 2028.
	Increase sales of special products and fluff	Voluntary	Pulp	345,000 metric tons of special products	246,516	340,000 ⁶⁰ metric tons	>50% of revenue from sales of special products and fluff in 2028
	Achieve Fluff Sustainability Certifications	Voluntary	Pulp	N/A	N/A	Achieve 7 certifications	Maintain the certifications obtained.

These objectives form part of the Annual Sustainability Objectives 2025, which are reviewed by the Management Committee on a monthly basis and are reported to the Board of Directors. In addition, the Sustainability Commission reviews the objectives on a quarterly basis.

The objectives relating to advice for forest owners are described in section **3.3.6 Objectives and metrics** on local community development.

As regards the negative impact identified in relation to the potential loss of confidential data and risks related to reputational damage due to insufficient positioning on sustainability issues or due to supply disruptions or quality issues, Ence, as part of its continuous improvement, incorporates these aspects into its daily management. Although no specific objectives are set for each of these risks, Ence manages them proactively and continuously through the mitigation measures described in sections 3.4.1.1 **Impacts** and 3.4.1.2 **Risks and opportunities**.

⁶⁰ The 2025 objective has been adjusted to take into account the updated pulp market prospects for next year.

04. Governance

This chapter contains:



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4. Governance

4.1 Good Corporate Governance

Ence's Board of Directors is committed to articulating a comprehensive, transparent and effective corporate governance system that allows the company's governance bodies to be structured in such a way as to protect the interests of shareholders and other stakeholders and to generate long-term value.

4.1.1 Main lines of action in the area of good governance

In accordance with this commitment to good governance, Ence's Board of Directors has maintained its focus in 2024 on the following four lines of action:

1. Maintaining an effective and up-to-date internal body of regulations

Ence's Board of Directors has approved the following internal regulations:

- Biodiversity Policy.
- Environmental Policy.
- Climate Change Policy.
- Stakeholder Engagement and Positive Social Impact Policy
- Update of the Fighting Against Corruption and Fraud Policy
- Update of the Policy for the Selection of Directors and Diversity in the Board of Directors.
- Update of the Crime Prevention Model.
- Update of the Internal Audit Charter.

The approved or amended policies have been made available to shareholders and other stakeholders on Ence's corporate [website](#).

2. Ensuring that the composition of the governance bodies is adapted to the company's needs

Following the practice recommended by the CNMV in its Technical Guide 1/2019 on appointments and remuneration committees and by the proxy advisors consulted by the company, in 2020, and following a favourable report from its Appointments and Remuneration Commission, Ence's Board of Directors approved the **competency matrix** for its members.

The competency matrix is an effective tool for the company as it allows it to establish that the experience and knowledge are appropriate at management level, as well as to address in a structured way the identification and selection processes of the most suitable profiles. The latest review of the competency matrix by the Appointments and Remuneration Committee took place at the meeting held in June 2024, without any changes being agreed with respect to the previous version. The competency matrix of Ence Board members is shown below:

	Business			Corporate areas					Other			
	Pulp / Forestry	Agricultural	Renewable Energies.	Industrial	Senior Management*	Accounting/Finance/Risks	Legal / Corporate Governance / Compliance	Digitisation / IT	Sustainability / Environment	Human Capital / Talent Management / Remuneration	International experience	Experience on the boards of listed companies and investor relations
Ignacio de Colmenares	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Maria Paz Robina				✓	✓	✓	✓		✓	✓	✓	
Javier Arregui	✓	✓			✓							✓
Óscar Arregui	✓	✓	✓									
Ángel Agudo Valenciano				✓	✓	✓	✓	✓	✓	✓	✓	✓
José Ignacio Comenge	✓	✓		✓	✓	✓			✓	✓	✓	✓
Gorka Arregui				✓	✓	✓	✓					✓
Carmen Aquerreta				✓	✓	✓	✓	✓		✓	✓	✓
Rosa María García			✓	✓	✓		✓		✓		✓	✓
Irene Hernández					✓	✓	✓			✓	✓	✓
Rosalía Gil-Albarellos	✓	✓	✓		✓				✓	✓	✓	
José Guillermo Zubía Guinea				✓	✓	✓	✓		✓	✓		
Fernando Abril-Martorell	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓

According to Ence's competency matrix, the company's Board of Directors covers, as a whole, the specialised skills and knowledge necessary for the proper development of the strategic objectives, including skills in the company's core businesses, as well as in other necessary areas such as sustainability, industry, legal, finance, risk management and talent management.

Board members' skills are kept up to date with the help of the **knowledge update programme** made available to them by Ence. In this respect, Ence has a Welcome Programme to introduce new directors joining the company to the internal regulations and general rules of operation of the governing bodies and the securities markets.

In addition, Ence holds training sessions for board members every year. During the 2024 financial year, Board members have received face-to-face training on the following subjects:

- Regulatory framework for renewable fuels and their market potential.
- Corporate Sustainability Reporting Directive (CSRD).
- Regulatory compliance.

3. Having diverse governance bodies in place

The above measures to identify and update the skills of directors decisively contribute to fostering the presence of diverse profiles in terms of knowledge and experience on Ence's Board of Directors, and therefore to the enrichment and breadth of deliberations and the certainty of decisions. Likewise, the Board of Directors ensures that the selection procedures for its members favour diversity, and in particular, that they facilitate the selection of female directors in a number that enables a balanced presence of women and men.

The presence of women on Ence's Board of Directors has remained at 38.5% in 2024, with all committees, except the executive committee, chaired by independent female directors.

The company remains focused on meeting the diversity objective set out in its Policy for the Selection of Directors and Diversity in the Composition of the Board of Directors (which was last updated in 2024), to the extent that the filling of

vacancies on the Board makes it possible to move in this direction, as well as the implementation of measures to encourage the company to have a considerable number of female senior managers, all in accordance with the recommendations for good corporate governance of listed companies and the amendment of Article 529 bis of the Capital Companies Act, implemented by Law 2/2024 of 1 August, which will be applicable to Ence as of 30 June 2027.

Ence has also remained a member of the Ibex Gender Equality published by BME in 2024. This index is designed to represent listed securities that comply with the presence of women of between 25% and 75% on the Board of Directors, and of between 15% and 85% in Senior Management. This recognises the efforts Ence has been making over the last few years to promote equality.



4. Governance bodies focused on managing ESG issues

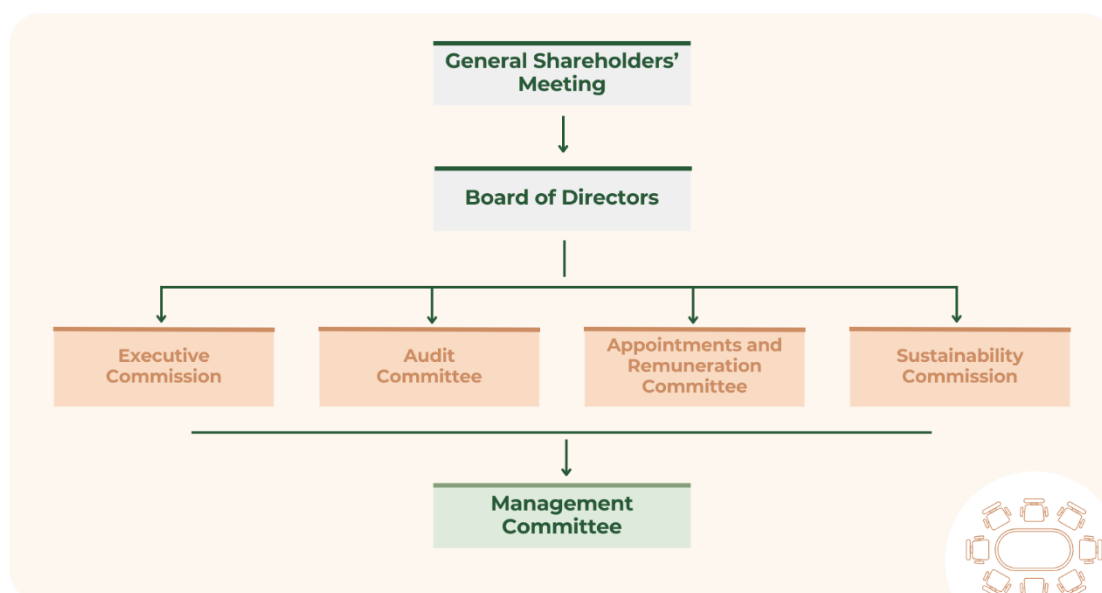
Ence's Board of Directors maintains a proactive approach to integrating environmental, social and governance issues into its strategy, with a clear commitment to the creation of sustainable and shared value with stakeholders. The **Sustainability Commission** is made up of members with expertise in matters related to sustainability, and during the financial year it has dealt with a wide range of issues in depth, including the Biodiversity Plan and its associated KPIs for the 2025 financial year, the Decarbonisation Plan with objectives for 2030 and 2035, the implementation of the system to comply with the new EU Deforestation Regulation (EUDR), the monitoring of the company's social actions and sponsorships, the identification and review of ESG risks, as well as the favourable report on Policies in relevant matters such as:

- Biodiversity Policy.
- Environmental Policy.
- Climate Change Policy.
- Stakeholder Engagement and Positive Social Impact Policy.

Likewise, this Committee has provided its members and the rest of the Board with training on the new regulations established in the CSRD, which has been given by external experts from the firm KPMG.

4.1.2 Composition and functioning of the governing bodies

Ence's governance bodies are as follows:



Process for delegating authority:

The Board of Directors has delegated the powers that are not legally or statutorily non-delegable to the Managing Director and the Executive Commission. The Company also has a structure of general managers and employees

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empowered, in accordance with the Company's Internal Powers of Attorney, to implement its strategy and basic management guidelines, whose powers are granted under two main operating principles: (i) the principle of association, which governs the exercise of powers of a dispositive or organisational nature; and (ii) the principle of solidarity, which governs the exercise of powers of mere representation before Public Administrations.

The Board of Directors or the Managing Director grants the general and special powers of attorney that may be required, in accordance with the Company's Internal Powers of Attorney Regulations, to carry out certain economic or management actions, subject to the limits and conditions established in said powers of attorney.

General Shareholders' Meeting

The General Shareholders' Meeting represents all Ence shareholders and has the powers provided for by law, the Articles of Association and the Regulations of the General Shareholders' Meeting (more information available on the [website](#)). All of Ence shareholders whose shares are registered under their names, in the corresponding accounting records, five days before the date of the General Shareholders' Meeting, have the right to attend and vote at meetings.

The Ordinary General Meeting of Shareholders was held on 4 April 2024, and the following resolutions were adopted there:

- Approval of the annual accounts and of the directors' report of the company and of its consolidated group
- The approval of the consolidated statement of non-financial information (2023 Sustainability Report)
- Approval of the proposal for the allocation of the result of the financial year
- Approval of The Board of Directors Management
- Re-election of the following members to the Board of Directors:
 - Mr José Ignacio Comenge Sánchez-Real as a proprietary director.
 - Mr Gorka Arregui Abendivar as a proprietary director.
 - Mr Javier Arregui Abendivar as a proprietary director.
 - Mr Oscar Arregui Abendivar as a proprietary director.
 - Ms Rosa María García Piñeiro as an independent director.
 - Ms María de la Paz Robina Rosat as an independent director.
- Re-election of the auditors of the Company and its consolidated group.
- Delegation of powers to interpret, supplement, rectify, execute and formalise the agreements.
- Advisory vote on the annual report on remuneration for directors for 2023.

The average percentage of votes in favour of the agreements was 98.9%. The Meeting was held in Madrid, in the Uría y Menéndez Auditorium in person, allowing and enabling the necessary means for the remote attendance of shareholders and the casting of electronic votes. In addition, since the call to the General Meeting, the **Electronic Shareholders' Forum** was set up on the corporate website, which can be accessed - in accordance with the applicable regulations - by both the shareholders and the voluntary associations constituted and registered in the special register which was set up for this purpose at the National Securities Market Commission.

Board of Directors

Functions

The Board of Directors is the supervisory, management and control body of the Company, with the functions attributed to it by the Law and the Articles of Association, among others:

- Deliberating and approving the Company and Group strategic plan, including the definition, and in that case, the review of its mission and values, as well as the economic, social, and environmental objectives in the short, mid and long-term.
- The approval of sustainability policy, the risk control and management policy and the dividend policy
- Establishing the corporate governance policy of the Company and the Group
- The approval of the Crime Prevention and Detection Model
- The approval and publication of financial and sustainability reporting

Composition:

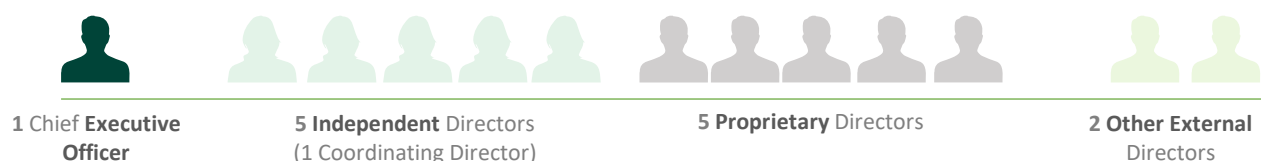
The Board of Directors has an efficient and diverse composition:

- 38.5% of directors are independent
- One of the independent directors is the coordinating director

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- 38.5% of Board members are women
- The average age of the directors is 59 years
- The average length of service on the Board is 6.15 years
- One director is an executive director and the remaining twelve are non-executive directors (5 independent female directors, 5 proprietary directors and 2 other external directors):

ENCE'S BOARD OF DIRECTORS



The Independent Coordinating Director

In accordance with Recommendation 34 of the Unified Code of Good Governance, at Ence, the functions attributed to the Independent Coordinating Director extend to aspects additional to those that legally correspond to him.

In particular, it is the Coordinating Director's responsibility: a) to chair the Board of Directors in case of Chairperson and Vice-Chairperson absence; b) to request the Chairperson to convene the Board of Directors and to participate, together with him, in the planning of the annual meeting schedule; c) to voice the proposals and opinions of the non-executive directors; d) to maintain contact with investors and shareholders in order to ascertain their views for the purpose of forming an opinion on their concerns, in particular, in relation to the corporate governance of the Company; and e) to direct the periodic evaluation of the Chairperson and to lead and organize, where appropriate, the Chairperson's succession plan.

Main issues addressed in 2024

The Board dealt with the most relevant issues for the proper management of the company, among others:

- Preparation of the individual and consolidated annual accounts and management report of the Ence Group for the 2023 financial year, and approval of the necessary reports to be made available to the Ordinary General Meeting. Call to the General Shareholders' Meeting and formulation of the proposed resolutions to be submitted to it. Approval of the procedure and provision of the means for holding the General Shareholders' Meeting.
- Preparation of the Annual Statement of Non-financial Information (Annual Sustainability Report) for the 2023 financial year.
- Approval of quarterly financial reports and half-yearly financial statements.
- Review, reporting, and where appropriate, approval of corporate transactions.
- Monitoring of strategic issues and potential business opportunities.
- Strategic reflection and conclusions.
- Approval of the 2024-2028 strategic framework.
- Approval of the 2024 budget.
- Approval of the Biodiversity Policy.
- Approval of the Environmental Policy.
- Approval of the Climate Change Policy.
- Approval of the Stakeholder Engagement and Positive Social Impact Policy.
- Update of the Fighting Against Corruption and Fraud Policy
- Update of the Global Risk Map.
- Update of the Policy for the Selection of Directors and Diversity in the Board of Directors.
- Update of the Competition Compliance Programme.
- Update of the Crime Prevention Model.
- Update of the Internal Audit Charter.
- Approval of the renewal of an Ence Sustainable Promissory Note Programme in MARF.
- Review of the organisation and talents of the Management Committee. Review of succession or contingency plans.
- Analysis of the markets in which the company operates and preparation of the necessary forecasts

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- Regular information from the company's top executives on the evolution of the businesses for which they are responsible.

Selection and assessment

The selection of candidates which will join Ence's Board of Directors follows the procedure and principles established in the **Policy for the Selection of Directors and Diversity in the Composition of the Board**, whose update was approved by the Board in its meeting held in June 2024 and which is available on the corporate [website](#). Board Members shall hold office for a maximum period of three years and may be re-elected once or several times for periods of the same duration. The assessment of the Board follows the mechanism set out in Article 19a of the Board of Directors' Regulations. The results of the annual self-assessment lead to an action plan for the following year.

Remuneration

The Board of Directors is responsible for determining each director's remuneration, with previous report from the Appointments and Remuneration Commission, within the framework of the **Directors' Remuneration Policy** approved by the General Meeting.

A detailed breakdown of all the remuneration items received by the Directors during the financial year is included in the Annual Report on Directors' Remuneration also available on Ence's [website](#).

Committees

The following table contains the most relevant information on the composition of the four committees of Ence's Board of Directors. The powers of each of the committees are detailed in articles 14 to 17 bis of the Regulations of the Board of Directors. Details of these functions can also be found in the Annual Corporate Governance Report 2024, available on Ence's [website](#).

		2024 Committees composition and meetings				
Council	Legal category Council	Age:	Executive Commission	Audit Committee	Appointments and Remuneration Committee	Sustainability Commission
Mr Ignacio de Colmenares	Chief Executive Officer	63	C			
Ms Irene Hernández	Independent Coordinating Director	59	M	M	M	
Mr Javier Arregui	Proprietary Director	54		M		M
Mr Óscar Arregui	Proprietary Director	51	M			
Mr José Ignacio Comenge	Proprietary Director	73	M			
Mr Gorka Arregui	Proprietary Director	49	M		M	
Mr Angel Agudo	Proprietary Director	51				M
Ms Rosalía Gil-Albarellos	Independent Director	64			M	M
Ms Rosa María García	Independent Director	50		M		C
Ms Carmen Aquerreta	Independent Director	56		C		
Ms María Paz Robina	Independent Director	60			C	M
Mr Fernando Abril-Martorell	Other External Director	62	M		M	
Mr José Guillermo Zubía Guinea	Other External Director	78	M	M		

M: member; C: chairperson

	Council	Executive Commission	Audit Committee	Appointments and Remuneration Committee	Sustainability Commission
Average age	59	-	-	-	-
% of women	38.5%	14.3%	60.0%	60.0%	60.0%
% of independent ones	38.5%	14.3%	60.0%	60.0%	60.0%
Independent Chairperson	-	-	✓	✓	✓
2024 Meetings	11	7	7	6	5
% attendance*	97.95%	98.0%	100%	96.0%	100%

* The breakdown of individualised assistance is included in the IAGC paragraph C.1.25

The main points addressed by the Committees during the 2024 financial year are described in the operating reports drawn up by each of them, which were approved by the Board of Directors

Senior Management

Senior Management comprises the Management Committee, the Internal Audit Directorate and the Ethics and Compliance Department. The Management Committee is composed of the Managing Director, the General Managers of the business areas and the General Managers of the transversal corporate areas, it is responsible for the day-to-day management of the company and jointly makes the main economic, social and environmental decisions which, where appropriate, may be submitted to the Board of Directors within its sphere of competence. The Members of the Management Committee report to the Chairperson and Managing Director and participate in the meetings of the Committees and of the Board of Directors to report on matters within their competence, upon invitation by the respective Chairpersons of these bodies.

Management Committee	Name	Position
✓	Ignacio de Colmenares Brunet	Managing Director
✓	Jordi Aguiló Jubierre	Managing Director of Pulp
✓	Isabel Vallejo de la Fuente	Managing Director of Human Resources
✓	Alfredo Avello de la Peña	General Manager of Finance and Corporate Development
✓	Reyes Cerezo Rodríguez-Sedano	General Secretary and Managing Director of Sustainability and Regulation
✓	Modesto Saiz Suarez	Sales, Marketing and Logistics Director of Celulosa
✓	Fernando González-Palacios Carbajo	Director of Planning and Management Control
✓	Guillermo Negro Maguregui	Managing Director of Magnon Green Energy
	Ángel J. Mosquera López-Leyton	Internal Auditing Director
	Carla Morenés Basabé	Ethics and Compliance Director

Note: The changes in the composition of the Management Committee in 2024 are detailed in Section C.1.14 of Ence's Annual Corporate Governance Report (2024).

4.2 Ethics and compliance

4.2.1 Governance bodies as regards business conduct

The Board of Directors, its Committees, the Management Committee, as well as the various management bodies and the respective management teams of the companies and subsidiaries that make up the Group, each in their respective areas of responsibility and management, have the **obligation to promote a culture of ethics and integrity at Ence**, taking on a permanent commitment to monitor and sanction fraudulent acts and conduct, as well as to develop effective communication and awareness-raising mechanisms for all professionals.

Ence's governing bodies act in accordance with the principles of ethics and transparency established in the company's Code of Conduct. The roles and responsibilities of each body as regards ethics and compliance are set out below:

- The **Board of Directors** is the highest body responsible for approving and supervising the implementation of the Crime and Criminal Risk Prevention Model and for approving the measures and means to be applied. Control of

the functioning and regular supervision of the Model is carried out by the Audit Committee. It is also responsible for promoting a preventive culture based on the "zero tolerance" principle regarding the commission of illegal acts and situations of fraud, and on the application of the principles of ethics and responsible conduct by all Group professionals, regardless of their hierarchical level or the country in which they work.

- The **Audit Committee**, within the framework of the Crime Prevention Model, supervises and monitors the functioning of the Model, as well as Ence's regulatory compliance standards, and ensures the independence and effectiveness of the compliance body.
- The **Management Committee** is responsible for complying with the policies and procedures established by Ence, as well as for acting ethically and responsibly by supporting all members of the organisation in the exercise of their ethical and compliance obligations. It is also responsible for maintaining an effective control environment in the implementation of controls.
- The **Ethics and Compliance Department**, an autonomous area that regularly reports to the Audit Committee, supervises, monitors and reviews the Crime Prevention Model, including the performance of the appropriate periodic audits, verifications and investigations of the different elements, functions or controls thereof, together with other areas and functions of the Company, and in coordination with Internal Audit, the verification of controls included in the ICFR.
- The **Internal Audit Department** is a further supervisory body for the analysis, evaluation and supervision of the Company's internal control and risk management systems, which reports the results of any work executed to the Audit Committee.

Furthermore, Ence's Board of Directors recognises the importance of issues related to business conduct, incorporating the "compliance" competence related to knowledge of the ethical principles of business conduct within its competency matrix. The full competency matrix is included in section **4.1.1 Main lines of action in the area of good governance**.

4.2.2 Impacts, risks and opportunities

Section **1.4.4 Double materiality analysis** describes the process of identifying and assessing the **material impacts, risks and opportunities for the Ence Group in terms of business conduct**.

4.2.2.1 Impacts

Identifying potential impacts concerning business conduct and defining measures to prevent and mitigate them is key to ensure that they do not affect, among other things, the reputation of the organisation. The negative impacts identified in relation to business conduct and the main measures defined by Ence to prevent and/or mitigate them are detailed below:

Impact	Description of the impact	Prevention and/or mitigation measures
I1: Environmental and social impact of suppliers. (P / VC)	A hypothetical lack of control and supervision of suppliers' activities may give rise to impacts on the environment and/or local communities, compromising the Ence Group's sustainability values and damaging its reputation with its stakeholders, and in the future could even lead to sanctions in accordance with the transposition of Directive (EU) 2024/1760 on corporate sustainability due diligence.	Ence has policies and procedures which are specifically designed to manage the risks associated with its supply chain in environmental, social and governance terms (e.g. Code of Conduct, Purchasing Policy, Due Diligence Policy and Procedure, among others). In addition, before formalising the contracting of a supplier, various measures are implemented, such as the approval process, adherence to Ence's Code of Conduct, the inclusion of specific contractual clauses on environmental and social issues, and lastly, the conducting of specific audits and assessments.
I2: Lack of awareness of sustainability. (P / OO)	Insufficient awareness and training of employees on environmental and social standards could lead to regulatory non-compliance, affecting the company's reputation, and to possible sanctions.	Ence has implemented various measures to reinforce awareness of sustainability among its employees, including continuous training and dissemination regarding its policies, procedures, the 2024-2028 Sustainability Master Plan and sustainability objectives. In addition, ESG objectives have been incorporated into short (annual) and long term (LTI) variable remuneration, which encourages employees to adopt and promote good ESG practices.
I3: Insufficient whistleblower protection. (P / OW, VC)	The absence of effective mechanisms to protect whistleblowers against retaliation for reporting malpractice would give rise to a loss of trust on the part of	Ence has an Integrity Line through which the confidentiality and anonymity of whistleblowers is guaranteed, and the absence of retaliation is ensured for anyone who reports breaches or malpractice. In addition, the company has a

Impact	Description of the impact	Prevention and/or mitigation measures
	whistleblowers, and therefore, a weakness in the system for detecting conduct contrary to Ence's internal regulations or to the law.	Policy and Procedure (website) for the Internal Information System (website) to ensure the correct use and knowledge of this integrity line. Furthermore, training sessions on ethics and compliance are held on a regular basis, highlighting the importance of transparency and the reporting of malpractice.
I4: Corruption and malpractice. (P / OO)	A lack of robust culture of ethics among employees could result in inappropriate conduct or practices, with consequences for Ence's public image, and where appropriate, possible sanctions for the company.	Ence has policies and procedures such as the Code of Conduct, the Criminal Compliance Policy, the Fighting Against Corruption and Fraud Policy and the Antitrust Compliance Programme that make it possible to reinforce the culture of ethics and good governance. In addition, Ence uses digital tools such as Moody's Compliance Catalyst to assess the compliance of third parties with which Ence has a commercial/collaboration relationship (e.g. suppliers, partners), and to perform due diligence on third parties, covering potential ethical and compliance risks in the value chain and minimising the risks of corruption and malpractice, as well as others.

C: Current; P: Potential / OO: Own Operations; VC: Value Chain

Not only are there negative impacts associated with business conduct, but there are also **positive impacts**. The main positive impacts identified for the Ence Group are stated below:

- **Extension of sustainability criteria to the supply chain:** Ence extends the good sustainability practices applied by the company to its supply chain, not only strengthening Ence's position as a benchmark in sustainable practices, but also promoting the extension of responsible practices such as certifications like FSC® and SURE throughout its value chain and improving the sustainability performance of the agroforestry industry.
- **Internal awareness of sustainability:** Initiatives to improve employee training and awareness of sustainability reinforce internal commitment, promoting practices in line with the company's strategic objectives.
- **Improving the social licence to operate and sector positioning:** the application of compliance control and supply chain monitoring systems to minimise the possibility of inappropriate conduct consolidates the acceptance and trust of the company's communities and stakeholders, facilitating the development of operations, as well as the sector positioning of the Ence Group.

4.2.2.2 Risks and opportunities

Risks

The identified risks concerning business conduct pose potential threats that may have a negative effect on the company's operations, reputation and regulatory compliance. Anticipating these risks and establishing strategies to manage them is essential in order to prevent and mitigate their impacts and ensure business sustainability. The main risks identified for Ence in the area of business conduct are listed below:

Risk	Description of the risk	Mitigation measures
R1: Cases of corruption or bribery.	A lack of effective controls or a sound culture of ethics could result in sanctions for the company,	Monitoring, updating and compliance with good business conduct policies and procedures (Code of Conduct, Criminal Compliance Policy, Fighting Against Corruption and Fraud Policy) and holding awareness and training sessions on ethics and compliance, as well as conducting internal audits minimise the risk of possible cases of corruption or bribery, and therefore fines and damage to reputation. In addition, the use of digital tools (Moody's Compliance Catalyst) helps to reduce this impact on the supply chain.
R2: Damage to reputation due to corruption misconduct.	Possible cases of corruption or unethical behaviour would not only have an impact on the company's public image, but also on the relationship with customers, investors and local communities.	
R3: Non-compliance with whistleblower protection regulations.	The absence of appropriate mechanisms to protect whistleblowers against malpractice could result in sanctions for the company and loss of trust among employees and stakeholders.	The Integrity Line , which is governed by the Policy and Procedure (website) of the Internal Information System (website), guarantees the confidentiality and anonymity of whistleblowers, and the absence of retaliation is ensured for anyone who reports breaches or malpractice.

Opportunities

Despite the risks, Ence has also identified opportunities to become more resilient, improve its performance and reinforce its market leadership. The main opportunities identified for the Ence Group are set out below:

- **Improved environmental and social performance:** Employee awareness and training in sustainability practices boost environmental and social performance, leading to greater acceptance and contributing to maintaining the social licence to operate.
- **Enhanced reputation and access to new customers:** reinforcing the corporate image through responsible and sustainable practices helps to attract new customers and build relationships with strategic stakeholders.
- **Reduced exposure to regulatory changes:** proactive and early adoption of regulations and standards concerning sustainability and business ethics reduces vulnerability to regulatory changes, ensuring compliance and minimising associated risks.

In addition to the risk mitigation measures described above, Ence has transversal tools that enable it to reinforce the culture of ethics and compliance and prevent risks in this area. These include the Crime Prevention Model, the Criminal Risk Map and the Criminal Compliance Management System:

Cross-cutting mitigation measures

Crime Prevention Model

The culture of ethics and compliance at Ence is fostered through the Crime Prevention Model, which establishes the parameters of conduct, and mechanisms that make it possible to detect, prevent, and where appropriate, mitigate potential risks associated with the commission of crimes.

In order to establish due control over Ence's business activities, the following actions are stipulated in the Crime Prevention Model to manage risks:

- Analysis of the activities, processes, sub-processes and controls carried out by Ence.
- Identification of potential criminal risks in Ence's various activities, validating the hypothetical commission of crimes with area managers. To this end, an inventory has been drawn up of the criminal risks to which the company is exposed due to its activity, location and sector, a risk matrix has been prepared, and the criminal risks identified have been assessed and prioritised.
- Update of risk assessment criteria and reassessment of risks against the new criteria. In 2024, 50 new controls have been included.
- Designation by the Audit Committee and the Board of Directors of the Ethics and Compliance Department as a key element in controlling the implementation, development and compliance with Ence's Crime Prevention Model.
- Review of the financial reporting policies and procedures, checking the system for provision of financial resources to control Ence's expenditure, thereby preventing cash flow from being used for illicit activities. Provision of the financial and material resources required for the correct and effective operation of Ence's Crime Prevention Model is also ensured.
- Integration into the Crime Prevention Model of the continuous supervision and monitoring system that enables Ence to (i) periodically monitor, in accordance with the established plans, the surveillance process and management of controls with criminal risk coverage, (ii) review the Model (risks, controls, processes, sub-processes, etc.), (iii) propose improvements or, where appropriate, the creation of new controls to reinforce risk coverage, and (iv) establish a risk and control management tool in order to supervise, prevent and mitigate potential crimes within the framework of Ence's activities.
- Establishment and maintenance of the Integrity Line, a key tool for reporting conduct or events that potentially constitute a crime or breaches of Ence's Code of Conduct.

Ence's criminal risk management process is a continuous process. As part of this process, periodic verification has been established for the Crime Prevention Model and for any possible amendments to it in the event that any relevant breaches of its provisions are revealed, or whenever deemed necessary due to changes in the organisation, control structure or the activity carried out.

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In this regard, in 2024 the Ethics and Compliance Department has reviewed, updated and optimised the Crime Prevention Model, reviewing the potential criminal risks in the various activities and updating all the controls with those responsible for them to verify their effectiveness. In addition, the risk assessment has been updated.

The Model is a dynamic tool and is therefore subject to periodic review in order to incorporate, where appropriate, new preventive controls, areas of activity or entities that may join Ence under the terms established in the Model.

Criminal risk map

In order to be able to carry out a complete supervision and control of all the company's activities, Ence has a criminal risk map that identifies all the activities in which criminal actions could be committed and which, therefore, could lead to Ence being held criminally liable. The criminal risk map is drawn up following the methodology in place since its implementation and it has been approved by the Board of Directors of the company, taking into account both the assessment of the risks of committing any type of criminal offence, in accordance with the provisions of Article 31 bis of the Criminal Code, and the controls implemented in the organisation to minimise or eliminate such risks. The map is regularly updated to take into account any legal changes or new activities and lines of business of the Group, in addition to other factors.

To optimise risk and control management at Ence, the Ethics and Compliance Department has implemented the *GlobalSuite* management tool.

Criminal compliance management system

In 2024, a certification follow-up audit was also conducted on Ence's Criminal Compliance Management System, confirming the system's fulfilment of the requirements specified in the UNE 19601:2017 reference standard for Criminal Compliance Management Systems.

4.2.3 Business conduct policies and procedures

4.2.3.1 Business conduct policies

Ence has a set of policies that establish and regulate the company's principles of business conduct, ethics and compliance. All of these enable the prevention, and where appropriate, mitigation of potential risks and related negative impacts. The Code of Conduct is the document that establishes Ence's general principles and commitments. However, in addition to this Code, which acts as a general framework, Ence has developed specific policies for aspects such as the fight against corruption and fraud, criminal compliance and the prevention of bribery. The main internal rules in this area are described below:

Code of Conduct

The Code of Conduct sets out the Group's ethical pillars and establishes the principles of conduct that guide Ence's directors and professionals in the performance of their activities and in their relations with third parties. It also reinforces the company's commitment to ethical behaviour and integrity.

The Code of Conduct is binding on all administrators, professionals and third parties acting on behalf of the company or falling within its scope of application. It also establishes the duty to report any known or suspected non-compliance through the Integrity Line. The Code is available to all of the company's stakeholders and may be found on the group's corporate [website](#).

All Ence professionals must adhere to the Code of Conduct when they join the Group, as well as third parties before entering into a business relationship with the Group. In addition, all new recruits are required to undergo Code of Conduct training as part of the induction process.

The Audit Committee of Ence's Board of Directors is the body in charge of monitoring and controlling the implementation of the Code of Conduct, as well as its correct dissemination and compliance.

Fighting Against Corruption and Fraud Policy

In 2024, Ence's Board of Directors, in its commitment to zero tolerance against corruption, approved the updated Fighting Against Corruption and Fraud Policy, which is available to all the company's stakeholders on the corporate [website](#). This Policy demonstrates the company's commitment to conducting business with integrity, avoiding all forms of corruption and complying with applicable anti-corruption and fraud prevention regulations.

This Policy is binding on all of Ence's administrators, professionals and subsidiaries or investee companies, as well as third parties acting on behalf of the company or falling within its scope of application.

Criminal and Anti-bribery Compliance Policy

The Criminal and Anti-Bribery Compliance Policy has been developed in line with best compliance practices, and sets out Ence's general principles of conduct in crime prevention for the development of diligent professional conduct and condemns the commission of any kind of unlawful behaviour, ensuring the prevention, detection and mitigation of all types of irregular conduct.

This Policy is binding on all administrators and employees of the Ence Group, as well as on third parties acting in Ence's name (employees of subcontractor companies, agents and intermediaries, etc.), and for all those under Ence's control.

The Policy has been approved by the Board of Directors and is available on the company's intranet and [website](#) for obligatory compliance.

Internal Information System Policy

The purpose of this Policy, approved by the Board of Directors and available on the [website](#), is to set out the general principles of the Internal Information System, as well as to ensure the whistleblower's defence. In it, Ence undertakes to adopt the necessary measures to prevent any type of retaliation against people who report in good faith any irregular or unlawful conduct occurring within the framework of Ence's activities that is contrary to the Code of Conduct or the legal framework in force.

These policies apply to all the companies that form part of Ence, to all its professionals and to third parties that have dealings with the Group. Thus, Ence asks all its professionals to make an annual declaration of compliance:

- with the Code of Conduct
- with the Fighting Against Corruption and Fraud Policy.
- with the Antitrust Programme
- with the Declaration of Conflict of Interest

The Code of Conduct, the Criminal and Anti-Bribery Compliance Policy and the Fighting Against Corruption and Fraud Policy require mandatory acceptance by all Ence professionals.

The company also requires all its suppliers to adhere to the Code of Conduct, the Anti-Corruption and Anti-Fraud Policy and the Criminal and Anti-Bribery Compliance Policy before entering into a business relationship with Ence.

Integrity Line

Ence has an [Integrity Line](#) through which both its own workers (employees, general managers, administrators, etc.) and workers in the value chain and other stakeholders can confidentially report any misconduct, breach or well-founded suspicion of non-compliance that contravenes the law, the Ence Code of Conduct, the Criminal Compliance Policy, the Fighting Against Corruption and Fraud Policy, the Antitrust Compliance Programme or the company's internal regulations and procedures. It is also Ence's mechanism for raising any questions or doubts about the Code of Conduct, internal regulations or Ence's procedures.

All of this information is set out in the aforementioned Internal Information System Policy, which also establishes the rights of whistleblowers and Ence's principles of conduct in this area, including the following:

- Promote an environment of **transparency and integrity** in the Ence Group's business activities.
- Ensure the **confidentiality of the whistleblower's identity** in the receiving and processing of communications.
- Conduct the investigation while respecting **anonymity** when so requested by the whistleblower.
- Carry out the investigation in an **objective and diligent** manner and ensure that the rights of those involved, whether whistleblowers or persons concerned, are maintained, in particular the right to honour, access to the file, confidentiality, non-disclosed identity and presumption of innocence.
- Provide appropriate **technical and organisational** measures to preserve the identity and ensure the confidentiality of data relating to the persons concerned.

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- **Any acts constituting retaliation**, including threats of retaliation and attempts to retaliate against whistleblowers, **are expressly prohibited**. In addition, the Integrity Line Procedure develops the policy and regulates the management of any communications received, as well as their channelling until the final decision.

The Board of Directors appointed the Ethics and Compliance Director as the Internal Information System Officer, who is responsible for managing the integrity line and performs her functions independently and autonomously from the rest of the company's bodies.

On a quarterly basis, the Internal System Officer submits a detailed report on all communications received, the results of investigations carried out and the actions implemented to the Audit Committee. This report includes relevant information on the nature of the communications (such as harassment, conduct, crime, etc.), their category (minor, serious, very serious, inadmissible) and the number of communications filed, investigated and actions taken in each case, with a view to remediation where necessary. This report is the key tool for assessing the effectiveness of the system in terms of planned remediation actions and concerning the use and knowledge of the Line on the part of employees and other stakeholders.

The access routes to the Integrity Line are:

- **Through the website:** <https://enceintegrityline.com/>

- **Postal mail:**

Ence Energía y Celulosa.

Att. Responsable del Sistema Interno de Información (Internal Information System Officer).

C/Estébanez Calderón 3-5, 28020 Madrid

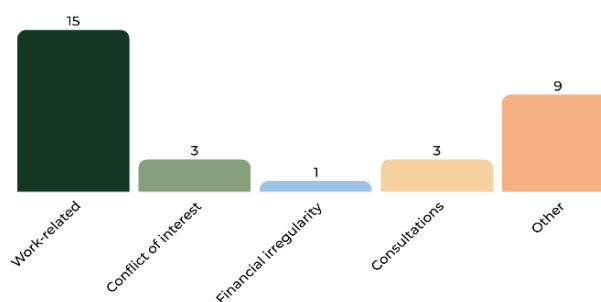
- **Through the QR code:**



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In 2024, 31 communications have been received through the integrity line. Ence has carried out the appropriate investigations, in accordance with the procedure, and implemented the corresponding actions in accordance with the internal regulations in force. Specifically, 15 communications were related to labour/harassment issues, 1 to a potential financial irregularity, 3 to a conflict of interest, 3 to consultations and the remaining 9 to other matters. Of the total number of communications, 27 have been closed (87%) and 4 (13%) are still open. In this regard, no complaints of corruption or human rights violations have been received.

Communications received through the Integrity Line



To make the Line known, the Ethics and Compliance Department has launched various initiatives such as the "Coffee and Compliance" meetings held at the facilities, which aim to reinforce Ence's culture of integrity and where the Integrity Line is made known, as well as internal communications through various means (intranet, e-mail, specific Teams channel, etc.).

Integrity Line Management Procedure

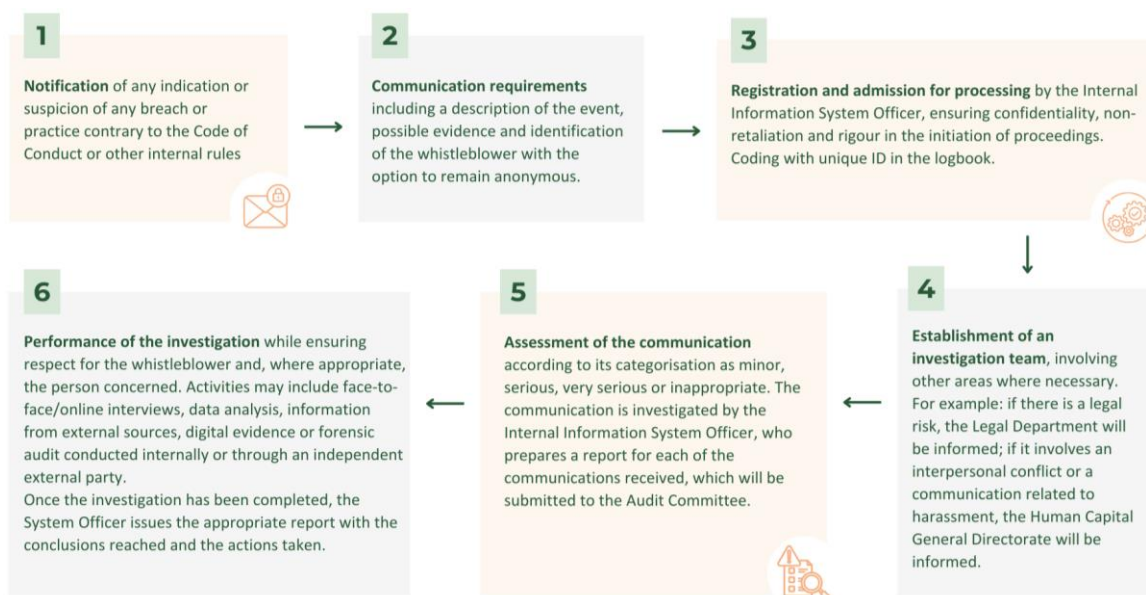
In addition, among its basic principles established by the Procedure, it aims to ensure, for all complaints or enquiries received, a timely, independent, complete and confidential analysis within a reasonable period of time, which shall not exceed three months from the acknowledgement of receipt of the complaint.

Once the communication has been received, an acknowledgement of receipt is sent and it is coded with a unique identifier. Depending on the content of the communication, the internal information system officer will assess the need for involvement of other areas and conduct an investigation of the communication. Once the investigation has been completed, the system officer will issue the appropriate report with the conclusions reached, as well as any actions taken, and notify the whistleblower of the aforementioned.

The management of Ence's integrity line is regulated through a procedure ([website](#)) which establishes, in addition to other points, a series of rights and duties of the whistleblower and the person concerned, such as:

- Right to confidentiality for all whistleblowers
- Right to non-retaliation against bona fide whistleblowers
- Right to choose the most appropriate medium for communication
- Duty to act in good faith
- Right to the presumption of innocence, right to honour and right to a defence
- Ensure, for all communications received, a timely analysis within a period of determined in the Procedure
- Commitment to carry out disciplinary, sanctioning and judicial processes, as appropriate, until these are resolved, with the aim of proportionately reproaching conduct contrary to the law or the Company's regulations and procedures.

Integrity Line procedure



4.2.3.2 Business conduct procedures

In addition to the Policies and reference standards described above, Ence has the following **internal procedures**:

Corporate Procedure for the prevention and management of conflicts of interest

The new procedure for the prevention and management of conflicts of interest was approved in 2024. The aim of this is to establish the procedures to be followed in preventing or, where appropriate, dealing with conflicts of interest in which any Ence professional may find themselves while performing their duties.

This procedure is designed to detect any situations in which personal, family, professional or financial interests interfere, or may interfere, with an individual's value judgement in the performance of their duties to the organisation for which they work or provide services.

Procedure for donations, collaboration agreements and sponsorships

The Procedure for donations, collaboration agreements and sponsorships was updated in 2024 to regulate the application, selection, approval and registration process so as to ensure compliance with the Group's ethical principles. The beneficiaries must be suitable for establishing relationships with Ence, and the activities subject to the donation or sponsorship must be compatible with the Group's activities and values, in compliance with the applicable legislation and the company's internal regulations. This procedure is binding on the whole Ence Group, as well as on third parties acting on its behalf.

Corporate procedure for giving and receiving gifts and hospitality in the public and private sector

Ence maintains a policy of transparency in its relationships with the public and private sectors. The corporate gift procedure was therefore approved at the end of 2023. The purpose of this procedure is to establish clear principles of conduct for Ence professionals in all matters related to the giving and receiving of gifts and hospitality resulting from their interaction with customers and suppliers in the public and private sectors, in order to ensure that their behaviour is in line with the Code of Conduct, the Anti-Corruption Policy and other internal regulations.

Other procedures

The Ethics and Compliance Department is also responsible for participating in the updating of procedures and internal regulations of the operational areas. This year, with the support of the Ethics and Compliance Department, the Supplier Management Procedure and the Protocol for resolution of interpersonal conflicts and for prevention of workplace and sexual harassment have been updated.

4.3 Prevention of corruption and bribery

The prevention of corruption and bribery is regulated internally at Ence in the Policies stated in section **4.2.3 Business conduct policies and procedures**. The **Fighting Against Corruption and Fraud Policy** establishes zero tolerance against any form of corruption and the company's commitment to conduct business with integrity. In addition, the **Criminal and Anti-Bribery Compliance Policy** sets out the principles of conduct for crime prevention and the development of diligent professional conduct.

The Ethics and Compliance Department, together with the Internal Audit Department, regularly monitors the functioning and effectiveness of the procedures and internal controls established for the prevention, identification and mitigation of the risks identified in the risk analysis.

By means of the **Crime Prevention Model**, the risks affecting each area are identified and the necessary internal controls for prevention and mitigation concerning corruption and bribery are established.

In accordance with the provisions of the Integrity Line Procedure, in any cases in which the communication refers to matters that involve or may involve a criminal incident, the Internal Information System Officer shall issue a proposed resolution, which must subsequently be confirmed by the Audit Committee, and where appropriate, by the Board of Directors. Furthermore, in this case, the information will be sent to the Attorney General's Office where provided for by law. In all cases, the policies and procedures in place ensure independence between those responsible for conducting the investigation and the parties involved.

During the reporting period, there have been no confirmed cases of corruption or bribery and there have been no convictions or fines related to the violation of anti-corruption or anti-bribery laws.

4.3.1 Prevention of money laundering

Ence does not find money laundering as a priority risk, given that its business model is based on a direct relationship with industrial customers. However, Ence also includes this aspect in its audit plans.

Apart from specific audits and the review of the Internal Control over Financial Reporting System (ICFR), Ence carries out a series of internal controls to prevent money laundering, such as the analysis and blocking of pulp sales transactions if customers based in sanctioned states or tax havens are detected.

4.3.2 Training, communication and other actions to reinforce a culture of ethics and compliance

Ence has a training and communication programme managed by the Ethics and Compliance Department, which aims to reinforce the Group's culture of ethics and integrity.

Ence professionals receive continuous information on compliance regulations via the intranet, e-mails, a specific newsletter and both face-to-face and online meetings.

Training

The ethics and compliance training programme is mandatory for all employees and includes a course on the Code of Conduct, the Criminal and Anti-Bribery Compliance Policy, the Fighting Against Corruption and Fraud Policy and the Integrity Line, which have been updated in 2024 with the support of a new online course creation tool on the AUNA platform. All employees must undergo training on these policies when joining the company. In addition, the Ethics and Compliance Department holds training sessions throughout the year.

In 2024, training activities on ethics and compliance have been carried out, in which 1,092 people have participated, representing more than 87.7% of the workforce at year-end. The objective established in the Sustainability Master Plan was to reach more than 90% of employees during the 2024-2028 period. The main topics covered in these training sessions have been the criminal liability of legal entities, the Code of Conduct, the Criminal Compliance Policy and the Fighting Against Corruption and Fraud Policy, the Corporate Policy on the Internal Information System, the Integrity Line Procedure and the Harassment Protocol. Ence has also made the course on anti-corruption, which has been developed by the UN, available to all its employees through the corporate intranet. Among the training sessions held in 2024, one of the most important was "Regulatory Compliance: know its key points and act with integrity". This was given in person by an external specialist and was aimed, among others, at the Management Committee and members of the Board of Directors, including its Committees. The training content included training on business ethics and criminal regulatory compliance, the integrity line and the performance of case studies.

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As regards staff categories especially exposed to criminal risks, i.e. Ence Group directors, 100% of them are trained in anti-corruption and bribery. Some of these training activities have included prevention of money laundering, anti-corruption and bribery, resolution of interpersonal conflicts and prevention of harassment.

Communication

Ence also undertakes communication and ethics and compliance awareness actions for its employees through different channels such as the intranet, the AUNA platform, the MiEnce application and other corporate channels.

In 2024, 57 internal communications have been published on different compliance matters, including reminders on the use of the Integrity Line, updates on procedures and policies and the relevance of their knowledge and application on a daily basis, cartoons on prohibited antitrust conduct to raise awareness, and infographics on key aspects of new procedures, such as the Procedure for Giving and Receiving Gifts and the Procedure for Conflicts of Interest.

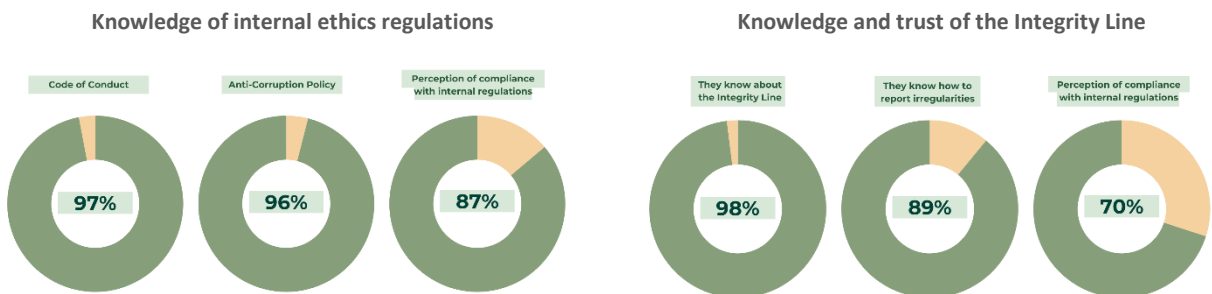
Another of the communication activities that has been carried out during the financial year has consisted of the publication of an ethics and compliance newsletter. This newsletter is e-mailed to all Ence Group employees and is issued on paper at plants and biofactories in order to facilitate its distribution to those who do not work with e-mail on a daily basis. On a monthly basis, all compliance communications published on the intranet are also included in the publication *Ence al día* (Ence up to date). This is published on the intranet and printed on paper so that it is physically available at Ence's industrial facilities. So as to provide all Ence professionals with easier and more organised access to the wide range of documents and information related to ethics and compliance, a new Ethics and Compliance section has also been created on the corporate intranet, as well as a new tag in Teams for all ethics and compliance publications.

In addition, reminders have been sent via the Integrity Line to reinforce communication with suppliers.

Other initiatives

Compliance survey

In 2024, an ethics and compliance survey was conducted among all Ence employees to assess the extent to which there is a culture of ethics and compliance at Ence. More than 400 people took part in the survey, almost all of whom were aware of the compliance regulations and the Integrity Line.



Coffee and Compliance

At the start of 2024, the Ethics and Compliance Department began a new awareness-raising project dubbed "Coffee and Compliance" to reinforce Ence's culture of integrity. This initiative has been carried out in all offices, plants and biofactories throughout the year and consists of holding sessions with small groups in order to bring the ethics and compliance functions closer to all areas, allowing the different projects to be explained and settle any doubts that the professionals who participate in the talks may have. At the end of the meeting, participants are invited to complete a satisfaction survey. A total of 392 people have been trained through this initiative and 100% of participants recommend it to other colleagues.

4.4 Supply chain monitoring

Ence is aware of the importance of acting with integrity, not only in its direct activity but also in preventing improper conduct in the value chain. To this end, Ence extends the principles of good business conduct to its supply chain and

establishes policies, approval procedures and assessment systems for its suppliers to minimise the risks of conduct contrary to its internal regulations.

4.4.1 Purchasing policy

Ence's Purchasing Policy, approved by the Board of Directors and available on its [website](#), establishes the principles of conduct adopted by the company in the management of its supply chain, in order to ensure that the relationships established with suppliers are developed in line with the company's values and with the guidelines set out in its Code of Conduct.

The scope of the Purchasing Policy covers all commercial relations with third parties of the Ence Group and its investee companies, across all its lines of business. The principles stipulated in the Policy are applicable to the Ence's whole supply chain, from its direct suppliers and subcontractors to the supply chains of the aforementioned. Thus, direct suppliers and subcontractors must not only comply with, but also ensure compliance with the principles set out in the Policy throughout their supply chains, and any goods or services acquired by Ence are subject to this Policy.

The main principles of conduct covered in this Policy include the following:

- **Regulations and Code of Conduct:** Relationships with suppliers must comply with all local, national and international standards and laws, as well as the Group's internal regulations, and be conducted with the highest ethical standards.
- **Respect for Human Rights:** Ence will not work with any suppliers or subcontractors that violate or allow violations in its supply chain of the internationally recognised human rights enshrined in the United Nations International Bill of Human Rights and in the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights, as well as in the ILO Declaration on Fundamental Principles and Rights at Work and its conventions. In particular:
 - Ence will not permit any form of forced or unfree labour by its suppliers or subcontractors.
 - Ence will not permit child labour.
 - Ence will not work with any suppliers or subcontractors that do not guarantee their employees rights of association, affiliation and collective bargaining.
 - Ence will not work with any suppliers or subcontractors that engage in abuse, inhuman treatment, harassment or intimidation of their employees.
 - Suppliers and subcontractors shall maintain a recognised and established employment relationship with their employees in compliance with the applicable law.
 - Ence will only work with suppliers or subcontractors that guarantee their employees safe and healthy working conditions (as well as, where appropriate, accommodation) and take the necessary measures to prevent accidents and damage to their health.
 - Ence's suppliers and subcontractors must offer remuneration to their employees that meets or exceeds the applicable legal minimums.
 - Ence's suppliers and subcontractors must ensure that their employees' standard working hours comply with applicable legislation and industry agreements or reference standards, with the criterion offering the greatest protection to the employee prevailing.
- **Diversity and equal opportunities:** Ence will not work with any suppliers or subcontractors that apply discriminatory practices in the hiring, remuneration, access to training, promotion, contract termination or retirement of its employees on the basis of gender, race, nationality, religion, age, marital status, sexual orientation, disability or trade union or political affiliation.
- **Integration of environmental criteria in the purchasing process:** When selecting alternatives for the supply of products or services, Ence will integrate environmental criteria, assessing the impact in terms of waste generation, emissions, odour impact, noise, hazardous substances and greenhouse gas emissions and resource consumption (water, raw materials, energy, etc.) throughout their life cycle. In this respect, under equal technical and economic conditions, priority will be given to any suppliers that implement preventive measures to minimise the environmental impact of their activity.
- **Promotion of local purchasing:** Whenever technically and economically feasible, Ence undertakes to prioritise purchasing from local suppliers in the areas in which it operates.

Ence fosters an active and participatory relationship with the workers in its value chain by promoting mechanisms to listen to and address concerns related to labour rights and sustainable practices.

Furthermore, the Group establishes measures to prevent, mitigate and remedy any negative impact related to human rights in its supply chain, which include:

- **Sustainability due diligence policy and procedure:** For further information, see section **4.4.3 Due diligence**.
- **Complaint mechanisms:** Confidential and secure channels for reporting human rights violations. For more information, see section **4.2.3 Business conduct policies and procedures**.
- **Internal investigations:** Exhaustive processes for analysing and resolving any incidents reported.
- **Corrective measures:** Specific actions aimed at rectifying and preventing the recurrence of such incidents, including suspension or termination of commercial relations where necessary.

4.4.2 Supplier approval and evaluation process

Ence has various approval and evaluation processes depending on the nature of the suppliers. These which enable it to reduce the level of exposure to risks derived from its supply chain by extending its principles of business conduct to its suppliers and contractors.

Industrial suppliers

The registration and **approval** process for industrial suppliers is carried out through the SAP ARIBA platform, which is available on the supplier portal ([website](#)). Approval is conducted through an online questionnaire which includes aspects related to:

- **Sustainability:** with information on the existence of sustainability policies and other internal standards of business conduct. A formal statement to be filled in by suppliers is also included. In this statement, they undertake to comply with the ethical and behaviour standards, such as the United Nations Guiding Principles on Business and Human Rights, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the OECD Guidelines for Multinational Enterprises and the United Nations Global Compact.
- **Tax and finance:** with information on tax and bank details.

Ence also analyses any potential compliance risks linked to suppliers by reviewing public sources such as sanctioning files of the National Commission on Markets and Competition (CNMC) or lists of individuals, groups and entities subject to EU sanctions.

Ence updated the approval questionnaire in 2024, adapting it to the requirements included in the Due Diligence Procedure with third parties (see section **4.4.3 Due diligence**), thus incorporating aspects related to working conditions and human rights, health and safety, the environment and compliance into the specific risk assessment questionnaire. A conflict of interest statement was also included.

As regards **evaluation**, every year the Purchasing department, in collaboration with the different areas, evaluates the suppliers of the main industrial categories whose annual purchase volume exceeds €100,000, or whose activity/supply is considered critical, even if it does not reach this turnover. The evaluation analyses aspects related to quality (compliance with technical specifications), cost, delivery times, service (customer focus, flexibility and adaptability), health and safety, environment and compliance. For any suppliers with an improbable score in the evaluation, Ence establishes a joint Action Plan with them to resolve the incidents or needs for improvement that have been detected in any sections of the evaluation. In the event of non-compliance with the action plan, non-compliance with the Code of Conduct, Criminal Compliance Policy, Fighting Against Corruption and Fraud Policy, serious non-compliance with the Purchasing procedure; or serious and/or repeated non-compliance with quality, environmental and safety aspects, the supplier may be de-approved, and as a result, be deemed unable to work for the Group's companies. The registration, approval and evaluation process for industrial suppliers is set out in the Supplier Management Procedure.

In addition, any suppliers accessing Ence's industrial facilities must be registered on CTAIMA, a specific platform for the coordination of business activities regarding health and safety matters.

Agroforestry suppliers

The **approval** process for Ence's timber and biomass supply and harvesting suppliers consists of two fundamental steps: first, an **initial evaluation** based on the information provided by the supplier through a questionnaire, and second, a **risk analysis** in which a risk level is assigned to each supplier. Depending on this level, in the case of timber and biomass suppliers of pulp biofactories, it is determined whether the supplier must participate in Ence's Origin Verification Programme, which aims to reduce the risks identified. As regards biomass suppliers of power plants or the trading business, an annual inspection plan is drawn up for any suppliers identified as being a risk.

The approval of timber and biomass suppliers is valid for up to two years, although this period may be shorter and suppliers must obtain a new approval if there are changes in the regulations or in the supplier's conditions. The approval questionnaire is part of the contract between Ence and the supplier, and includes social and environmental criteria, as well as supplier identification data; furthermore, a statement of the material's origin is included for material suppliers. In the case of environmental and forestry service providers, an approval process is followed by means of a specific questionnaire and this is valid for five years.

In 2024, as part of the Due Diligence Procedure Escalation Plan (see section **4.4.3 Due diligence**), the process of adapting the questionnaires of biomass suppliers of power plants to the requirements stipulated in this procedure was initiated. In 2025, the process of adapting approval processes to Due Diligence requirements will continue, including both biomass suppliers of power plants and timber and biomass suppliers of pulp plants, as well as agroforestry services.

To ensure compliance with these commitments, Ence establishes processes to anticipate and deal with possible breaches by its suppliers in relation to applicable regulations and the company's internal procedures. If a supplier fails to comply and correct any deficiencies, it may be temporarily or permanently de-approved, which would prevent it from continuing to work with Ence.

Sustainable timber and biomass management

Furthermore, as regards timber and biomass, Ence has established a sustainable management system that includes principles of responsible management for timber and biomass; certification requirements and control systems for traceability of timber and biomass. In addition, for power plants, this system also includes other **voluntary sustainability requirements** related to non-competition such as:

- Do not purchase agricultural biomass derived from energy crops, unless its use for animal or human consumption is not feasible.
- The purchase of agricultural biomass does not lead to a decrease in the quantities earmarked for livestock uses or livestock feed.
- Do not buy roundwood or roundwood chips unless it cannot be used for anything other than energy.

It has also implemented a specific audit and inspection procedure to verify the functioning of the system.

Responsible timber and biomass

To ensure that timber and forest biomass come from responsible sources and comply with current regulations, Ence has established a series of principles that align its operations with national legislation (Royal Decree 1088/2015 on timber legality) and current European regulations (EUTR Regulation 995/2010 on due diligence). In addition, in 2024, Ence has worked on adapting its systems and procedures to comply with the new Regulation (EU) 2023/1115 on the making available on the Union market and the export from the Union of certain commodities and products associated with deforestation and forest degradation and repealing Regulation (EU) No 995/2010. Among the measures to adapt to this new Regulation (known as the EUDR), Ence has worked on designing a platform to facilitate the administrative procedures for its forestry suppliers in order to comply with the new requirements, such as sending information and obtaining a Due Diligence Statement (DDS) from the system set up by the EU for this purpose.

In its Purchasing Policy, Ence undertakes to prioritise the use of timber from forests certified under the FSC® and PEFC schemes. It also seeks to promote the use of local timber and biomass to reduce its carbon footprint and generate economic and social benefits in the communities in which it operates.

For standing timber purchases, Ence guarantees compliance with agreements with landowners, acting transparently and responsibly in the management of forest harvesting, including the processing of permits with administrations, when necessary. In the case of biomass purchases at source from power plants, Ence checks that the necessary authorisations and permits are in place.

Biomass with sustainability certificate

Ence uses waste biomass from industry, mainly from the agri-food industry, and waste agroforestry biomass to generate renewable energy both in its biofactories and in its independent power plants, and in its renewable thermal energy sales and biomass trading businesses. Ence has three main sources of biomass supply: forest assets, standing purchases and biomass from suppliers. In 2024, Ence consumed more than 1.8 million metric tons of local biomass, with most biomass originating from power plants in Andalusia, Extremadura, Castilla-La Mancha and Portugal, while most forest biomass derives from biofactories in regions where timber also comes from (mainly Galicia and Asturias).

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The publication of the Renewable Energy Directive (EU) 2018/2001 led to the establishment of the first criteria that biomass used in the bioenergy industry must meet in order to guarantee sustainability, in addition to criteria for the reduction of greenhouse gas emissions and energy efficiency. In 2021, in order to comply with these new requirements, Ence implemented a new biomass sustainability certification scheme (**Sure System**), and achieved the certification of all its plants under this seal.

Sure certificates (available on the [website](#)) are issued for a period of one year and must be renewed annually to demonstrate ongoing compliance with certification requirements. In 2024, Ence has renewed the certification of all its power and pulp plants under the Sure scheme, as well as the certificate for biomass supply for the sale of renewable thermal energy. In 2024, the biomass trading activity is also certified for the first time, enabling the supply of certified biomass to power plants and the sale of biomass to third parties. These certificates show that the management system in place complies with the Sure and REDII Directive requirements.

The certification of Ence companies would be insufficient if it were not accompanied by certification of the biomass consumed. In this regard, Ence works with its suppliers to ensure that the biomass consumed in the plants has this certification. At year-end, more than 97% of the biomass consumed in biofactories and nearly 97% of that consumed in power plants was certified.

In addition to certifying its own facilities, Ence wanted to support its supply chain for certification to the same standard, taking two lines of action:

- certification of points of origin; and
- certification of suppliers.

In this sense, in 2024, with regard to points of origin, work has been done to ensure compliance at source with the sustainability requirements established by Sure's standards, both those emanating from the Renewables Directive itself and the additional requirements that the scheme establishes for agricultural and forestry biomasses. Magnon includes these points of origin in its own Sure certificate, thus avoiding the need for them to individually opt for their own certificate, which would be technically and economically unfeasible for the points of origin. With regard to biomass from suppliers, work has been carried out to ensure that suppliers have a Sure certificate that enables them to supply Ence with certified material and to ensure that this certificate is maintained in accordance with the scheme's standards. To this end, Ence has kept working to provide suppliers with the necessary technical assistance for the implementation of the certification requirements, and accompanied them through the external audit process until they obtained the certificate.

Traceability of Timber and Biomass Monitoring

In addition to ensuring that all stakeholders in its supply chain comply with the sustainability criteria established, Ence focuses on ensuring full traceability of the timber and biomass used in its facilities to guarantee that it comes from responsible sources. To this end, in the case of timber, it has implemented a **Timber Traceability Management System**, certified according to the most rigorous international chain of custody standards, such as those of the FSC® and PEFC. This guarantees the traceability of timber from its origin, whether purchased standing or at reception centres, until it is delivered to pulp customers. In addition, in 2024, Ence has worked to prepare its systems and procedures to comply with the EUDR Regulation, which requires traceability to the point of origin of all timber and forest biomass items used by the company, as well as the derived materials sold by Ence (such as pulp and biomass delivered to its trading customers).

As for biomass, Ence uses the Sure System, which is explained above and is also certified by an independent entity. It ensures the traceability of this material from its origin to its final use.

All this information is managed through the SAP platform, which collects details such as volumes, material type, densities, weighing dates and certification numbers, enabling accurate and continuous control. For timber purchased standing or from Ence-owned woodlands, the system ensures the legality of the origin of timber by guaranteeing the validity of the felling permits associated with each cadastral reference and also ensures traceability from the origin of timber to the end customer.

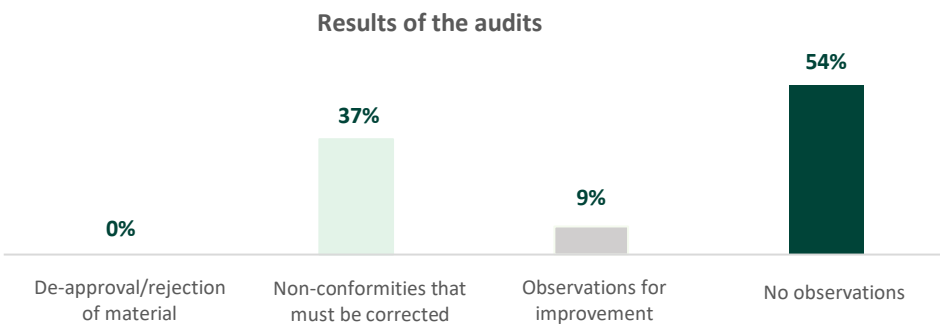
For biomass used in the generation of renewable energy, Ence has developed internal tools that guarantee its traceability to the source. Each item received has associated certified information, including certificate number and country of origin, according to the Sure scheme. In this way, Ence ensures traceability from the moment biomass is received at its facilities to the production of electricity, using a monthly mass balance system that records the inputs of sustainable biomass and the renewable energy produced.

System of inspections and audits:

Ence has implemented an audit and inspection procedure to verify the operation of its integrated management system and ensure its compliance with the applicable regulations and standards, such as those of the FSC® and PEFC chains of custody, and the requirements of the Renewable Energy Directive through the Sure scheme. The audit system includes:

- External audits, carried out by independent third parties.
- Internal audits, conducted by Ence's technical team or contracted suppliers, to review compliance with FSC®, PEFC, Sure and other standards. These are carried out annually at Ence's centres.
- Documentary and field inspections, which Ence performs on a monthly basis to assess compliance with both its mandatory and voluntary sustainability requirements.
- Programme for verifying the origins of timber and biomass from pulp plants, which makes it possible to monitor compliance with legality and traceability requirements in order to minimise supply risks. Both this programme and the annual Inspection Plan for biomass supply in power plants define several lines of action, including:
 - **Documentary verification** for low-risk suppliers.
 - **On-site verification**, through visits to high-risk suppliers' facilities.
 - **Field verification**, with visits to plots of origin.
 - **Supplier inspections**, carried out by Ence's sustainability team to verify compliance with the Sure scheme.

In 2024, more than 570 audits and inspections were conducted to ensure compliance with sustainability requirements in timber and biomass supply, remaining at levels similar to 2023 (approximately 600 audits).



4.4.3 Due diligence

4.6.3.1 Due Diligence policy and procedure

In addition to its Code of Conduct and Purchasing Policy, Ence has a **Sustainability Due Diligence Policy**, approved by the Board of Directors in 2023. This aims to ensure respect for human rights and protection of the environment in accordance with the main internationally recognised standards, guaranteeing that due diligence processes are established in these matters in both Ence's direct operations and its value chain. This Policy is one of the key components of the due diligence system that Ence has implemented to anticipate the requirements derived from Directive (EU) 2024/1760 on corporate sustainability due diligence (known as CSDDD).

This Policy follows the principles recognised in international human rights frameworks:

- The United Nations (UN) International Bill of Human Rights.
- The UN Guiding Principles on Business and Human Rights.
- The ILO Declaration on Fundamental Principles and Rights at Work and its Conventions, which include forced labour, child labour and human trafficking, as well as other issues.
- The OECD Guidelines for Multinational Enterprises.
- The OECD Due Diligence Guidance for Responsible Business Conduct.
- The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.
- UN Human Rights Council Resolution 48/13 on the human right to a safe, clean, healthy and sustainable environment.

- The UN Sustainable Development Goals (SDGs).
- The United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

The principles of conduct of this Policy include management commitment to the effective implementation of due diligence; the transversal integration of due diligence into all of the company's processes and systems; the regular assessment of potential risks and adverse impacts of direct operations and the supply chain; the establishment of controls for the prevention, management and mitigation of impacts; the establishment of reliable claim and dialogue mechanisms; and the implementation of remediation measures that respond to materialised and proven adverse impacts.

In addition, this Policy sets out priority areas for due diligence action (where the company could have the greatest impact). These include respect for human rights, minimising environmental impact, fighting against corruption and promoting fair and safe working conditions, as well as other areas. The scope of this Policy includes all employees, covering both those who are direct and in the value chain.

The implementation of this policy ensures proper identification, assessment, management and remediation of potential negative impacts on workers in the value chain.

This policy is available to all stakeholders on the company's [website](#).

Derived from the Sustainability Due Diligence Policy, in 2023, Ence also drew up and approved the new **Due Diligence Procedure** with third parties, which establishes the guidelines to be followed by the Ence Group to manage all commercial relations with a view to ensuring compliance with basic principles in the areas of human rights, the environment, ethics and compliance.

4.6.3.2 Due Diligence Procedure Escalation Plan

In line with the Due Diligence Procedure with third parties, in 2024 Ence established an area-based Escalation Plan to gradually deploy the Procedure in order to analyse the Group's commercial relations (suppliers, partners, collaborators), identifying potential risks and defining mitigation measures.

The objective is to achieve more than 90% of the turnover analysed in accordance with the Due Diligence Procedure by 2028, and this objective is included in the 2024-2028 Sustainability Master Plan. In order to achieve this, a specialised digital tool (Moody's Supply Chain Catalyst) is planned to be implemented in 2025, which will gradually analyse the supply chain in terms of ESG.

Furthermore, in 2024, Moody's Compliance Catalyst tool was launched to analyse ethics and compliance risks in the Ence Group's value chain. This tool is used to support the analysis, assessment and monitoring of third parties related to Ence, such as suppliers, partners, customers and intermediaries. It is used to obtain information about the company's administrators and executives, review adverse media reports, check their potential presence on national and international sanctions lists, the existence of possible litigation, their possible links to politically exposed persons (PEPs) and the risk level of the country in which they are based and the countries where they operate, based on corruption indices, among other factors.

In 2024, 532 third parties have been registered and monitored in the compliance tool.

4.4.4 Supplier payment practices

Ence's standard payment terms for all its suppliers are in line with Law 3/2004 on measures to combat late payment in commercial transactions, which establishes a maximum payment period of 60 calendar days from the date on which the product is received or the service is provided.

Supplier payment practices ⁽¹⁾	
Average payment period	Days
Average supplier payment period	57
Ratio of paid transactions	59
Ratio of outstanding transactions	46
% of payments	%
Amounts paid within the maximum legal deadline	64%
Invoices paid within the maximum legal deadline	66%

⁽¹⁾ This information is available in the Consolidated Annual Accounts, section 26. Trade and other payables.

To improve efficiency in payment management, Ence offers its suppliers the use of the **confirming** financial service, among other payment terms. This system brings many benefits, such as allowing suppliers to collect payment for their

invoices in advance, providing immediate liquidity and reducing payment uncertainty. Confirming is especially beneficial for small and medium-sized suppliers that need to improve their liquidity and reduce the risk of non-payment. The main advantages of confirming for suppliers are:

- **Immediate liquidity:** suppliers can access their money before the invoice is due, improving their cash flow.
- **Reduced uncertainty:** guaranteed payment on or before the agreed date, if an advance payment is chosen.
- **Flexibility** in collections: suppliers can decide whether to collect payment in advance or wait for the set payment date, depending on their financial needs.
- **Access to debt-free financing:** Advance payment is not considered a loan, meaning that the supplier's level of indebtedness does not increase.

At year-end, the % of payments in line with payment terms reached 96.6%, including current payments (≤ 60 days) and payments that have been brought into line with payment terms through confirming.

At the end of 2024, Ence has 4 open legal proceedings related to delayed supplier payments. These are legal proceedings in which compliance with the contracts is under review and therefore the execution of the payment is subject to legal ruling.

4.5 Responsible taxation

The tax strategy of Ence mainly consists of ensuring compliance with tax regulations applicable in all the territories in which it operates. This key objective of respect for and compliance with tax regulations is appropriately combined with contributing to the progress and well-being of society, and generating value in a sustained manner over time for shareholders, avoiding tax risks and inefficiencies in the execution of business decisions.

4.5.1 Fiscal governance

Ence's **Tax Policy**, approved by the Board of Directors and applicable to all of the Ence Group's companies, reflects the Group's commitment to good tax practices through the principles of legality, prudence, collaboration, informing the Administration and contribution. The Policy is available on Ence's [website](#).

This Policy also establishes the **good tax practices** that Ence must apply to implement the principles of conduct in its day-to-day business. Good practices fall into three broad areas:

- Tax risk prevention.
- Relations with Tax Authorities.
- Information for the Board of Directors.

The commitments undertaken by Ence to prevent tax risk include the following:

- Encouraging practices aimed at preventing and reducing significant tax risks;
- Reducing conflicts arising from the interpretation of the applicable regulations through the use of instruments established for this purpose by the tax systems;
- Avoid the use of opaque structures, with the aim of reducing their tax burden;
- Not establishing or purchasing companies residing in tax havens or countries included on the list of non-cooperative jurisdictions of the European Union, for the purpose of circumventing tax obligations;
- Ensuring compliance with tax obligations in time and form, presenting its taxes appropriately, with all pertinent information and in accordance with the applicable regulations, and paying in due form and time all taxes enforceable in accordance with applicable laws;
- Undertaking for their normal market value, transactions between affiliated entities and complying with the obligations of documentation on transfer prices established by tax legislation;
- Providing customers and suppliers, in a transparent, clear and responsible manner, with relevant information for the fulfilment of their tax obligations; and
- Making available to potential interested parties the necessary reporting channels allowing communication of conduct which may involve any irregularity or any action contrary to the law or the governance and sustainability System being committed.

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Following the principle of collaboration, Ence maintains a cooperative relationship with the various Tax Authorities with which it interacts as a result of its activity, based on the principles of transparency, good faith cooperation and mutual trust.

Regarding **governance bodies** in charge of supervising, Ence's Board of Directors is empowered to formulate the Company's tax strategy, determine its tax risk control and management policy and approve its Corporate Policies.

The **Audit Committee** supervises the effectiveness of the Company's internal control and Ence's internal control and tax risk management systems. This Committee reports to the Board on the tax policies and criteria applied by the Company during the year, and in particular, on the degree of compliance with the Corporate Tax Policy. Likewise, in the case of transactions or matters that must be submitted to the Board for approval, it reports on their tax consequences when they are a relevant factor.

The **General Financial Management**, through the Corporate Tax Team, is responsible for ensuring compliance with tax regulations and the correct application of the general principles and good practices set out in the company's tax Policy, as well as for identifying and managing the possible associated risks. It is supported in this task by a team of external tax advisors of recognised prestige. Periodically, and at least twice a year, the Corporate Tax Team reports to Ence's Audit Committee on the group's performance in tax matters.

4.5.2 Tax governance compliance

Supervision of tax governance compliance relies on the two lines of defence established in Ence through the Compliance and Internal Audit areas, which review the tax risk control systems, including the internal control system for financial reporting.

Update on regulatory changes to mitigate tax risks

Tax rules, including their interpretations, are constantly changing and this may give rise to new tax risks. It is therefore important that these are updated and reported to the organisation in order to minimise such risks. In this respect, the Corporate Tax Team keeps up to date with tax regulations. In addition, all relevant regulatory developments are addressed by the Corporate Tax Team with its tax advisors, who also report to the Audit Committee on a regular basis.

Mechanisms for reporting potential irregularities

Ence is committed to a culture of ethics and compliance, and one of its essential pillars is responsibility and transparency. For this reason, Ence provides an [Integrity Line](#) through which anyone can report irregular or unlawful conduct occurring within the framework of the company's activities that is contrary to its Code of Conduct or the legal framework in force, of a tax nature, in addition to others. For more information see sections **Integrity Line** and **4.2.3 Business conduct policies and procedures**.

4.5.3 Responsible taxation

Ence has no presence in any territory classed as a tax haven according to the criteria of the Spanish Tax Agency (list Royal Decree 1080/91 updated in 2013 and Royal Decree 116/2003), or in any countries included in the EU list of non-cooperative jurisdictions for tax purposes or which have not fulfilled their commitments.

Likewise, Ence does not operate in any territories considered to be low tax jurisdictions in accordance with Order HFP/115/2023 of 9 February, which determines the countries and territories, as well as the harmful tax regimes, that are considered to be non-cooperative jurisdictions. Furthermore, it does not use opaque or artificial structures with the aim of reducing the tax burden applicable to its activity.

Ence has shareholdings in Uruguay linked to the Punta Pereira project, which was sold in 2009. These companies are totally inactive, have no relevant assets or employees, and are currently in the process of being dissolved.

4.5.4 Tax transparency

Ence promotes transparent, clear and responsible communication of its main tax figures by informing its different stakeholders of the tax contribution in the different jurisdictions in which it operates through the company's annual accounts and in its non-financial information.

Below is a breakdown of the information relating to the Ence Group's **tax contribution** in the various tax jurisdictions in which it operates:

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Country-by-Country Report 2024					
Tax Jurisdictions	Argentina	Spain	Portugal	Uruguay	Total
Number of resident entities	1	52	1	2	56
No. of employees (31/12/2024)		1,241	4		1,245
Revenue from sales to third parties (thousands of €)		689,898	540		870,438
Revenue from intra-group transactions between and with other tax jurisdictions (thousands of €)			4,676		4,676
Tangible assets other than cash and cash equivalents (thousands of €)		1,129,941	1,464	136	1,131,541
Corporate income tax settlement					
Accounting result before tax (thousands of €)		32,677	-328	0	32,350
Net amount (Tax on profit paid) (thousands of €)		-3,108	30	0	-3,078
Profit tax (expense / (income))					
Current tax (thousands of €)		6,808	20	0	6,827
Deferred tax (thousands of €)		5,403	0	0	5,403
Effective rate (%)		18 %	21 %	25 %	-
Nominal rate (%)		25 %	21 %	25 %	-

Ence not only adds value to the economy, but also to society contributing through responsible tax action to supporting public duties in those territories in which it operates through the payment of applicable taxes.

Most of Ence's **tax contributions** are carried out in Spain. In 2024, the direct and indirect contribution, broken down by Autonomous Community, was as follows:

DIRECT(1) AND INDIRECT TAX CONTRIBUTION BY AUTONOMOUS COMMUNITY:

Thousands of Euros	Spain						Portugal	Total
	Andalusia	Asturias	Castile La Mancha	Extremadura	Galicia	Madrid and other		
Property Tax	495	36	72	19	94	0	0	716
Trade Tax	646	385	71	15	319	16	0	1,452
Fees	117	237	268	4	1,665	44	0	2,336
PTT and Stamp duty	0	171	0	4	0	1	0	177
Environmental levy	140	196	649	39	1,145	0	0	2,169
Corporate Income Tax	-504	0	-92	0	0	-2,512	20	-3,088
Tax on electricity generation	7,425	1,889	1,701	982	77	0	0	12,074
IH purchase of fuel	0	134	0	0	339	0	0	474
Special taxes on energy purchasing	59	120	18	14	25	0	0	236

Thousands of Euros	Spain						Portugal	Total
	Andalusia	Asturias	Castile La Mancha	Extremadura	Galicia	Madrid and other		
Social security contribution	3,007	7,828	102	573	6,724	2,155	0	20,390
Withholdings	2,685	7,160	118	508	9,233	5,766	0	25,469
VAT	18,879	30,146	4,875	906	0	365	0	55,171
Special taxes on energy sales	0	0	0	0	0	0	0	0
Social security - worker	589	1,610	20	112	1,387	649	0	4,368
Total	33,538	49,913	7,802	3,175	21,009	6,485	20	121,943

(1) Direct contribution means those taxes that the company generates directly through its activity. Indirect taxation refers to taxes where society acts as a tax collector.

The data for 2023 may be found in Annex **Responsible taxation - Tax contribution - Tax contribution**.

4.5.5 Transfer prices

Transactions between affiliated companies are valued at market prices, applying the arm's length principle in accordance with the OECD Guidelines, where prices should be the same as those which would apply to any independent third parties that carry out the same transactions or in similar circumstances. To this end, the most appropriate valuation method is selected for each specific transaction in accordance with the principles set out in internal regulations and in the OECD.

4.5.6 Grants

Project title	Company	Site	Amount of aid (€)	Agency
IDI-20131159	Ence	Pontevedra	99,120	CDTI
Phoseco Project Revenue	Bioenergy Santamaria	Lucena	31,269	Regional Government of Andalusia
OXILIN IDE/2020/000011	Ceasa	Navia	85,087	IDEPA
Mahou 2026 Decarbonisation Project	Ence Energía Extremadura	Extremadura	4,361,966	MITECO
Results			4,577,440	

This includes additions of grants received during the year, of both a capital and operating nature.

Details of grants received in 2023 may be found in Annex **Responsible taxation - Grants**. In addition, a list of the Ence Group's companies appear in Annex - **Responsible taxation - Company name**. No grants have been received in any country other than Spain.

4.6 Relationship with administrations and other stakeholders

Ence maintains a constant relationship with its various stakeholders, including institutions and administrations, associations and regulatory bodies, environmental groups, neighbourhood associations, business and forestry entities, agricultural and cooperative entities, allies and suppliers, trade unions and academic entities. This section describes Ence's relationships with administrations and other institutions. For more information on the company's initiatives for dialogue with its local stakeholders, see section **3.3 Affected communities**.

4.6.1 Institutional relations in the forestry and paper industry

In 2024, Ence has continued working towards engaging in an open and constructive dialogue with the main stakeholders in the **forestry world**, such as industrial associations from all links in the forestry value chain, academic experts, administrations, professional associations and other non-profit entities on the value that forest stands contribute to society directly and through the processing of products by the forestry industry. At the end of 2023, Ence therefore presented Ence Terra, a new vision of its forestry activity, reinforcing support for forest owners and collaborating companies in the industry through specific services created for this purpose, and promoting innovation to secure its role as a benchmark in sustainable forest management. Ence Terra also aims to effectively make society aware of the value of the forestry industry and of eucalyptus, as well as to develop more research and development initiatives that bring greater productivity and sustainability to forest stands. It is also designed to promote the generation of value and the development of new opportunities in rural areas. The aforementioned has been put in place to promote the future of forestry together with the rest of the industry, and in the long term, to contribute to the resolution of structural problems, such as those derived from the management of smallholdings and the abandonment of rural areas, while at the same time fostering active, sustainable and efficient management that makes it possible for greater value to be created for society.

In 2024, Ence Terra has played a major role in **key events in the forestry industry** in the northwest of Spain, such as Galiforest'24, where it has been able to further establish its 360° relationship with the owner, and it has presented its progress in developing new machinery, training projects for forestry professionals and new improved plant materials, adapted to the current environment in which plantations are being developed.

Ence has also participated in relevant forums such as "O Encontro de Sober", where topics like "The industrial future of Galicia passes through rural areas" were discussed and where Ence once again showed its commitment to Galicia, to continue promoting sustainable forest management in the Galician woodland and in turn, to continue having a very positive socio-economic impact on rural areas.

In 2024, Ence also organised the first Primeira Pessoa do Rural Forum, raising awareness and helping Galician entrepreneurs whose activities are located in rural areas.

At a national level, through ASPAPEL, whose chair was taken over in September 2024 by Ence's Managing Director of Pulp, Jordi Aguiló, for a period of two years, the company is actively involved in representing and promoting the interests of the Spanish **paper industry**. Ence, through ASPAPEL, also participates in several committees of the European Confederation of Paper Industries (CEPI), such as the Forestry Committee, the Forestry Policy Committee, the Forestry Certification Committee, the committee for the implementation of the EU Deforestation Directive (EUDR) and the working group on the taxonomy of sustainable activities of the European Union. It has also participated in normative and regulatory debate with institutions such as the EU on matters such as carbon farming and nature restoration.

In the field of the **Galician forestry industry**, Ence Terra works passionately with owners' associations, associations of forestry and forestry service companies, auctioneers and sawmills associations and forestry industry associations to advance in the consolidation of the wood value chain in Galicia, improving the value generation capacity of each of its links. Ence is a member of the Galician Wood and Design Cluster, the Galician Forest-Industry Association and the Provincial Association of Businessmen of the 1st Transformation of Wood in Lugo, among others, through which it participates in the Galician Forestry Council. From these associations, Ence collaborates with the rest of the industry for its development through numerous meetings, working committees, joint arguments, communication actions and other projects. In 2024, one that stands out is the Strategic Plan for the Galician Timber Industry, which is currently being carried out. Also in Galicia, Ence is a member of the Monitoring Committee of the Forest Industry Promotion Agenda promoted by XERA (Galician Forest Industry Agency), in the original definition of which it also participated at the time. XERA is focused on supporting the Galician forestry industry through competitiveness and innovation, and in mid-2024, it has become part of the Regional Ministry of Industry.

In the **Asturian forestry industry**, Ence works to strengthen the industry and increase the value it generates, maintaining ongoing and systematic contact with the various forestry associations of owners, service companies, auctioneers and industry, especially within the FADE (Asturian Federation of Entrepreneurs) Forestry Board, of which it is a member and the activity of which it currently coordinates. This Board is also part of the Asturias Forestry Council. Since 2020, Ence, together with the rest of the industry, has been working to make valuable contributions to the revision of the Asturias Forestry Plan, which is currently being processed.

In 2024, concern about the advance of forest abandonment and lack of management, even in eucalyptus plantations in some areas, has led Ence to develop actions to share with forest owners the best way to care for their plantation and obtain value in a sustainable way and to promote joint work between owners through management grouping figures. In

this context, nearly 40 workshops have been held with landowners and associations, visits to forests managed by Ence and the aforementioned forestry advisory service implemented in 2022, extending its scope to the entire territory of Galicia and Asturias.

Ence is also committed to the **technological development** of the industry, having chaired the Board of Trustees of CETEMAS (Asturias Forestry and Wood Technology Centre), one of the leading forestry technology centres at a national level. In 2024, a collaboration was maintained between the Asturian Institute for Risk Prevention, with Ence and the associations of the Asturian timber value chain involved in forestry operations (ASMADERA and ASYMAS), in order to improve the safety indices of the industry through shared tools and joint improvement actions. In addition, through CEASA, the group's Asturian subsidiary, Ence is participating in an Innovation Operating Group to improve eucalyptus fertilisation and the circularity of the pulp process by analysing the possible use of externalities of the process to improve the nutrient situation in the soil.

4.6.2 Institutional relations in the energy industries

Ence belongs to various **associations in the energy industry**, such as APPA, the Association of Renewable Energy Companies, where it chairs the APPA Biomass department.

In addition, Ence is a member of BIOCIRC (Spanish Biocircularity Association), a new association created in 2024 within the framework of Bioplat, the Spanish Biocircularity Technology and Innovation Platform, in which Ence has also been collaborating for several years. This new business association covers the entire biocircularity industry, from bioenergy, biofuels and synthetics to biogases and bioproducts. Ence is represented on the 5 committees that make up the association.

In December 2023, Ence Biogas became a member of the Spanish Gas Association (SEDIGAS), an association that brings together, among others, companies for the development of renewable gases to promote their role as a lever for decarbonisation. In 2024, Ence Biogas has also joined the Spanish Biogas Association (AEBIG), whose scope of action includes all organisations, whether companies, institutions or other entities, that carry out activities in the renewable gas industry. It covers all uses: electricity generation, thermal and self-consumption. In addition to its presence in these associations, Ence Biogas participates in the industry's most important events, and in 2024, it took part in the Renewable Gas Fair held in Valladolid and in the Regional Fair of Barbastro (FERMA).

At a **regional level**, Ence has applied to join the Bioenergy Cluster of Catalonia (CBC), which represents the professional bioenergy industry in this Autonomous Community, and this is expected to materialise at the beginning of 2025.

Ence is also part of the Alianza Galega Polo Clima, an initiative promoted by Galicia's Regional Government that seeks to contribute to the advancement of environmental improvement and curb the effects of climate change in the Galician community.

In November, Ence joined the Spanish CO2 Technology Platform (PTCO2). This platform promotes the development of technologies to capture, transport, store, use and transform CO2 in Spain. Representatives from the private sector, research centres, universities and ministerial agencies are currently part of this initiative.

4.6.3 Political neutrality

The Ence Group maintains a strict policy of political neutrality, refraining from making any financial or in-kind donations to political parties, political candidates or related foundations that may be construed as political contributions. This stance reinforces its commitment to transparency, business ethics and respect for the independence of democratic institutions. Furthermore, no member of the Company's administrative, management or supervisory bodies has previously held any position in the public administration. The Institutional Relations area is responsible for overseeing all relations with the institutions. This area reports directly to the General Secretary and Corporate Managing Director of Sustainability and Regulation, a member of the Management Committee.

Nonetheless, Ence is not registered in the European Union Transparency Register or in any equivalent registers in other jurisdictions. This register is intended to ensure transparency in relations between the EU institutions and organisations seeking to influence the legislative or policy-making process. Not registering reflects the fact that Ence does not carry out representative or lobbying activities aimed at directly influencing public policy at a European level, maintaining its focus on operating within the established regulatory framework in line with its ethical and corporate responsibility principles.

Lastly, in 2024, Ence has earmarked more than €410,000 for the payment of association and foundation fees (€297,480 in 2023).

4.7 Cybersecurity

Cybersecurity is another strategic priority for Ence and the company continues to work to strengthen its level of identification, protection, response and recovery from potential cyber-attacks.

4.7.1 Governance and Organisation

Ence has a **Cybersecurity Committee**, which is the body responsible for defining and supervising the company's cybersecurity strategy and promoting training and awareness among the entire workforce. In 2024, Ence has begun implementing its new **Cybersecurity Plan (2024-2025)**, which encompasses both IT (information technology) and OT (operational technology). This Plan has been defined with a first class consultancy firm and in accordance with the NIST (National Institute of Standards and Technology) Cybersecurity Framework and with standard IEC/ISA 62443.

4.7.2 Cybersecurity Policies and Procedures

Ence has implemented a **Management and Industrial Information Systems Security Policy**, which establishes the principles governing information security management in the company. It also has a **Privacy Policy**, the objective of which is to guarantee the protection of confidentiality, integrity and availability of information, minimising cybersecurity risks. In 2024, the company has also worked on the detailed review and update of Contingency Plans focused on the continuity of user operations in the event of a serious cybersecurity incident.

4.7.3 Training and Awareness-raising

Ence, fully aware of the cybersecurity threats facing its employees, is actively engaged in training and awareness-raising for all staff. In 2024, training sessions, implementation of protocols and cyber-attack drills have continued, contributing to improving secure practices across the organisation. As a result, there were no security incidents that compromised the company or its employees in 2024. In terms of industrial cybersecurity, a group of Ence technicians have been certified in the IEC/ISA 62443 cybersecurity standards as part of the established training plan and will continue over the coming years.

4.7.4 Protection Technologies

In addition to awareness-raising actions, Ence has directed its cybersecurity efforts towards a detailed review of the parameter settings and functions of all cybersecurity elements implemented. The objective is to ensure optimal performance and maximum protection, covering areas such as the e-mail protection platform, backup systems, Microsoft 365 security consoles and detailed review of perimeter and application firewall policies and updates.

The main actions carried out in both the **information technology (IT)** and **operational technology (OT)** environments are listed below.

Actions developed at the level of the IT environment

1

Upgrading and Enhancement of **E-mail Protection Systems** using two well established technologies: TrendMicro and Microsoft



2

Implementation of a **Continuous Simulation System for Cyber-attacks**, identifying vulnerabilities and proposing ways to resolve them

3

Fine tuning of the entire **Contingency Plan in the event of a serious cybersecurity incident**, from the point of view of both technology and user operations

4

Reviewing of **Backup Systems** and improving them to protect them as much as possible against cyber-attacks



5

Improved **Digital Identity Protection** through password enforcement policies and enhanced protection of Domain Controllers



6

Review of **SaaS (Software as a Service) application protections**, and identification of actions for enhanced protection

Actions developed at the level of the OT environment

1

Implementation of a **system to monitor and detect anomalies** in industrial networks. This initiative makes it possible to keep an updated inventory of networks and identify anomalous behaviour and/or threats.



2

Implementation of a **secure file transfer system** between IT-OT networks.



3

Progress in the implementation of an **Industrial Cybersecurity Management System (ICMS)** based on ISA/IEC 62443.

4

Develop and standardise a **backup system** to ensure data recovery after incidents, minimise downtime and protect against loss of critical information.

5

Implementation of an EDR for OT assets to protect industrial equipment capable of automatically detecting, analysing and responding to advanced malware threats.



Agreements with third parties

Ence has strengthened its collaboration agreement with the National Cybersecurity Institute (INCIBE), which involves 24-hour incident support, IT asset monitoring, early threat alerts, information exchange and the use of training and awareness-raising resources provided by INCIBE. In the field of industrial security, Ence collaborates with the ISA (International Society of Automation), a body that establishes cybersecurity standards and offers specific training plans.

Audits – Ethical Hacking

Ence regularly carries out cybersecurity audits and ethical hacking initiatives. These actions make it possible to identify possible IT security vulnerabilities and establish work plans to correct them.

Throughout 2024, security audits have been primarily focused on the **monthly performance of automated audits**:

- Hacking of user passwords
- Black Box and Grey Box audits, identifying vulnerabilities and their solutions
- Evidence of Ransomware attacks
- Identifying vulnerabilities in IT assets exposed to the internet

05. Appendixes



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5. Appendixes

Annex I Construction of taxonomy KPIs

The proportion of eligible and aligned sales, OpEx and CapEx is calculated as set out in Article 8(2) of Regulation (EU) 2020/852:

- **Eligibility:** percentage of Sales, OpEx and CapEx from eligible activities according to the criteria set out in the above-mentioned Delegated Regulations (numerator) in relation to the Group's total Sales, OpEx and CapEx for the financial year (denominator).
- **Alignment:** percentage of Sales, OpEx and CapEx from aligned activities according to the criteria set out in the above-mentioned Delegated Regulations (numerator) in relation to the Group's total Sales, OpEx and CapEx for the financial year (denominator).

In compliance with the provisions of Annex 1 of Delegated Regulation 2021/2178 of 6 July 2021, the methodology for the calculation of the numerator and denominator of the required indicators is detailed below:

Denominator:

- **Sales:** Consolidated turnover of the Ence Group's various businesses recognised in accordance with International Accounting Standard (IAS) 1, paragraph 82(a), as adopted by Commission Regulation (EC) No 1126/2008. In this respect, the sections of the annual accounts relating to pulp, energy, forestry (including timber sales, biomass sales and other forestry sales) and other sales have been considered.
- **OpEx:** Non-capitalised direct costs that relate to research and development, building renovation measures, short-term leases, maintenance and repairs, as well as other direct expenses related to the day-to-day maintenance of property, plant and equipment assets by the company or a third party to whom activities are outsourced and that are necessary to ensure the continued efficient operation of these assets. In this respect, the sections of the annual accounts relating to research and development, repairs and maintenance and leases have been considered.
- **CapEx:** This includes additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any possible revaluations, including those resulting from revaluations and impairments, for the relevant financial year, excluding changes in fair value. The denominator also includes additions to tangible and intangible assets resulting from business combinations. In this respect, in order to analyse the nature of asset additions, the list of 2024 investment projects (analysed individually according to their eligibility) has been used as a basis and reconciled with accounting after adjustments to avoid double counting.

Numerator: in the case of the numerator, three calculation criteria are established to report the three indicators stipulated in the Delegated Regulation:

- **Eligible and aligned activity:** the numerator corresponds to the proportion of Turnover (sales), operating expenditure (OpEX) or capital expenditure (CapEx) included in the denominator corresponding to any activities that fit the taxonomy description and meet the criteria of substantial contribution to one or more of the environmental objectives, DNSH and the minimum social safeguards.
- **Eligible and non-aligned activity:** the numerator corresponds to the proportion of Turnover (sales), operating expenditure (OpEX) or capital expenditure (CapEx) included in the denominator corresponding to any activities that fit the taxonomy description, but which, following assessment, are proven to not meet the criteria of substantial contribution, DNSH and/or the minimum social safeguards. For each of the eligible but non-aligned activities, the reasons for which the alignment criteria have not been met are stated.
- **Non-eligible activity:** the numerator corresponds to the proportion of turnover (sales), operating expenditure (OpEX) or capital expenditure (CapEx) of activities that do not meet any of the taxonomy definitions of Delegated Regulations (EU) 2021/2139, 2022/1214 and 2023/2486 at the date of closure of this report.

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When performing these calculations, Ence has applied the necessary supervision and control measures to ensure the consistency of the process and the traceability of the information, and to avoid double counting of any item⁶¹. The currency used throughout has been the Euro (the Group's functional currency) and the information has been reviewed and reconciled with the annual financial statements.

⁶¹Supervision and control measures implemented to avoid double counting and ensure consistency and traceability of the process include the elimination of intercompany balances, disaggregated analysis by company and project in the case of CapEx, reconciliation of the cost accounting with the consolidated information in the Financial Statements and review of calculations by independent areas (planning and control, consolidation and sustainability) in accordance with the Corporate Procedure established for this purpose.

Annex II Environmental and social indicators

Environmental indicators

Air emissions

Air emissions (PRTR-Spain) – 2024 ⁽¹⁾	Kg/year	Methodology ⁽²⁾
Benzene	24,334	C
Antimony and its compounds, expressed as antimony (Sb)	14,727	M / C
Zinc and compounds (such as Zn)	1,088	M / C
Manganese and its compounds (Mn)	1,027	M / C
Trichloroethylene	164	C
Copper and compounds (such as Cu)	142	M / C
Fluorine and inorganic compounds (such as HF)	132	M
Arsenic and compounds (such as As)	112	M / C
Lead and compounds (such as Pb)	106	M / C
Chromium and compounds (such as CR)	63	M / C
Nickel and compounds (such as Ni)	62	M / C
Cadmium and compounds (such as Cs)	48	M / C
Total PRTR polycyclic aromatic hydrocarbons (total PRTR PAHs)	21	C
Thallium and its compounds (Tl)	6	M
Cobalt and its compounds (Co)	4	M / C
Vanadium and its compounds (V)	7	M / C
Mercury and compounds (such as Hg)	2	M / C

Waste parameters

Discharge parameters (PRTR-Spain) - 2024 ⁽¹⁾	Kg/year	Methodology ⁽²⁾
Zinc and compounds (such as Zn)	576	M / C
Copper and compounds (such as Cu)	28	M / C
Nickel and compounds (such as Ni)	7	M / C
Cadmium and compounds (such as Cd)	2	M / C
Arsenic and compounds (such as As)	1	M / C
Chromium and compounds (such as Cr)	1	M / C
Lead and compounds (such as Pb)	1	M / C
Phenols (as total C)	0.1	C

Carbon footprint

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Total Ence Group emissions	Units	Retrospective					Milestones and target years			
		Base year		Comparison			% Reduction vs 2018		% Reduction vs 2023	
		2018	2023	2024	% N/ N-1	Weight HC 24	2030	2035	2030	2035
Scope 1 gross GHG emissions	tCO2eq	288,553.5	231,764.9	223,238.3	-4%	28%				
Scope 1 gross GHG emissions	tCO2eq	288,553.5	231,764.9	223,238.3	-4%	-				
Scope 2 GHG emissions	tCO2eq	223,588.3	26,768.7	39,560.3	48%	-	-55%	-75%	230,463.8	128,035.4
Market-based scope 2 gross GHG emissions ⁽⁴⁾	tCO2eq	223,588.3	26,768.7	39,560.3	48%	5%				
Location-based Scope 2 gross GHG emissions	tCO2eq	- ⁽⁴⁾	153,865.4	165,612.6	8%	-				
Scope 3 GHG emissions ⁽⁵⁾	tCO2eq	307,116.3	352,053.2	543,400.1	54%	67%				
Total gross indirect GHG emissions (scope 3)	tCO2eq	307,116.3	352,053.2	543,400.1	54%	-				
1. Goods and services purchased	tCO2eq		158,831.7	172,985.0	9%	21%				
2. Capital goods ⁽²⁾	tCO2eq		-	3,079.0	-	0%				
3. Fuel and energy-related activities (not covered by scope 1 or 2)	tCO2eq		37,894.3	33,837.0	-11%	4%				
4. Upstream transport and distribution ⁽³⁾	tCO2eq		116,393.1	226,243.0	94%	28%				
5. Waste generated in operations	tCO2eq		1,833.3	1,179.3	-36%	0%				
6. Business travel	tCO2eq		250.5	286.2	14%	0%				
7. Pendulum shift of employees ⁽³⁾	tCO2eq		3,051.7	2,800.5	-8%	0%				
8. Upstream assets leased	tCO2eq	- ⁽⁴⁾	N/A	N/A	N/A	N/A	-10%	-15%	316,847.8	299,245.2
9. Transport and distribution ⁽³⁾	tCO2eq		33,525.4	21,162.9	-37%	3%				
10. Transformation of products sold ⁽²⁾	tCO2eq		-	81,117.1	-	10%				
11. Use of products sold	tCO2eq		273.2	709.9	160%	0%				
12. End-of-useful life treatment of sold products	tCO2eq		N/A	N/A	N/A	N/A				
13. Downstream assets leased	tCO2eq		N/A	N/A	N/A	N/A				
14. Franchises	tCO2eq		N/A	N/A	N/A	N/A				
15. Investment	tCO2eq		N/A	N/A	N/A	N/A				
TOTAL GHG Emissions (market-based)	tCO2eq	819,258.1	610,586.8	806,198.7	32%	100%				
TOTAL GHG emissions (location-based)	tCO2eq	- ⁽⁴⁾	737,683.5	932,251.0	26%					

⁽¹⁾ Figures not available

⁽²⁾ Category of new emissions in the 2024 reporting period

⁽³⁾ Well-to-Tank (hereinafter WTT) activities have been included in the calculation of emissions for these categories. These refer to the extraction of fossil fuels used upstream (category 4), in employee commuting (category 7), business travel (category 6) and upstream and downstream transport (category 9).

⁽⁴⁾ Ence does not include any disposal, purchase, sale or transfer of carbon credits in the calculation of Scope 2 GHG emissions. Furthermore, Ence has not purchased any renewable electricity certificates, as the pulp and power plants are able to operate on a self-consumption basis depending on supply and demand.

⁽⁵⁾ The proportion of Scope 3 emissions using a primary emission factor (data obtained directly from a supplier, customer or other business partner) is 4.4% and the proportion of scope 3 emissions using activity data from a primary source is 6%.

Biodiversity

Protected flora and fauna

Listed and/or threatened flora in the woodlands of the north of the peninsula					
Scientific name	Dir. 92/43	National catalogue	Galician catalogue	Asturias Catalogue	IUCN Red List
<i>Arnica montana</i>	ANNEX V				LC
<i>Dryopteris aemula</i>			VU		LC
<i>Narcissus bulbocodium</i>	ANNEX V				LC
<i>Narcissus cyclamineus</i>	ANNEX II	LESRPE	VU		LC
<i>Narcissus pseudonarcissus nobilis</i>	ANNEX II	LESRPE	VU	IE	LC
<i>Narcissus triandrus</i>	ANNEX II	LESRPE			LC
<i>Woodwardia radicans</i>	ANNEX II	LESRPE	VU	IE	LC

Listed and/or threatened flora in the Andalusian woodlands.				
Scientific name	National catalogue	Andalusian Catalogue	Dir. 92/43	IUCN Red List
<i>Armeria velutina</i>	LESRPE	LESRPE		
<i>Asplenium billotii</i>		LESRPE		LC
<i>Blechnum spicant</i>				LC
<i>Carex acuta</i>				LC
<i>Dianthus hinoxianus</i>		VU		#
<i>Erica andevalensis</i>		LESRPE		NT
<i>Erica lusitanica</i>		#		LC
<i>Fuirena pubescens</i>		#		LC
<i>Isoetes durieui</i>		VU		LC
<i>Loeflingia baetica</i>		LESRPE		#
<i>Osmunda regalis</i>				LC
<i>Pinguicula lusitanica</i>				NT
<i>Quercus canariensis</i>				NT
<i>Spiranthes aestivalis</i>	LESRPE		IV	DD
<i>Ulex minor</i>			#	LC

Vertebrate fauna in the woodlands managed by Ence in the north and south of the Iberian Peninsula with the highest level of protection listed in Annex I of the Birds Directive (2009/147/EC), Annexes II or IV of the Habitats Directive (92/43/EEC) or the Spanish, Galician, Asturian, Cantabrian and Andalusian catalogues of threatened species detected in the woodlands managed by Ence in Galicia, Asturias, Cantabria and Huelva. The corresponding protection categories and catalogues are specified.

Threatened species of fauna in the mountains managed by Ence of the northern Iberian Peninsula								
Type	Scientific name	1	2	3	4	5	6	7
Amphibians and Reptiles	<i>Alytes obstetricans</i>	IV	RPE					NT
	<i>Anguis fragilis</i>		RPE					LC
Reptiles	<i>Bufo spinosus</i>							LC
	<i>Chalcides striatus</i>		RPE					LC
	<i>Chioglossa lusitanica*</i>	II,IV	VU	VU				VU
	<i>Discoglossus galganoi*</i>	II,IV	RPE					LC
	<i>Epidalea calamita</i>	IV	RPE					LC
	<i>Hyla molleri</i>	IV	RPE	VU				NT
	<i>Lacerta schreiberi*</i>	II,IV	RPE					NT
	<i>Lissotriton boscai*</i>		RPE					LC
	<i>Lissotriton helveticus</i>		RPE					LC
	<i>Pelophylax perezi</i>	M						LC
	<i>Podarcis bocagei</i>		RPE					LC
	<i>Iberian frog*</i>	IV	RPE	VU				VU
	<i>Grass frog</i>	M	RPE	VU				LC
	<i>Salamandra salamandra</i>							NT
	<i>Timon lepidus</i>		RPE					LC
	<i>Triturus marmoratus</i>	IV	RPE					LC
	<i>Vipera seoanei</i>							LC
Birds	<i>Accipiter gentilis</i>		RPE			IE		LC
	<i>Accipiter nisus</i>		RPE					LC
	<i>Aeghitalos caudatus</i>		RPE					LC

Threatened species of fauna in the mountains managed by Ence of the northern Iberian Peninsula								
Type	Scientific name	1	2	3	4	5	6	7
	<i>Alauda arvensis</i>		RPE					VU
	<i>Alectoris rufa</i>		#					VU
	<i>Anthus pratensis</i>		RPE					#
	<i>Anthus trivialis</i>		RPE					#
	<i>Apus apus</i>		RPE					VU
	<i>Ardea cinerea</i>		RPE					LC
	<i>Buteo buteo</i>		RPE					LC
	<i>Caprimulgus Europaeus</i>	I	RPE					LC
	<i>Carduelis carduelis</i>							LC
	<i>Carduelis citrinella</i>		RPE					NT
	<i>Certhia brachydactyla</i>		RPE					LC
	<i>Chloris chloris</i>							LC
	<i>Cinclus cinclus</i>		RPE					LC
	<i>Columba palumbus</i>	II,III						LC
	<i>Corvus corax</i>							LC
	<i>Corvus corone</i>							LC
	<i>Coturnix coturnix</i>							EN
	<i>Cuculus canorus</i>		RPE					LC
	<i>Curruca communis</i>		RPE					LC
	<i>Curruca undata</i>	I	RPE					EN
	<i>Cyanistes caeruleus</i>		RPE					LC
	<i>Dendrocopos major</i>		RPE					LC
	<i>Emberiza cia</i>		RPE					LC
	<i>Emberiza citrinella</i>		RPE					EN
	<i>Erithacus rubecula</i>		RPE					LC
	<i>Falco peregrinus</i>	I	RPE					LC
	<i>Falco subbuteo</i>		RPE					EN
	<i>Falco tinnunculus</i>		RPE					EN
	<i>Ficedula hypoleuca</i>		RPE					#
	<i>Fringilla coelebs</i>							LC
	<i>Garrulus glandarius</i>							LC
	<i>Gyps fulvus</i>	I	RPE					LC
	<i>Hieraaetus pennatus</i>	I	RPE					LC
	<i>Hippolais polyglotta</i>		RPE					LC
	<i>Hirundo rustica</i>		RPE					VU
	<i>Larus fuscus</i>							LC
	<i>Larus michahellis</i>							NT
	<i>Linaria cannabina</i>							LC
	<i>Lophophanes cristatus</i>		RPE					LC
	<i>Lullula arborea</i>	I	RPE					LC
	<i>Milvus migrans</i>	I	RPE					LC
	<i>Motacilla alba</i>		RPE					LC
	<i>Motacilla cinerea</i>		RPE					LC
	<i>Muscicapa striata</i>		RPE					LC
	<i>Oriolus oriolus</i>		RPE					LC
	<i>Parus major</i>		RPE					LC
	<i>Periparus ater</i>		RPE					LC
	<i>Pernis apivorus</i>	I	RPE					NT
	<i>Phoenicurus ochruros</i>		RPE					LC
	<i>Phylloscopus collybita</i>		RPE					
	<i>Phylloscopus ibericus</i>		RPE					LC
	<i>Phylloscopus trochilus</i>		RPE					#
	<i>Picus sharpei</i>		RPE					LC
	<i>Picus viridis</i>		RPE					LC
	<i>Prunella modularis</i>		RPE					LC
	<i>Ptyonoprogne Rupestris</i>		RPE					LC
	<i>Pyrrhula pyrrhula</i>		RPE					LC
	<i>Regulus ignicapilla</i>		RPE					LC
	<i>Saxicola rubicola</i>		RPE					LC
	<i>Scolopax rusticola</i>							DD

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Threatened species of fauna in the mountains managed by Ence of the northern Iberian Peninsula								
Type	Scientific name	1	2	3	4	5	6	7
	<i>Serinus serinus</i>							LC
	<i>Sitta europaea</i>		RPE					LC
	<i>Spinus spinus</i>		RPE					NT
	<i>Streptopelia turtur</i>	II						VU
	<i>Strix aluco</i>		RPE					LC
	<i>Sturnus unicolor</i>		RPE					LC
	<i>Sylvia atricapilla</i>		RPE					LC
	<i>Sylvia borin</i>		RPE					LC
	<i>Troglodytes troglodytes</i>		RPE					LC
	<i>Turdus merula</i>							LC
	<i>Turdus philomelos</i>	II						LC
	<i>Turdus viscivorus</i>	II						LC
	<i>Upupa epops</i>		RPE					LC
	Mammals							
	<i>Apodemus sylvaticus</i>							LC
	<i>Arvicola sapidus</i>							VU
	<i>Canis lupus</i>	II, IV, V	RPE					NT
	<i>Capreolus capreolus</i>							LC
	<i>Cervus elaphus</i>							LC
	<i>Erinaceus europaeus</i>	IV						LC
	<i>Genetta genetta</i>	M						LC
	<i>Lepus granatensis</i>							LC
	<i>Lutra lutra</i>	II, IV	RPE					LC
	<i>Martes foina</i>							LC
	<i>Martes martes</i>	M						LC
	<i>Meles meles</i>							LC
	<i>Mustela nivalis</i>							LC
	<i>Mustela putorius</i>	M						NT
	<i>Neovison vison</i>							NE
	<i>Oryctolagus cuniculus</i>							VU
	<i>Sciurus vulgaris</i>							LC
	<i>Sus scrofa</i>							LC
	<i>Talpa occidentalis*</i>							LC
	<i>Vulpes vulpes</i>							LC

Threatened species of fauna in the mountains managed by Ence of the southern Iberian Peninsula								
Type	Scientific name	1	2	3	4	5	6	7
	<i>Alytes cisternasii*</i>	IV	RPE				LAESPE	NT
	<i>Bufo spinosus</i>							LC
	<i>Chalcides bedriagai</i>	IV	RPE				LAESPE	NT
	<i>Epidalea Calamita</i>	IV	RPE				LAESPE	LC
	<i>Hyla Meridionalis</i>	IV	RPE				LAESPE	NT
	<i>Llissotriton Boscai*</i>		RPE				LAESPE	LC
	<i>Mauremys Leprosa</i>	II,IV	RPE				LAESPE	VU
	<i>Natrix Astreptophora</i>		RPE				LAESPE	LC
	<i>Natrix Maura</i>		RPE				LAESPE	LC
	<i>Pelobates Cultripes</i>	IV	RPE				LAESPE	NT
	<i>Pelophylax Perezi</i>	M						LC
	<i>Pleurodeles walti</i>		RPE				LAESPE	NT
	<i>Podarcis vaucheri*</i>		RPE				LAESPE	
	<i>Psammodromus algirus</i>		RPE				LAESPE	LC
	<i>Salamandra salamandra</i>						LAESPE	NT
	<i>Tarentola mauretanica</i>		RPE				LAESPE	LC
	<i>Triturus pygmaeus</i>		RPE				LAESPE	VU
	Birds							
	<i>Accipiter gentilis</i>		RPE				LAESPE	LC
	<i>Accipiter nisus</i>		RPE				LAESPE	LC
	<i>Aeghitalos caudatus</i>		RPE				LAESPE	LC
	<i>Aegyptius monachus</i>	I	VU				VU	NT
	<i>Alcedo atthis</i>	I	RPE				LAESPE	EN

Threatened species of fauna in the mountains managed by Ence of the southern Iberian Peninsula								
Type	Scientific name	1	2	3	4	5	6	7
	<i>Alectoris rufa</i>							VU
	<i>Anas platyrhynchos</i>							LC
	<i>Anthus pratensis</i>		RPE				LAESPE	
	<i>Apus apus</i>		RPE				LAESPE	VU
	<i>Apus pallidus</i>		RPE				LAESPE	LC
	<i>Aquila adalberti</i>	I	EN				EN	EN
	<i>Aquila chrysaetos</i>	I	RPE				LAESPE	NT
	<i>Ardea cinerea</i>		RPE				LAESPE	LC
	<i>Bubo bubo</i>	I	RPE				LAESPE	LC
	<i>Buteo buteo</i>		RPE				LAESPE	LC
	<i>Caprimulgus ruficollis</i>	I	RPE				LAESPE	VU
	<i>Carduelis carduelis</i>							LC
	<i>Cecropis daurica</i>		RPE				LAESPE	LC
	<i>Certhia brachydactyla</i>		RPE				LAESPE	LC
	<i>Cettia cetti</i>		RPE				LAESPE	LC
	<i>Chloris chloris</i>							LC
	<i>Ciconia ciconia</i>	I	RPE				LAESPE	LC
	<i>Ciconia nigra</i>	I	VU				EN	VU
	<i>Circaetus gallicus</i>	I	RPE				LAESPE	LC
	<i>Circus pygargus</i>	I	#				VU	VU
	<i>Cisticola juncidis</i>		RPE				LAESPE	NT
	<i>Coccothraustes Coccothraustes</i>		RPE				LAESPE	LC
	<i>Columba palumbus</i>	II,III						LC
	<i>Corvus corax</i>							LC
	<i>Coturnix coturnix</i>							EN
	<i>Cuculus canorus</i>		RPE				LAESPE	LC
	<i>Curruca iberiae</i>		RPE				LAESPE	
	<i>Curruca melanocephala</i>		RPE				LAESPE	LC
	<i>Curruca undata</i>	I	RPE				LAESPE	EN
	<i>Cyanistes caeruleus</i>		RPE				LAESPE	LC
	<i>Cyanopica cooki</i>		RPE				LAESPE	LC
	<i>Delichon urbicum</i>		RPE				LAESPE	LC
	<i>Dendrocopos major</i>		RPE				LAESPE	LC
	<i>Emberiza calandra</i>		RPE				LAESPE	LC
	<i>Emberiza cia</i>		RPE				LAESPE	LC
	<i>Emberiza cirrus</i>		RPE				LAESPE	LC
	<i>Erithacus rubecula</i>		RPE				LAESPE	LC
	<i>Falco subbuteo</i>		RPE				LAESPE	EN
	<i>Falco tinnunculus</i>		RPE				LAESPE	EN
	<i>Ficedula hypoleuca</i>		RPE				LAESPE	
	<i>Fringilla coelebs</i>							LC
	<i>Galerida theklae</i>	I	RPE				LAESPE	LC
	<i>Gallinula chloropus</i>							LC
	<i>Garrulus glandarius</i>							LC
	<i>Gyps fulvus</i>	I	RPE				LAESPE	LC
	<i>Hieraaetus pennatus</i>	I	RPE				LAESPE	LC
	<i>Hippolais polyglotta</i>		RPE				LAESPE	LC
	<i>Hirundo daurica</i>		RPE				LAESPE	LC
	<i>Hirundo rustica</i>		RPE				LAESPE	VU
	<i>Lanius meridionalis</i>		RPE				LAESPE	EN
	<i>Lanius senator</i>		RPE				LAESPE	EN
	<i>Linaria cannabina</i>							LC
	<i>Lophophanes cristatus</i>		RPE				LAESPE	LC
	<i>Lullula arborea</i>	I	RPE				LAESPE	LC
	<i>Luscinia megarhynchos</i>		RPE				LAESPE	LC
	<i>Merops apiaster</i>		RPE				LAESPE	LC
	<i>Milvus migrans</i>	I	RPE				LAESPE	LC
	<i>Milvus milvus</i>	I	EN				EN	EN
	<i>Monticola solitarius</i>		RPE				LAESPE	LC
	<i>Motacilla alba</i>		RPE				LAESPE	LC

Threatened species of fauna in the mountains managed by Ence of the southern Iberian Peninsula								
Type	Scientific name	1	2	3	4	5	6	7
	<i>Motacilla cinerea</i>		RPE				LAESPE	LC
	<i>Nycticorax nycticorax</i>	I	RPE				LAESPE	NT
	<i>Oenanthe hispanica</i>		RPE				LAESPE	NT
	<i>Oriolus oriolus</i>		RPE				LAESPE	LC
	<i>Otus scops</i>		RPE				LAESPE	VU
	<i>Parus major</i>		RPE				LAESPE	LC
	<i>Passer domesticus</i>							LC
	<i>Passer hispanoliensis</i>							LC
	<i>Phalacrocorax carbo</i>							LC
	<i>Phoenicurus ochruros</i>		RPE				LAESPE	LC
	<i>Phoenicurus phoenicurus</i>		VU				LAESPE	LC
	<i>Phylloscopus bonelli</i>		RPE				LAESPE	LC
	<i>Phylloscopus collybita</i>		RPE				LAESPE	
	<i>Phylloscopus ibericus</i>		RPE				LAESPE	LC
	<i>Picus sharpei</i>		RPE				LAESPE	LC
	<i>Picus viridis</i>		RPE				LAESPE	LC
	<i>Prunella modularis</i>		RPE				LAESPE	LC
	<i>Ptyonoprogne Rupestris</i>		RPE				LAESPE	LC
	<i>Pyrrhula pyrrhula</i>		RPE				LAESPE	LC
	<i>Regulus ignicapilla</i>		RPE				LAESPE	LC
	<i>Saxicola rubicola</i>		RPE				LAESPE	LC
	<i>Serinus serinus</i>							LC
	<i>Sitta europaea</i>		RPE				LAESPE	LC
	<i>Spinus spinus</i>		RPE				LAESPE	NT
	<i>Streptopelia decaocto</i>	II						LC
	<i>Streptopelia turtur</i>	II						VU
	<i>Strix aluco</i>		RPE				LAESPE	LC
	<i>Sturnus unicolor</i>		RPE				LAESPE	LC
	<i>Sylvia atricapilla</i>		RPE				LAESPE	LC
	<i>Tringa ochropus</i>		RPE				LAESPE	LC
	<i>Troglodytes troglodytes</i>		RPE				LAESPE	LC
	<i>Turdus merula</i>							LC
	<i>Turdus philomelos</i>	II						LC
	<i>Turdus viscivorus</i>	II						LC
	<i>Upupa epops</i>		RPE				LAESPE	LC
Mammals	<i>Apodemus sylvaticus</i>							LC
	<i>Cervus elaphus</i>							LC
	<i>Erinaceus europaeus</i>	IV						LC
	<i>Genetta genetta</i>	M						LC
	<i>Herpestes ichneumon</i>							LC
	<i>Lepus granatensis</i>							LC
	<i>Lutra lutra</i>	II, IV	RPE				LAESPE	LC
	<i>Martes foina</i>							LC
	<i>Meles meles</i>							LC
	<i>Mustela nivalis</i>							LC
	<i>Oryctolagus cuniculus</i>							VU
	<i>Sus scrofa</i>							LC
	<i>Vulpes vulpes</i>							LC

1. Council Directive 92/43/EEC of 21 May 1992 on the **conservation of natural habitats and of wild fauna and flora**. Annex II: species for whose conservation it is necessary to designate special areas of conservation. Priority species are indicated with an asterisk. Annex IV: Species requiring strict protection. Annex V: Species whose collection from the wild and whose exploitation may be subject to management measures. **Directive 2009/147/EC** of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds.

2. Royal Decree 139/2011 of 4 February, for the development of the **List of Wildlife Species under Special Protection Regime and the Spanish Catalogue of Threatened Species**. RPE = included in the List of Wild Species under Special Protection Regime; PE = In danger of extinction and VU = Vulnerable, both in the Spanish Catalogue of Threatened Species.

3. Decree 88/2007 of 19 April, regulating the **Galician Catalogue of endangered species**. PE = Endangered, VU = Vulnerable.

4. Decree 32/90 of 8 March, creating the **Regional Catalogue of endangered vertebrate fauna of the Principado de Asturias**. VU = Vulnerable; SHab = Sensitive to habitat alteration; IntEsp = Special concern.

5. Decree 120/2008 of 4 December, regulating the **Regional Catalogue of Threatened Species of Cantabria**. VU = Vulnerable; SHab = Sensitive to habitat alteration; IntEsp = Special concern. PE = Endangered

6. **Andalusian Catalogue of Threatened Species (LAESPE)**: Decree 23/2012 of 14 February regulating the conservation and sustainable use of wild flora and fauna and their habitats: VU= Vulnerable. EN = Endangered

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7. *Atlas y Libro rojo de los Anfibios y Reptiles de España* (Pleguezuelos et al., 2002) and *Libro Rojo de los mamíferos terrestres de España* (Palomo et al., 2007): CR = Critically Endangered, EN = Endangered, VU = Vulnerable, NT = Near Threatened, DD = Data Deficient.

Protected woodlands

Woodlands managed by Ence located in protected natural areas (Natura 2000 Network) in the northwest of the Iberian Peninsula		
UGF	PROTECTED AREA NAME	WOODLAND NAME
La Coruña	Carnota - Monte Pindo	Ferrañas
	Costa da Morte	Balares
	Serra do Careón	Estivada Santiso
	Serra do Careón	Estivada Santiso P
	Serra do Xistral	Fraga de Balboa
Lugo	Serra do Xistral	Castrillan
	Serra do Xistral	Coto Mouro
	Serra do Xistral	Lombo Zarrido
	Serra do Xistral	Rua
Pontevedra	Monte Aloia	Tui Regal
	Lérez River	Gargallons
	Lérez River	Redonde
	Tea River	Barcia de Mera
	Tea River	Maceira
	Tea River	Santa Marina Castelanes
	Serra do Cando	Piccolo Cerdedo
Asturias	Cabo Busto-Luanco	Caru (Verdicio)
	Penarronda-Barayo	Island
	Penarronda-Barayo	Island 2
	Penarronda-Barayo	Valdepareas
	Nalón River	Godos (Alv)
	Navia river	Armental
	Porcía River	Molios Novos
	Sierra Plana De La Borbolla	Cuesta (Alv)
Cantabria	Cueva del Rejo	Collovera (J.V. Abanillas)
	Cueva del Rejo	Monte Rojo
	Cueva del Rejo	Rojo (J.V. Luey)
	Rías Occiden and Duna Oyambre	Rubin

Woodlands managed by Ence located in protected natural areas (Natura 2000 Network) in the south of the Iberian Peninsula		
Province	Natural Area	Woodland
Huelva	Western Andévalo	Las Cortecillas
		LOS RUBIALES
	Tinto River Ecological Corridor	Carbonera and Others
		Colonos Berrocal and Others
		El Pastillo
		El Rincon
		Fontanar and Others
		Las Arrayadas
		Las Cumbrecillas
		Sierra De Rite
		Sierra De Rite II
		Tabladilla and Others
	Doñana North and West	La Cañada
	Peñas de Aroche	Peñas II
	Rivera de Chanza	Pasada del Abad
	Sierra Aracena and Picos Aroche	Campillo Alto
		Corte Sonoble and Others
		El Bravo
		El Calamon
		El Palomar
		Helechoso

Woodlands managed by Ence located in protected natural areas (Natura 2000 Network) in the south of the Iberian Peninsula		
Province	Natural Area	Woodland
Seville	Srra Pelada and Rivera Aserrador	La Zarzuela
		Las Aliserillas
		Los Agudos
		Los Agudos II
		Los Barrancos
		Los Benitos
		Los Umbrizos
		Navafresno and Dehesa del Carrizal
		Risco Del Hombre and Others
		Santa Eulalia
		Valdesotella
		Alcalabocinos III
		Dehesa del Carmen III
		Gil Marquez
		La Bajena
Seville	Guadiamar River Ecological Corridor	Villa Emilia

Own workforce indicators

Workforce profile

Workforce at the end of 2024 by professional group, age, gender and country					
Professional group/Age	SPAIN		PORTUGAL		TOTAL
	Men	Women	Men	Women	
CLERICAL WORKERS	16	35	0	0	51
Up to 30 years old	0	3	0	0	3
From 31 to 50 years old	9	19	0	0	28
Over 50 years old	7	13	0	0	20
SUPPORT AND IMPROVEMENT	47	35	0	0	82
Up to 30 years old	2	1	0	0	3
From 31 to 50 years old	26	26	0	0	52
Over 50 years old	19	8	0	0	27
GENERAL MANAGEMENT	57	19	0	0	76
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	26	13	0	0	39
Over 50 years old	31	6	0	0	37
MANAGERS	75	34	0	0	109
Up to 30 years old	0	4	0	0	4
From 31 to 50 years old	49	24	0	0	73
Over 50 years old	26	6	0	0	32
MAINTENANCE	136	1	0	0	137
Up to 30 years old	5	1	0	0	6
From 31 to 50 years old	104	0	0	0	104
Over 50 years old	27	0	0	0	27
OPERATORS	303	60	0	0	363
Up to 30 years old	25	14	0	0	39
From 31 to 50 years old	235	34	0	0	269
Over 50 years old	43	12	0	0	55
TEAM MANAGER	56	2	0	0	58
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	44	2	0	0	46
Over 50 years old	12	0	0	0	12
TECHNICIANS	215	150	2	2	369
Up to 30 years old	30	23	1	1	55
From 31 to 50 years old	133	117	1	1	252
Over 50 years old	52	10	0	0	62
Overall total	905	336	2	2	1,245

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Workforce at the end of 2023 by professional group, age, gender and country					
Professional group/Age	SPAIN		PORTUGAL		TOTAL
	Men	Women	Men	Women	
CLERICAL WORKERS	17	40	0	0	57
Up to 30 years old	0	2	0	0	2
From 31 to 50 years old	10	25	0	0	35
Over 50 years old	7	13	0	0	20
SUPPORT AND IMPROVEMENT	49	43	0	0	92
Up to 30 years old	2	4	0	0	6
From 31 to 50 years old	29	24	0	0	53
Over 50 years old	18	15	0	0	33
GENERAL MANAGEMENT	57	19	0	0	76
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	31	13	0	0	44
Over 50 years old	26	6	0	0	32
MANAGERS	69	31	0	0	100
Up to 30 years old	1	4	0	0	5
From 31 to 50 years old	47	21	0	0	68
Over 50 years old	21	6	0	0	27
MAINTENANCE	130	1	0	0	131
Up to 30 years old	5	0	0	0	5
From 31 to 50 years old	103	1	0	0	104
Over 50 years old	22	0	0	0	22
OPERATORS	299	47	0	0	346
Up to 30 years old	26	15	0	0	41
From 31 to 50 years old	243	31	0	0	274
Over 50 years old	30	1	0	0	31
TEAM MANAGER	69	5	0	0	74
Up to 30 years old	1	0	0	0	1
From 31 to 50 years old	47	4	0	0	51
Over 50 years old	21	1	0	0	22
TECHNICIANS	223	158	3	2	386
Up to 30 years old	29	31	1	1	62
From 31 to 50 years old	148	119	2	1	270
Over 50 years old	46	8	0	0	54
Overall total	913	344	3	2	1,262

Quality employment

Breakdown of workforce by contract type

Workforce at the end of 2024 by contract type, age, gender, professional category and country					
Type of contract/Age	SPAIN		PORTUGAL		TOTAL
	Men	Women	Men	Women	
PERMANENT	864	301	2	2	1,169
CLERICAL WORKERS	16	30	0	0	46
Up to 30 years old	0	1	0	0	1
From 31 to 50 years old	9	16	0	0	25
Over 50 years old	7	13	0	0	20
SUPPORT AND IMPROVEMENT	43	29	0	0	72
Up to 30 years old	1	0	0	0	1
From 31 to 50 years old	24	22	0	0	46
Over 50 years old	18	7	0	0	25
GENERAL MANAGEMENT	57	19	0	0	76
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	26	13	0	0	39
Over 50 years old	31	6	0	0	37
MANAGERS	75	34	0	0	109
Up to 30 years old	0	4	0	0	4
From 31 to 50 years old	49	24	0	0	73
Over 50 years old	26	6	0	0	32
MAINTENANCE	123	1	0	0	124
Up to 30 years old	1	1	0	0	2

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From 31 to 50 years old	95	0	0	0	95
Over 50 years old	27	0	0	0	27
OPERATORS	285	41	0	0	326
Up to 30 years old	13	6	0	0	19
From 31 to 50 years old	230	23	0	0	253
Over 50 years old	42	12	0	0	54
TEAM MANAGER	56	2	0	0	58
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	44	2	0	0	46
Over 50 years old	12	0	0	0	12
TECHNICIANS	209	145	2	2	358
Up to 30 years old	26	19	1	1	47
From 31 to 50 years old	131	116	1	1	249
Over 50 years old	52	10	0	0	62

Workforce at the end of 2024 by contract type, age, gender, professional category and country					
Type of contract/Age	SPAIN		PORTUGAL		TOTAL
	Men	Women	Men	Women	
TEMPORARY	41	35	0	0	76
CLERICAL WORKERS	0	0	0	0	0
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	0	0	0	0	0
Over 50 years old	0	0	0	0	0
SUPPORT AND IMPROVEMENT	4	6	0	0	10
Up to 30 years old	1	1	0	0	2
From 31 to 50 years old	2	4	0	0	6
Over 50 years old	1	1	0	0	2
MAINTENANCE	13	0	0	0	13
Up to 30 years old	4	0	0	0	4
From 31 to 50 years old	9	0	0	0	9
Over 50 years old	0	0	0	0	0
OPERATORS	18	19	0	0	37
Up to 30 years old	12	8	0	0	20
From 31 to 50 years old	5	11	0	0	16
Over 50 years old	1	0	0	0	1
TECHNICIANS	6	5	0	0	11
Up to 30 years old	4	4	0	0	8
From 31 to 50 years old	2	1	0	0	3
Over 50 years old	6	5	0	0	11
Overall total	905	336	2	2	1,245

Workforce at the end of 2023 by contract type, age, gender, professional category and country					
Type of contract/Age	SPAIN		PORTUGAL		TOTAL
	Men	Women	Men	Women	
PERMANENT	871	305	3	2	1,181
CLERICAL WORKERS	17	35	0	0	52
Up to 30 years old	0	1	0	0	1
From 31 to 50 years old	10	22	0	0	32
Over 50 years old	7	12	0	0	19
SUPPORT AND IMPROVEMENT	44	39	0	0	83
Up to 30 years old	1	3	0	0	4
From 31 to 50 years old	25	21	0	0	46
Over 50 years old	18	15	0	0	33
GENERAL MANAGEMENT	57	19	0	0	76
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	31	13	0	0	44
Over 50 years old	26	6	0	0	32
MANAGERS	69	31	0	0	100
Up to 30 years old	1	4	0	0	5
From 31 to 50 years old	47	21	0	0	68
Over 50 years old	21	6	0	0	27

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MAINTENANCE	118	0	0	0	118
Up to 30 years old	3	0	0	0	3
From 31 to 50 years old	93	0	0	0	93
Over 50 years old	22	0	0	0	22
OPERATORS	280	29	0	0	309
Up to 30 years old	16	8	0	0	24
From 31 to 50 years old	234	20	0	0	254
Over 50 years old	30	1	0	0	31
TEAM MANAGER	69	5	0	0	74
Up to 30 years old	1	0	0	0	1
From 31 to 50 years old	47	4	0	0	51
Over 50 years old	21	1	0	0	22
TECHNICIANS	217	147	3	2	369
Up to 30 years old	26	25	1	1	53
From 31 to 50 years old	146	114	2	1	263
Over 50 years old	45	8	0	0	53

Workforce at the end of 2023 by contract type, age, gender, professional category and country					
Type of contract/Age	SPAIN		PORTUGAL		TOTAL
	Men	Women	Men	Women	
TEMPORARY	42	39	0	0	81
CLERICAL WORKERS	0	5	0	0	5
Up to 30 years old	0	1	0	0	1
From 31 to 50 years old	0	3	0	0	3
Over 50 years old	0	1	0	0	1
SUPPORT AND IMPROVEMENT	5	4	0	0	9
Up to 30 years old	1	1	0	0	2
From 31 to 50 years old	4	3	0	0	7
Over 50 years old	0	0	0	0	0
MAINTENANCE	12	1	0	0	13
Up to 30 years old	2	0	0	0	2
From 31 to 50 years old	10	1	0	0	11
Over 50 years old	0	0	0	0	0
OPERATORS	19	18	0	0	37
Up to 30 years old	10	7	0	0	17
From 31 to 50 years old	9	11	0	0	20
Over 50 years old	0	0	0	0	0
TECHNICIANS	6	11	0	0	17
Up to 30 years old	3	6	0	0	9
From 31 to 50 years old	2	5	0	0	7
Over 50 years old	1	0	0	0	1
Overall total	913	344	3	2	1,262

Workforce by workday type

Workforce at the end of 2024 by workday type, age, gender, professional category and country					
Type of contract/Age	SPAIN		PORTUGAL		TOTAL
	Men	Women	Men	Women	
FULL TIME	889	318	2	2	1,211
CLERICAL WORKERS	15	35	0	0	50
Up to 30 years old		3	0	0	3
From 31 to 50 years old	9	19	0	0	28
Over 50 years old	6	13	0	0	19
SUPPORT AND IMPROVEMENT	46	30	0	0	76
Up to 30 years old	2	1	0	0	3
From 31 to 50 years old	26	21	0	0	47
Over 50 years old	18	8	0	0	26
GENERAL MANAGEMENT	57	19	0	0	76
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	26	13	0	0	39
Over 50 years old	31	6	0	0	37

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MANAGERS	73	33	0	0	106
Up to 30 years old	0	4	0	0	4
From 31 to 50 years old	48	23	0	0	71
Over 50 years old	25	6	0	0	31
MAINTENANCE	135	1	0	0	136
Up to 30 years old	5	1	0	0	6
From 31 to 50 years old	104	0	0	0	104
Over 50 years old	26	0	0	0	26
OPERATORS	297	56	0	0	353
Up to 30 years old	24	14	0	0	38
From 31 to 50 years old	230	31	0	0	261
Over 50 years old	43	11	0	0	54
TEAM MANAGER	55	2	0	0	57
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	43	2	0	0	45
Over 50 years old	12	0	0	0	12
TECHNICIANS	211	142	2	2	357
Up to 30 years old	30	23	1	1	55
From 31 to 50 years old	129	109	1	1	240
Over 50 years old	52	10	0	0	62

Workforce at the end of 2024 by workday type, age, gender, professional category and country					
Type of contract/Age	SPAIN		PORTUGAL		TOTAL
	Men	Women	Men	Women	
PART TIME	16	18	0	0	34
CLERICAL WORKERS	1	0	0	0	1
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	0	0	0	0	0
Over 50 years old	1	0	0	0	1
SUPPORT AND IMPROVEMENT	1	5	0	0	6
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	0	0	0	0	0
Over 50 years old	1	0	0	0	1
MANAGERS	2	1	0	0	3
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	1	1	0	0	2
Over 50 years old	1	0	0	0	1
MAINTENANCE	1	0	0	0	1
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	0	0	0	0	0
Over 50 years old	1	0	0	0	1
OPERATORS	6	4	0	0	10
Up to 30 years old	1	0	0	0	1
From 31 to 50 years old	5	3	0	0	8
Over 50 years old	0	1	0	0	1
TEAM MANAGER	1	0	0	0	1
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	1	0	0	0	1
Over 50 years old	0	0	0	0	0
TECHNICIANS	4	8	0	0	12
Up to 30 years old	0	0	0	0	0
From 31 to 50 years old	4	8	0	0	12
Over 50 years old	0	0	0	0	0
Overall total	905	336	2	2	1,245

Workforce at the end of 2023 by workday type, age, gender, professional category and country					
Type of contract/Age	SPAIN		PORTUGAL		TOTAL
	Men	Women	Men	Women	
FULL TIME	903	326	3	2	1,234
CLERICAL WORKERS	16	37	0	0	53
Up to 30 years old		2	0	0	2

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From 31 to 50 years old	9	22	0	0	31
Over 50 years old	7	13	0	0	20
SUPPORT AND IMPROVEMENT	49	39	0	0	88
Up to 30 years old	2	4	0	0	6
From 31 to 50 years old	29	20	0	0	49
Over 50 years old	18	15	0	0	33
GENERAL MANAGEMENT	57	19	0	0	76
From 31 to 50 years old	31	13	0	0	44
Over 50 years old	26	6	0	0	32
MANAGERS	68	30	0	0	98
Up to 30 years old	1	4	0	0	5
From 31 to 50 years old	46	20	0	0	66
Over 50 years old	21	6	0	0	27
MAINTENANCE	130	1	0	0	131
Up to 30 years old	5		0	0	5
From 31 to 50 years old	103	1	0	0	104
Over 50 years old	22		0	0	22
OPERATORS	295	45	0	0	340
Up to 30 years old	25	15	0	0	40
From 31 to 50 years old	240	29	0	0	269
Over 50 years old	30	1	0	0	31
TEAM MANAGER	68	5	0	0	73
Up to 30 years old	1		0	0	1
From 31 to 50 years old	46	4	0	0	50
Over 50 years old	21	1	0	0	22
TECHNICIANS	220	150	3	2	375
Up to 30 years old	29	31	1	1	62
From 31 to 50 years old	145	111	2	1	259
Over 50 years old	46	8	0	0	54

Workforce at the end of 2023 by workday type, age, gender, professional category and country					
Type of contract/Age	SPAIN		PORTUGAL		TOTAL
	Men	Women	Men	Women	
PART TIME	10	18	0	0	28
CLERICAL WORKERS	1	3	0	0	4
From 31 to 50 years old	1	3	0	0	4
SUPPORT AND IMPROVEMENT		4	0	0	4
From 31 to 50 years old		4	0	0	4
MANAGERS	1	1	0	0	2
From 31 to 50 years old	1	1	0	0	2
OPERATORS	4	2	0	0	6
Up to 30 years old	1		0	0	1
From 31 to 50 years old	3	2	0	0	5
TEAM MANAGER	1		0	0	1
From 31 to 50 years old	1		0	0	1
TECHNICIANS	3	8	0	0	11
From 31 to 50 years old	3	8	0	0	11
Overall total	913	344	3	2	1,262

Turnover rate

Turnover rate	2024-Spain			2024-Portugal		
	M	F	Total	M	F	Total
Up to 30 years old	2.4	2.2	2.3	1.0	1.3	1.1
From 31 to 50 years old	0.3	0.7	0.4	0.6	0.0	0.4
Over 50 years old	0.1	0.2	0.1	0.0	0.0	0.0
Overall total	0.4	0.8	0.5	0.8	0.6	0.7

Turnover rate = (No. of total departures) / average workforce. The total number of departures includes resignations, dismissals, retirements, and if any, deaths in service.

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Turnover rate	2023-Spain			2023-Portugal		
	M	F	Total	M	F	Total
Up to 30 years old	2.3	1.4	1.9	0.0	0.0	0.0
From 31 to 50 years old	0.3	0.7	0.4	0.0	0.0	0.0
Over 50 years old	0.1	0.4	0.1	0.0	0.0	0.0
Overall total	0.4	0.7	0.5	0.5	0.0	0.0

Turnover rate = (No. of total departures) / average workforce. The total number of departures includes resignations, dismissals, retirements, and if any, deaths in service.

Redundancies

2024 Redundancies		Spain			Portugal		
		Men	Women	Total	Men	Women	Total
Clerical workers		0	3	3	0	0	0
	From 31 to 50 years old	0	3	3	0	0	0
General management		3	1	4	0	0	0
	From 31 to 50 years old	3	1	4	0	0	0
Managers		3	0	3	0	0	0
	From 31 to 50 years old	3	0	3	0	0	0
Maintenance		1	0	1	0	0	0
	From 31 to 50 years old	1	0	1	0	0	0
Operators		3	0	3	0	0	0
	From 31 to 50 years old	2	0	2	0	0	0
	Over 50 years old	1	0	1	0	0	0
Team managers		1	0	1	0	0	0
	Over 50 years old	1	0	1	0	0	0
Technicians		10	6	16	1	0	1
	From 31 to 50 years old	1	1	2	0	0	0
	Up to 30 years old	7	5	12	1	0	1
	Over 50 years old	2	0	2	0	0	0
Total		21	10	31	1	0	1

2023 Redundancies		Spain			Portugal		
		Men	Women	Total	Men	Women	Total
General management		3	0	3	0	0	0
	Over 50 years old	3	0	3	0	0	0
Managers		1	0	1	0	0	0
	Over 50 years old	1	0	1	0	0	0
Technicians		1	1	2	0	0	0
	From 31 to 50 years old	0	1	1	0	0	0
	Up to 30 years old	1	0	1	0	0	0
Total		5	1	6	0	0	0

Training and professional development

Training

Average hours of training in 2024			
Professional group	Men	Women	Total
Clerical workers	5.09	6.53	6.08
Support and improvement	23.73	25.82	24.78
General management	11.76	14.64	12.50
Managers	17.40	17.73	17.50
Maintenance	16.23	96.98	16.55

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Operators	23.30	30.57	24.35
Team managers	21.03	8.35	20.34
Technicians	14.67	16.36	15.36
Total	18.51	18.80	18.59

Average hours of training in 2023			
Professional group	Men	Women	Total
Clerical workers	3.61	7.13	6.13
Support and improvement	21.93	29.62	25.67
General management	15.00	25.65	17.47
Managers	15.30	17.90	16.04
Maintenance	7.45	44.38	7.89
Operators	21.10	28.54	22.12
Team managers	18.80	15.89	18.62
Technicians	14.04	17.26	15.34
Total	16.13	20.03	17.17

Total training hours in 2024			
Professional group	Men	Women	Total
Clerical workers	1,240.5	546.5	1,787.0
Support and improvement	3,237.5	2,462.0	5,699.5
General management	1,073.0	1,173.5	2,246.5
Managers	82.0	227.0	309.0
Maintenance	2,167.5	52.0	2,219.5
Operators	6,948.0	1,526.0	8,474.0
Team managers	674.0	288.0	962.0
Technicians	1,411.5	32.0	1,443.5
Total	16,834.0	6,307.0	23,141.0

Total training hours in 2023			
Professional group	Men	Women	Total
Clerical workers	53.5	264.0	317.5
Support and improvement	1,037.0	1,327.5	2,364.5
General management	860.5	443.5	1,304.0
Managers	1,041.0	490.5	1,531.5
Maintenance	987.0	71.0	1,058.0
Operators	6,168.5	1,325.0	7,493.5
Team managers	1,283.5	71.5	1,355.0
Technicians	3,029.5	2,529.0	5,558.5
Total	14,460.5	6,522.0	20,982.5

Performance evaluations

Performance evaluations conducted in 2024			
Professional group	Men	Women	Total
Clerical workers	1	5	6
Support and improvement Quality Control	5	2	7
General management	56	18	74
Managers	71	33	104
Operators	2		2
Team Leaders	53	2	55
Technicians	205	137	342
Total	393	197	590

Performance evaluations conducted in 2023			
Professional group	Men	Women	Total
Clerical workers	2	5	7
Support and improvement Quality Control	2	2	4
General management	54	20	74
Managers	77	30	107
Operators	3	0	3

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Team Leaders	57	2	59
Technicians	206	153	359
Total	401	212	613

Remunerations

Remunerations

Average remuneration 2024 (€) ⁽¹⁾		Ence Group	
Age:	Men	Women	Total
Up to 30 years old	42,545	40,531	41,673
From 31 to 50 years old	68,374	64,279	67,235
Over 50 years old	87,277	83,629	86,554
Total average remuneration	72,189	64,997	70,251

(1) In order to preserve confidentiality in the breakdowns of average remuneration, the average remuneration of employees in Portugal is not included due to its low representation (5 employees in 2023 and 4 in 2024). Nor does it include information on the 6 employees of the La Galera facility (a facility acquired by Ence at the end of December) whose remuneration in 2024 did not under any circumstances correspond to Ence. Furthermore, the Managing Director is not included in the calculation because he is not a salaried employee as he has a commercial contract instead of an employment contract.

Average remuneration 2023 ⁽¹⁾ (€)		Ence Group	
Age:	Men	Women	Total
Up to 30 years old	41,099	39,704	40,453
From 31 to 50 years old	67,502	61,417	65,808
Over 50 years old	83,124	79,313	82,380
Total average remuneration	70,013	61,603	67,715

(1) Data recalculated according to the new calculation methodology for 2024. For more details on the methodology followed, see section **Pay Gap**. In order to preserve confidentiality, the average remuneration breakdowns do not include the average remuneration of employees in Portugal due to their low representativeness (5 employees in 2023 and 4 in 2024). Furthermore, the Managing Director is not included in the calculation because he is not a salaried employee as he has a commercial contract instead of an employment contract.

Average remuneration 2024 by professional group ⁽¹⁾ (€)			
Professional group	Ence Group		
	Men	Women	TOTAL
Senior Management ⁽²⁾	520,008	309,292	449,769
General management	194,265	200,529	195,854
Managers	103,983	102,211	103,425
Technicians	59,070	52,691	56,449
Team managers	72,049	71,572	72,033
Operators	55,883	38,897	53,075
Maintenance	56,077	28,384	55,882
Support and improvement	56,625	55,754	56,262
Clerical workers	49,523	49,014	49,170
Total average remuneration	72,189	64,997	70,251

(1) In order to preserve confidentiality in the breakdowns of average remuneration, the average remuneration of employees in Portugal is not included due to its low representation (5 employees in 2023 and 4 in 2024). Nor does it include information on the 6 employees of the La Galera facility (a facility acquired by Ence at the end of December) whose remuneration in 2024 did not under any circumstances correspond to Ence. Furthermore, the Managing Director is not included in the calculation because he is not a salaried employee as he has a commercial contract instead of an employment contract.

(2) Senior Management includes the Management Committee, the Internal Auditing Director and the Ethics and Compliance Director.

Average remuneration 2023 by professional group ⁽¹⁾ (€)			
Professional group	Ence Group		
	Men	Women	TOTAL
Senior Management ⁽²⁾	513,862	315,496	447,740
General management	192,100	186,268	190,621
Managers	102,068	101,394	101,864
Technicians	59,630	52,051	56,467

Average remuneration 2023 by professional group ⁽¹⁾ (€)			
Professional group	Ence Group		
	Men	Women	TOTAL
Team managers	66,501	72,465	66,884
Operators	53,632	39,047	51,685
Maintenance	53,515	46,706	53,465
Support and improvement	53,425	42,785	48,332
Clerical workers	47,863	44,815	45,745
Total average remuneration	70,013	61,603	67,715

(1) Data recalculated according to the new calculation methodology for 2024. For more details on the methodology followed, see section **Pay Gap**. In order to preserve confidentiality, the average remuneration breakdowns do not include the average remuneration of employees in Portugal due to their low representativeness (5 employees in 2023 and 4 in 2024). Furthermore, the Managing Director is not included in the calculation because he is not a salaried employee as he has a commercial contract instead of an employment contract.

(2) Senior Management in 2023 included the Management Committee and the Internal Auditing Director. In 2024, in addition, the Ethics and Compliance Director was included as Senior Management.

Health and safety

Accidents

Accidents 2024		Internal Staff		External Staff		TOTAL
Type		Men	Women	Men	Women	
Accidents with leave		5	2	14	0	21
Accidents without leave		14	2	16	1	33
Total		19	4	30	1	54

Accidents 2023		Internal Staff		External Staff		TOTAL
Type		Men	Women	Men	Women	
Accidents with leave		10	2	18	2	32
Accidents without leave		23	0	30	2	55
Total		33	2	48	4	87

Accident rates

Contents	2024								
	Internal Staff			External Staff			Total		
	M	F	Total	M	F	Total	M	F	Total
LTIFR									
Pulp	3.63	0.00	2.98	2.77	0.00	2.42	3.29	0.00	2.76
Energy	4.36	12.03	6.40	2.72	0.00	2.39	3.35	7.50	4.10
Forestry	3.57	0.00	2.02	7.67	0.00	7.25	7.00	0.00	5.97
TOTAL	3.55	1.64	3.05	5.54	0.00	5.07	4.74	1.18	4.15
Severity Rate									
Pulp	0.096	0.000	0.079	0.014	0.000	0.012	0.064	0.000	0.053
Energy	0.052	0.120	0.070	0.005	0.000	0.005	0.023	0.075	0.033
Forestry	0.000	0.284	0.123	0.537	0.000	0.508	0.449	0.206	0.413
TOTAL	0.112	0.000	0.082	0.310	0.000	0.283	0.230	0.000	0.192

Contents	2023						
	Internal Staff			External Staff			Total
	M	F	Total	M	F	Total	Total
LTIFR							
Pulp	7.263	3.777	6.511	2.701	0.000	2.485	4.918
Energy	4.760	0.000	3.518	0.000	0.000	0.000	1.023
Forestry	7.506	7.210	7.404	11.420	32.120	12.300	11.237
Severity Rate							
Pulp	0.454	0.480	0.460	0.092	0.000	0.084	0.311
Energy	0.019	0.000	0.014	0.288	0.000	0.261	0.189
Forestry	0.248	0.598	0.368	0.879	0.498	0.863	0.756

Responsible taxation

Company name

Name of resident entities	
COMPANY	Tax ID
ANCEN SOLAR III, S.L.U.	B88577143
ANCEN SOLAR IV, S.L.U.	B88577192
ANCEN SOLAR V, S.L.U.	B88577168
BIOCH4 DEVELOPMENTS SL	B72651755
BIOENERGIA SANTAMARIA SA	A14595862
BIOFERT. Y BIO. ALMACELLES, S.	B55421507
BIOFERT. Y BIO. BARBASTRO, S.L	B55427645
BIOFERT. Y BIO. CAMARLES, S.L.	B55427652
BIOFERT. Y BIO. CARMONA, S.L.U	B55427678
BIOFERT. Y BIO. CASTELLAR, S.L	B55427686
BIOFERT. Y BIO. LUCILLOS, S.L.	B55433254
BIOFERT. Y BIO. PELEAS DE ABAJ	B55433270
BIOFERT. Y BIO. SANTOVENIA DEL	B55433262
BIOFERT. Y BIO. SERTO GAL XUNQU	B19351873
BIOFERT. Y BIO. XUNQUEIRAS, S.	B55434823
BIOFERT. Y BIO. ZUERA, S.L.U.	B55434831
BIOFIBRAS DE GALICIA SL	B44820769
BIOGAS ALMACELLES, S.L.U.	B44818557
BIOGAS CARMONA, S.L.U.	B44818300
BIOGAS SAN ESTEBAN, S.L.U.	B44818797
BIOMETAGAS LA GALERA SL	B43990449
CELULOSA ENERGIA SA	A21203237
CELULOSAS DE ASTURIAS SA	A78380748
ENCE BIOGAS SL	B10871325
ENCE BIOMASA CORDOBA SL	B88493242
ENCE CO2 SLU	B88168018
ENCE ENERGIA CASTILLA Y LEON	B85749828
ENCE ENERGIA CASTILLA Y LEON D	B85919900
ENCE ENERGIA CELTA SL	B86538444
ENCE ENERGIA ESTE S.L.U.	B86856200
ENCE ENERGIA EXTREMADURA SLU	B85919850
ENCE ENERGIA HUELVA DOS SLU	B85981769
ENCE ENERGIA HUELVA SLU	B85749869
ENCE ENERGIA PAMI S.L.U.	B86856218
ENCE ENERGIA PUERTOLLANO 2, S.	B01629492
ENCE ENERGIA PUERTOLLANO S.L.U	B86856192
ENCE ENERGIA Y CELULOSA SA	A28212264
ENCE ENERGÍA EXTREMADURA DOS S	B85981710
ENCE INVESTIGACIÓN Y DESARROLLO	A36337434
ENCE RENOVABLES, SL	B44816429
ENCE TERRA SA	A33022492
ENERGIA DE LA LOMA SA	A23410152
ENERGIAS DE LA MANCHA ENEMAN S	A13228648
GRANADA 133 SOLAR SL	B88577150
IBERSILVA S A (SUCURSAL URUGUA	0000214661260014
IBERSILVA SA	A21294780
INFRAESTRUCTURA BIOMETAGAS SL	B42776252
LAS PLEYADES ARGENTINA S A	#
LAS PLEYADES URUGUAY SA	0000211448920016
LIPTOFLORE, S.A.	0000000515393460
MAGNON BIOMASA, S.L.U	B88216478
MAGNON GREEN ENERGY, S.L.U.	B85739209
MAGNON SERVICIOS ENERGETICOS, SL	B88231782
SEVILLA 90 SOLAR SLU	B88577176
SILVASUR AGROFORESTAL SAU	A10008084
SUSTAINABILITY AND CIRCULAR ECONOMY	B85749877

2024 Sustainability Report

Tax contribution

Tax Jurisdictions 2023	Argentina	Spain	Portugal	Uruguay	Total
Number of resident entities	1	40	1	2	44
Number of Employees (31/12/2023)		1,257	5	0	1,262
Revenue from sales to third parties (thousands of €)		829,318	284		829,603
Revenue from intra-group transactions between and with other tax jurisdictions (thousands of €)		0.00	5,659	0	5,659
Tangible assets other than cash and cash equivalents (thousands of €)		1,126,318	1,131	128	1,127,577
Corporate income tax settlement					
Accounting result before tax (thousands of €)		(-27,681)	(-5,489)	0.00	(-33,170)
Net amount (Tax on profit paid) (thousands of €)		6,638	0	0	6,638
Profit tax (expense / (income))					
Current tax (thousands of €)		735	0	0	735
Deferred tax (thousands of €)		(-12,834)	0	0	(-12,834)
Effective rate (%)		25%	21%	25%	-
Nominal rate (%)		25%	21%	25%	-

Tax contribution

Thousands of € 2023	Spain						Portugal	Total
	Andalusia	Asturias	Castile La Mancha	Extremadura	Galicia	Madrid and other		
Property Tax	495	36	72	19	94	0	0	716
Trade Tax	646	385	71	15	319	16	0	1,452
Fees	117	237	268	4	1,665	44	0	2,336
PTT and Stamp duty	0	171	0	4	0	1	0	177
Environmental levy	140	196	649	39	1,145	0	0	2,169
Corporate Income Tax	-504	0	-92	0	0	-2,512	20	-3,088
Tax on electricity generation	7,425	1,889	1,701	982	77	0	0	12,074
IH purchase of fuel	0	134	0	0	339	0	0	474
Special taxes on energy purchasing	59	120	18	14	25	0	0	236
Social security contribution	3,007	7,828	102	573	6,724	2,155	0	20,390
Withholdings	2,685	7,160	118	508	9,233	5,766	0	25,469
VAT	18,879	30,146	4,875	906	0	365	0	55,171
Special taxes on energy sales	0	0	0	0	0	0	0	0
Social security - worker	589	1,610	20	112	1,387	649	0	4,368
Total	33,538	49,913	7,802	3,175	21,009	6,485	20	121,943

Grants

Project title 2023	Company	Site	Amount of aid (€)	Agency
Idae fn-pgesi-2018-001561	Ceasa	Navia	673,873	IDAE
Indirect costs CO2	Ceasa	Navia	2,302,224	Ministry of Economy, Trade and Business
	Ence	Pontevedra	954,871	Ministry of Economy, Trade and Business
Electro-intensive	Ceasa	Navia	226,714	Ministry of Economy, Trade and Business
	Ence	Pontevedra	230,060	Ministry of Economy, Trade and Business
Gas-intensive	Ceasa	Navia	202,445	Ministry of Economy, Trade and Business
Results			4,590,188	

This includes additions of grants received during the year, of both a capital and operating nature.

Annex III Table of contents Law 11/2018 and CSRD

CONTENTS OF THE STATEMENT OF NON-FINANCIAL INFORMATION			
Law 11/2018 INF contents	Standard used (selected ESRS)	Reference	Pages
BUSINESS MODEL			
Description of the group's business model			
A brief description of the group's business model, including its business environment, organisation and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future evolution.	ESRS 2	1.1 Business model	4
		1.3 Strategic framework	8-10
		1.4.2 Sustainability policies	12-13
		1.4.5 2024-2028 Sustainability Master Plan and annual targets	18-23
		Climate change: 2.2.4 Strategy and objectives	67-70
	E1 - 4		
	E2 - 3	Pollution: 2.3.3 Objectives, actions and resources	84-86
	E3 - 3	Water and marine resources: 2.4.3 Objectives, actions and resources	92-94
	E4 - 4	Biodiversity: 2.5.3 Objectives, actions and metrics	102-110
	E5 - 3	Circular economy: 2.6.4 Objectives, actions and resources	115-119
	S1 - 5	Own workforce: 3.1.3 Strategic Plan for People 3.1.6.1 Equality strategy and objectives	127-130 138-139
		Health and safety: 3.1.8.5 Objectives and performance	143-145
	S2 - 5	Workers in the value chain: 3.2.4 Human rights in the value chain	151-152
	S3 - 5	Affected communities: 3.3.6 Objectives and metrics	158-159
	Entity-Specific	Customers: 3.4.6 Objectives and metrics	166-167
Principle of materiality	ESRS 2 IRO - 1, SBM - 3	1.4.4 Double materiality analysis	14-18
INFORMATION ON ENVIRONMENTAL ISSUES			
Policies			
Policies applied by the group, including the due diligence procedures applied to identify, assess, prevent, and mitigate significant risks and impacts, and to verify and control, as well as the measures that have been adopted.	E1 - 2	Climate change: 2.2.3 Climate Change Policy	66-67
	E2 - 1	Pollution: 2.3.2 Environmental policy	83-84
	E3 - 1	Water and marine resources: 2.4.2 Environmental policy	91-92
	E4 - 2	Biodiversity: 2.5.2 Biodiversity Policy	101-102
	E5 - 1	Circular economy: 2.6.3 Environmental policy	114-115
Main risks			
Main risks related to issues associated with the group's activities, including, where relevant and proportionate, its commercial relations, products or services that may have negative effects in those areas, and how the group manages those risks,	E1 - IRO1	Climate change: Risks	55-65
	E2 - IRO1	Pollution: Risks	80-81
	E3 - IRO1	Water and marine resources: Risks	89-91
	E4 - IRO-1	Biodiversity: Risks	97-98

CONTENTS OF THE STATEMENT OF NON-FINANCIAL INFORMATION			
Law 11/2018 INF contents	Standard used (selected ESRS)	Reference	Pages
explaining the procedures used to identify and evaluate them pursuant to the national, European, or international reference frameworks for each subject. This should include information on the impacts that have been identified, giving a breakdown of these impacts, in particular on the main risks in the short, medium, and long term.	E5 - IRO-1	Circular economy: Risks	114
General			
Current and foreseeable effects of the company's activities on the environment	E1 - IRO1	Climate change: Impacts	55
	E2 - IRO1	Pollution: 2.3.1.1 Impacts	79-80
	E3 - IRO1	Water and marine resources: 2.4.1.1 Impacts	88-89
	E4 - IRO-1	Biodiversity: 2.5.1.1 Impacts	95-97
	E5 - IRO-1	Circular economy: 2.6.1.1 Impacts	112-113
Environmental assessment or certification procedures	Ence has environmental certifications in accordance with the UNE-EN-ISO 14001 and UNE-EN-ISO 50001 standards and the European Eco-Management and Audit Scheme (EMAS), as well as the EU Ecolabel, Nordic Swan and AENOR Zero Waste and SURE environmental certifications.	Environmental certifications	82-83
Resources dedicated to the prevention of environmental risks	E1 - 3	Climate change: 2.2.4.2 Decarbonisation Plan: emission reduction targets, actions and resources	68-70
	E2 - 2	Pollution: Actions and resources	85-86
	E3 - 2	Water and marine resources: Actions and resources	92-94
	E4 - 3	Biodiversity: 2.5.3 Objectives, actions and metrics	102-110
	E5 - 2	Circular economy: Actions and resources	117-119
Application of the precautionary principle	E2 - IRO1	Cross-cutting mitigation measures	91
Provisions and guarantees for environmental risks	The Ence facilities to which Act 26/2007 of 23 October, on Environmental Liability applies are exempt from providing financial guarantees in accordance with section a) and b) of article 28 of the aforementioned Act because they are members of the EMAS and/or the environmental management system UNE-EN ISO 14001 or because the assessment of the damage potentially caused is less than €300,000. Ence has also taken out an environmental liability policy with a general limit of €60M for all the guarantees and coverages of the policy. Provisions regarding probable or certain liabilities, litigation in progress and outstanding indemnities or obligations of an undetermined amount of an environmental nature, not covered by the insurance policies taken out, are established when the liability or obligation giving rise to the indemnity or payment arises. There are no provisions made for this item at the end of 2024.		-

CONTENTS OF THE STATEMENT OF NON-FINANCIAL INFORMATION			
Law 11/2018 INF contents	Standard used (selected ESRS)	Reference	Pages
Pollution			
Measures to prevent, reduce, or remedy carbon emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution.	E1 - 3	Climate change: 2.2.4.2 Decarbonisation Plan: emission reduction targets, actions and resources	68-70
	E2 - 2	Pollution: Actions and resources	85-86
	Not applicable	In the case of light pollution, although so far not identified as an environmental factor with significant impact, it is included in environmental impact assessments of new projects. Given the non-significance of this environmental aspect, it has not been necessary to implement specific compensatory measures, nor has it been necessary to establish limits for this aspect in the environmental authorisations of any of the facilities. In 2024, as in previous years, Ence has received no complaints related to light pollution from neighbouring communities or administrations.	-
Circular Economy and waste prevention and management			
Measures for prevention, recycling, reusing, and other forms of waste recovery and disposal.	E5 - 2	Circular economy: Actions and resources 2.6.1 Impacts, risks, and opportunities	117-119 112-114
Actions to combat food waste	Not applicable	This is a non-material aspect for Ence, since the company's activity has no impact on the production, consumption or distribution of food.	-
Sustainable use of resources			
Water consumption and water supply according to local constraints	E3-4	2.4.4 Metrics	94-95
Consumption of raw materials and measures taken to improve the efficiency of their use	E1-4	2.6.5 Metrics	119-121
Direct and indirect energy consumption	E1-5	2.2.5.1 Energy consumption	70-72
Measures taken to improve energy efficiency	E1-3	2.2.4.2 Decarbonisation Plan: emission reduction targets, actions and resources	68-70
Use of renewable energies	E1-5	2.2.5.1 Energy consumption	70-72
Climate change			
Greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	E1-6	2.2.5.2 Carbon footprint 2024 Carbon footprint	73-77 204-205
Measures taken to adapt to the consequences of climate change	E1-3	2.2.4.2 Decarbonisation Plan: emission reduction targets, actions and resources	68-70
Reduction targets voluntarily set in the medium- and long-term to reduce GHG emissions and resources	E1-4	2.2.4.2 Decarbonisation Plan: emission reduction targets, actions and resources	68-70
Protection of biodiversity			

CONTENTS OF THE STATEMENT OF NON-FINANCIAL INFORMATION			
Law 11/2018 INF contents	Standard used (selected ESRS)	Reference	Pages
Measures taken to preserve and restore biodiversity	E4-3	2.5.3 Objectives, actions and metrics	102-110
Impacts caused by activities or operations in protected areas	E4 - SBM 3	2.5.1.1 Impacts	95-97
INFORMATION ON SOCIAL AND PERSONNEL ISSUES			
Policies			
Policies applied by the group, including the due diligence procedures applied to identify, assess, prevent, and mitigate significant risks and impacts, and to verify and control, as well as the measures that have been adopted	S1 - 1	3.1.2 Policies related to in-house employees	126-127
Main risks			
Main risks related to issues associated with the group's activities, including, where relevant and proportionate, its commercial relations, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to identify and evaluate them pursuant to the national, European, or international reference frameworks for each subject. This should include information on the impacts that have been identified, giving a breakdown of these impacts, in particular on the main risks in the short, medium, and long term.	S1 - SBM3	Risks	125-126
Employment			
Total number and distribution of employees by gender, age, country and professional classification	S1-6	3.1.5.1 Workforce profile Workforce profile	132-134 212-213
Total number and distribution of employment contract modalities	S1-6	3.1.5.2 Quality employment Breakdown of workforce by contract type Workforce by workday type	132-134 213-215 215-217
Average annual number of permanent, temporary and part-time contracts by gender, age and professional classification	S1-6 Ence reports the information at the end of the financial year, as the difference between the mean workforce data and year-end data is less than 5%, so both data reflect equivalent and very similar information.	3.1.5.2 Quality employment Breakdown of workforce by contract type Workforce by workday type	132-134 213-215 215-217
Number of redundancies by gender, age and occupational classification	S1-6	3.1.5.2 Quality employment Redundancies	132-134 218
Average salaries and their evolution disaggregated by gender, age and professional classification or equal value	S1-16	Remuneration Remunerations	136-138 220-221
Pay Gap	S1-16	Pay Gap	137-138
Remuneration of equal or average jobs in the company	S1-16	Remuneration Remunerations	136-138 220-221
The average remuneration of directors and general managers, including variable remuneration, meal allowances, indemnities, payment to long-term savings pension systems and any other payments disaggregated by gender	S1-16	Remuneration Remunerations	138 233-234
Implementation of labour disconnection measures	S1-15	3.1.6.3 Work-life balance	139
Employees with disabilities	S1-12	3.1.6.4 Persons with different abilities	140
Organisation of work			
Organisation of working time	S1-6	3.1.5.2 Quality employment	132-134

CONTENTS OF THE STATEMENT OF NON-FINANCIAL INFORMATION			
Law 11/2018 INF contents	Standard used (selected ESRS)	Reference	Pages
		Breakdown of workforce by contract type	213-215 215-217
		Workforce by workday type	
Number of absentee hours	S1-14	3.1.5.2 Quality employment	132-134
Measures aimed at facilitating the enjoyment of work/life balance and encouraging co-responsibility for it by both parents.	S1-15	3.1.6.3 Work-life balance	139-140
Health and Safety			
Occupational health and safety conditions	S1 -11	3.1.7.2 Welfare plans	141
Accidents at work (frequency and severity) disaggregated by gender	S1 - 14	3.1.8.5 Objectives and performance Accident rates	143-145 221
Occupational illness (frequency and severity) disaggregated by gender	S1 - 14	3.1.8.6 Workers' health and welfare	145
Social Relations			
Organisation of social dialogue, including procedures for informing, consulting and negotiating with staff	S1 - 2	3.1.4 Dialogue and Participation Processes	130-132
Mechanisms and procedures that the company has in place to promote the involvement of employees in the management of the company, in terms of information, consultation and participation	S1 - 2	3.1.4 Dialogue and Participation Processes	130-132
Percentage of employees covered by collective bargaining agreements by country	S1 - 8	3.1.7.1 Right to association and collective bargaining and social dialogue	140-141
Assessment of collective agreements, particularly in the field of health and safety at work	S1 - 14	3.1.8.1 Governing bodies and structure	141
Training			
Policies implemented in the field of training	S1 - 13	Training and professional development	134-136
Total number of training hours by professional category	S1 - 13	Training Training	134-136 218-219
Accessibility			
Universal accessibility for persons with disabilities	S1 – 12	3.1.6.4 Persons with different abilities	140
Equality			
Measures taken to promote equal treatment and opportunities for men and women	S1 – 4 S1 - 9	3.1.6.1 Equality strategy and objectives 3.1.6.2 Diversity indicators	138-139 139
Equality plans	S1 – 4 S1 - 9	3.1.6.1 Equality strategy and objectives 3.1.6.2 Diversity indicators	138-139 139
Measures taken to promote employment	S1 - 6	3.1.5.2 Quality employment Attracting talent	132-134 134
Protocols against sexual and gender-based harassment	S1 - 1	3.1.2 Policies related to in-house employees	126-127
The integration and universal accessibility of persons with disabilities	S1 – 12	3.1.6.4 Persons with different abilities	140
Anti-discrimination, and where appropriate, diversity management policy	S1 - 1	3.1.2 Policies related to in-house employees	126-127
INFORMATION ON RESPECT FOR HUMAN RIGHTS			
Policies			
Policies applied by the group, including the due diligence procedures applied to identify, assess, prevent, and mitigate significant risks and impacts, and to verify and control, as well as the measures that have been adopted.	2 – GOV - 4 G1 - 2	Due Diligence Statement 4.4.3 Due diligence	26 190-191
Main risks			
Main risks related to issues associated with the group's activities, including, where relevant and proportionate, its commercial relations, products or	S1 - SBM - 3 S2 - SBM3	Own workforce: Risks Workers in the value chain:	125-126 149-150

CONTENTS OF THE STATEMENT OF NON-FINANCIAL INFORMATION			
Law 11/2018 INF contents	Standard used (selected ESRS)	Reference	Pages
services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to identify and evaluate them pursuant to the national, European, or international reference frameworks for each subject. This should include information on the impacts that have been identified, giving a breakdown of these impacts, in particular on the main risks in the short, medium, and long term.		Risks	
Human Rights			
Application of human rights due diligence procedures	2 – GOV - 4 G1 - 2	Due Diligence Statement 4.4.3 Due diligence	26 190-191
	S1 – 3	3.1.4.3 Internal Information Channel	132
Prevention of risks of human rights violations, and where appropriate, measures to mitigate, manage and redress any abuses committed	S2 - 3 G1 - 1	3.2.5 Channels for reporting concerns and incidents 4.2.3 Business conduct policies and procedures	152 179-183
	S1 - 17	3.1.4.3 Internal Information Channel	132
Complaints about human rights violations	G1 - 1	4.2.3 Business conduct policies and procedures	179-183
Promotion of and compliance with the provisions of the fundamental ILO conventions relating to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labour and the effective abolition of child labour.	S1 - 1 S2 - 1	3.1.2 Policies related to in-house employees 3.2.3 Policies related to value chain workers	126-127 151
INFORMATION RELATING TO THE FIGHT AGAINST CORRUPTION AND BRIBERY			
Policies			
Policies applied by the group, including the due diligence procedures applied to identify, assess, prevent, and mitigate significant risks and impacts, and to verify and control, as well as the measures that have been adopted	G1 - 1 G1 - 3	4.2.3 Business conduct policies and procedures 4.3 Prevention of corruption and bribery	179-183 184-185
Main risks			
Main risks related to issues associated with the group's activities, including, where relevant and proportionate, its commercial relations, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to identify and evaluate them pursuant to the national, European, or international reference frameworks for each subject. This should include information on the impacts that have been identified, giving a breakdown of these impacts, in particular on the main risks in the short, medium, and long term.	G1 – IRO 1	Business conduct: Risks	177
Corruption and bribery			
Measures taken to prevent corruption and bribery	G1 - 3	4.3 Prevention of corruption and bribery	184-185
Measures to fight against money laundering	G1 - 3	4.3.1 Prevention of money laundering	184-185
Contributions to foundations and non-profit entities	G1 - 5	4.6.3 Political neutrality	197
INFORMATION ABOUT THE COMPANY			
Policies			
Policies applied by the group, including the due diligence procedures applied to identify, assess, prevent, and mitigate significant risks and impacts,	S3 - 1	3.3.3 Policies related to affected communities	155-156

CONTENTS OF THE STATEMENT OF NON-FINANCIAL INFORMATION			
Law 11/2018 INF contents	Standard used (selected ESRS)	Reference	Pages
and to verify and control, as well as the measures that have been adopted.			
Main risks			
Main risks related to issues associated with the group's activities, including, where relevant and proportionate, its commercial relations, products or services that may have negative effects in those areas, and how the group manages those risks, explaining the procedures used to identify and evaluate them pursuant to the national, European, or international reference frameworks for each subject. This should include information on the impacts that have been identified, giving a breakdown of these impacts, in particular on the main risks in the short, medium, and long term.	S3 - SBM3	Risks	153-154
The company's commitments to sustainable development			
Impact of the company's activity on employment and local development	S3 - SBM3	3.4.1.1 Impacts	163
	S3 - 4	3.3.7 Positive social footprint	159-161
Impact of the company's activity on local populations and territory	S3 - SBM3	3.4.1.1 Impacts	163
	S3 - 4	3.3.7 Positive social footprint	159-161
Relations maintained with local community stakeholders and the methods of dialogue with them	S3 - 2	3.3.2 Processes and channels for dialogue with local communities	154-155
Association or sponsorship actions	Not applicable	4.6 Relationship with administrations and other stakeholders	195-197
Subcontracting and suppliers			
Inclusion of social, gender equality and environmental issues in the purchasing policy	G1-2	4.4.1 Purchasing policy	186-187
Consideration in relations with suppliers and subcontractors of their social and environmental responsibility	G1-2	4.4 Supply chain monitoring	185-192
Supervision and audit systems and results thereof	G1-2	4.4 Supply chain monitoring	185-192
Consumers			
Measures for the health and safety of consumers	Not applicable	The pulp produced by Ence has certificates that prove its safety for customers and end consumers, both the MSDS (Material Safety Data Sheet) and the ISEGA certification of suitability for food contact.	-
Complaint systems, complaints received and their resolution	Entity-Specific	3.4.3 Processes and channels for dialogue with customers	165
	Entity-Specific	3.4.4 Listening processes and remediation of negative impacts	165-166
Tax information			
Profits obtained by country	GRI 207-4 Country-by-country reporting	4.5.4 Tax transparency	193-195, 223
Income taxes paid	GRI 207-4 Country-by-country reporting	4.5.4 Tax transparency	193-195, 223
Public grants received	GRI 201-4 Financial assistance received from government	4.5.6 Grants	195, 224
Alignment of the activity with the European taxonomy of sustainable activities			
Alignment of the activity with the European taxonomy of sustainable activities	Own methodology based on compliance with Regulation (EU) 2020/852.	2.1 Taxonomy	41-53, 202-203

Annex IV Description of alternative performance measures (APMs)

In accordance with the observations published by the CNMV in its circular dated 17 April 2023, Ence details the Alternative Performance Measures (APMs) included in this Sustainability Report (Statement of Non-Financial Information), to enable investors and other stakeholders of the company to understand the meaning of these financial figures and facilitate their comparability and reliability.

The financial performance metrics included in this report for the 2024 financial year, including their definition, reconciliation, comparison and other characteristics defined in the APM Guidelines published by ESMA in 2015, are listed below:

Taxonomy OPEX

The percentage of **eligible OPEX** according to the European taxonomy of sustainable finance is a metric included in section **2.1 Taxonomy** of the company's Sustainability Report (EINF) that measures the proportion of its operating expenses related to assets or processes associated with activities that are considered environmentally sustainable, as defined in Article 8(2)(b) of Regulation (EU) 2020/852.

Among the activities carried out by Ence, several activities included in Regulation (EU) 2020/852 and the implementing Delegated Regulations (Delegated Regulation (EU) 2021/2139 of 4 June 2021, Delegated Regulation (EU) 2022/1214 of 9 March 2022, Delegated Regulation (EU) 2023/2485 of 27 June 2023 and Delegated Regulation (EU) 2023/2486 of 27 June 2023) are considered eligible. Details of eligible activities may be found in section **2.1.1 Eligibility and alignment analysis** of the company's Sustainability Report.

This magnitude is calculated by dividing the part related to eligible activities according to this taxonomy by the total costs related to research and development (R&D expenditure items), maintenance (repairs and maintenance item) and leasing (leasing and rent items). This calculation follows the methodology described in the Delegated Regulation (EU) 2021/2178 of the Commission of 6 July 2021 (Annex I, section 1.1.3 - key performance indicator related to operating expenditure (OpEx)). The details of the calculation may be found in Annex I of the report – “**Annex I Construction of taxonomy KPIs**”.

The percentage of **OPEX aligned** with the European taxonomy of sustainable finance is a magnitude included in section “**2.1 Taxonomy**” of the company's Sustainability Report (EINF) that measures the proportion of its operating expenditure related to assets or processes associated with activities that meet the criteria set out in Article 3 of Regulation (EU) 2020/852 (substantial contribution to the EU's environmental objectives, technical selection criteria, criteria to ensure that they do not cause significant harm to any of the environmental objectives and criteria to ensure that it is carried out in compliance with the minimum safeguards set out in Art. 18 of the same Regulation).

This magnitude is calculated by dividing the part related to aligned activities (as detailed in Annex I of the EINF, “**Annex I Construction of taxonomy KPIs**”) by the total costs related to research and development (R&D expenditure items), maintenance (repairs and maintenance item) and leasing (leasing and rent items). This calculation follows the methodology described in the Delegated Regulation (EU) 2021/2178 of the Commission of 6 July 2021 (Annex I, section 1.1.3 - key performance indicator related to operating expenditure (OpEx)).

These magnitudes are considered relevant since, under Regulation (EU) 2020/852, any company obliged to publish non-financial information under the provisions of Directive 2013/34/EU, as is the case of Ence, must include information on how and to what extent its activities are associated with economic activities that are considered environmentally sustainable in its Sustainability Report (EINF). In this context, the reporting of this magnitude is included in the disclosure requirements for non-financial firms set out in Article 10 (entry into force and application) of Delegated Regulation (EU) 2021/2178. For the disclosure of these magnitudes, the "templates for key performance indicators for non-financial corporations" included in Delegated Regulation (EU) 2023/2486 of the Commission of 27 June 2023, amending Delegated Regulation (EU) 2021/2178 of the Commission as regards the disclosure of specific public information on these economic activities, have been used.

A reconciliation to the financial statements for the 2024 financial year and a comparison with the previous year is presented below:

	Unit	Financial Statement	2024	2023
OPERATING COSTS-				
R&D expenditure	M	Breakdown in Autonomous Regions	0	-
Leases and royalties	M	Breakdown in Autonomous Regions	1	1
Repairs and maintenance	M	Breakdown in Autonomous Regions	35	39
			35	40
ELIGIBLE OPERATING COSTS-				
R&D expenditure	M		0	-
Leases and royalties	M		0	-
Repairs and maintenance	M		23	22
			24	22
% OF ELIGIBILITY	%		67%	56,0%
ALIGNED OPERATING COSTS				
R&D expenditure	M		0	
Leases and royalties	M		0	
Repairs and maintenance	M		23	
			24	
% OF ALIGNMENT	%		66%	

(*) "Breakdown by Autonomous Communities" will refer to the fact that this magnitude appears broken down in the notes to the consolidated annual accounts of ENCE for the reference financial year

Taxonomy CAPEX

The percentage of **eligible CAPEX** according to the European taxonomy of sustainable finance is a metric included in section **"2.1 Taxonomy"** of the company's Sustainability Report that measures the proportion of additions to tangible and intangible assets related to assets or processes associated with activities that are considered environmentally sustainable, as defined in Article 8(2)(b) of Regulation (EU) 2020/852 (see eligible activities detailed in the indicator above).

This magnitude is calculated by dividing the portion related to eligible activities according to this taxonomy by the total additions of assets for the year. This calculation follows the methodology described in the Delegated Regulation (EU) 2021/2178 of the Commission of 6 July 2021 (Annex I, section 1.1.2). Key performance indicator relating to capital expenditure (CapEx). The details of the calculation may be found in Annex I of the report – **"Annex I Construction of taxonomy KPIs"**.

The percentage of **CAPEX aligned** with the European taxonomy of sustainable finance is a metric included in section **"2.1 Taxonomy"** of the company's Sustainability Report (EINF) that measures the proportion of additions to tangible and intangible assets related to assets or processes associated with activities that are considered to be aligned with the taxonomy, i.e. that meet the criteria set out in Article 3 of Regulation (EU) 2020/852 (substantial contribution to EU environmental objectives, technical selection criteria, criteria to ensure that they do not cause significant harm to any of the environmental objectives and criteria to ensure that it is carried out in accordance with the minimum safeguards set out in Art. 18 of the same Regulation). From 2023, the substantial contribution is no longer limited to climate change mitigation and/or adaptation targets, but extends to all six European environmental targets.

This magnitude is calculated by dividing the part related to activities aligned according to this taxonomy (as detailed in Annex I of the report – **"Annex I Construction of taxonomy KPIs"**.) by the total number of asset additions for the year. This calculation follows the methodology described in the Delegated Regulation (EU) 2021/2178 of the Commission of 6 July 2021 (Annex I, section 1.1.2). Key performance indicator relating to capital expenditure (CapEx).

As in the case of OPEX, these magnitudes are considered relevant since, under Regulation (EU) 2020/852, any company obliged to publish non-financial information under the provisions of Directive 2013/34/EU, as is the case of Ence, must include in its EINF information on how and to what extent its activities are associated with economic activities that are considered environmentally sustainable. In this context, the reporting of this magnitude is included in the disclosure requirements for non-financial firms set out in Article 10 (entry into force and application) of Delegated Regulation (EU) 2021/2178. For the disclosure of these magnitudes, the "templates for key performance indicators for non-financial

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corporations" included in Delegated Regulation (EU) 2023/2486 of the Commission of 27 June 2023, amending Delegated Regulation (EU) 2021/2178 of the Commission as regards the disclosure of specific public information on these economic activities, have been used.

A reconciliation to the financial statements for the 2024 financial year and a comparison with the previous year is presented below:

	Unit	Financial Statement Source	2024	2023
INVESTMENTS IN PRODUCTIVE ASSETS				
Intangible fixed assets, Property, plant and equipment and biological assets	M	Breakdown in Autonomous Regions	99	100
Rights of use assets	M	Breakdown in Autonomous Regions	12	10
	M		112	110
INVESTMENTS IN ELIGIBLE PRODUCTIVE ASSETS-				
Intangible fixed assets, Property, plant and equipment and biological assets	M		75	75
	M		75	75
% OF ELIGIBILITY	%		67%	68%
INVESTMENTS IN ALIGNED PRODUCTIVE ASSETS-				
Intangible fixed assets, Property, plant and equipment and biological assets	M		45	
	M		45	
% OF ALIGNMENT	%		41%	

(*) "Breakdown by Autonomous Communities" will refer to the fact that this magnitude appears broken down in the notes to the consolidated annual accounts of ENCE for the reference financial year

CAPEX (earmarked resources)

The **CAPEX** included in the information on resources earmarked for environmental and social actions and objectives is a magnitude included in sections 2.2, 2.3, 2.4, 2.5 and 2.6 (Environmental Aspects) and 3.1, 3.3 and 3.4 (Social Aspects) of the company's Sustainability Report, which measures the additions to tangible and intangible assets earmarked for the execution of actions and the achievement of objectives defined for each of the environmental and social aspects relevant to the company.

This magnitude corresponds to the portion of total asset additions for the financial year that have been earmarked for implementing the actions and objectives established by the company in the following environmental and social areas defined in the European Sustainability Reporting Standards defined in Annex I of Delegated Regulation (EU) 2023/2772: climate change (ESRS E1), pollution (ESRS E2), water and marine resources (ESRS E3), biodiversity (ESRS E4), circular economy (ESRS E5), own workforce (ESRS S1), affected communities (ESRS S3) and customers (Entity Specific, adapted from ESRS S4).

This magnitude is considered relevant as, under Delegated Regulation (EU) 2023/2772 of the Commission of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards, companies required to present sustainability information under the provisions of said Directive must include information on actions and resources in relation to material sustainability matters in their sustainability report (ESRS 2, section 4.2, Minimum Disclosure Requirement - MDR-A Actions). According to point 69 of this MDR, where the implementation of an action plan requires significant CapEx, the company must describe the type of financial resources allocated to the action plan and provide the amount of said resources.

A reconciliation to the financial statements for the 2024 financial year is presented below (no comparison with the previous year is presented as this information is disclosed for the first time in the 2024 financial year).

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	Unit	Financial Statement Source	2024
INVESTMENTS IN PRODUCTIVE ASSETS			
Intangible fixed assets, Property, plant and equipment and biological assets	M	Breakdown in Autonomous Regions	73
INVESTMENTS IN PRODUCTIVE ASSETS CLASSIFIED AS RESOURCES EARMARKED FOR THEIR ENVIRONMENTAL AND SOCIAL NATURE IN ACCORDANCE WITH ESRS(*)			
ESRS E1 - Climate change	M		9
ESRS E2 - Pollution	M		4
ESRS E3 - Water and marine resources	M		7
ESRS E4 - Biodiversity and ecosystems	M		0
ESRS E5 - Circular economy	M		5
ESRS S1 - Own workforce	M		3
ESRS S3 - Affected communities	M		0
Customers - <i>Entity Specific</i> - adapted from ESRS S4	M		7
			37
INVESTMENTS IN PRODUCTIVE ASSETS NOT CLASSIFIED AS RESOURCES EARMARKED FOR THEIR ENVIRONMENTAL AND SOCIAL NATURE ACCORDING TO ESRS(**)			
Intangible fixed assets, Property, plant and equipment and biological assets	M		37

(*) "Breakdown by Autonomous Communities" will refer to the fact that this magnitude appears broken down in the notes to the consolidated annual accounts of ENCE for the reference financial year

(**) European Sustainability Reporting Standards as defined in Annex I of Delegated Regulation (EU) 2023/2772.

Other

The sustainability report also includes other financial performance indicators (EBITDA, financial debt, etc.) and other financial indicators whose definition, reconciliation, comparison and other characteristics defined in the APM Guidelines are detailed in Annex I to the Management Report "Group activity in 2024" accompanying the consolidated annual accounts of Ence Energía y Celulosa for the 2024 financial year.

Annex V. Relationship of the information with other European standards

Below is the list of data points included in cross-cutting standards and topical standards derived from other EU legislation:

Disclosure requirement and related data point	Reference to the Regulation on sustainability-related disclosures in the financial services sector	Pillar 3 reference	Benchmark Regulation reference	European Climate Law Reference	Page
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator no. 13 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816 of the Commission (5), Annex II		173
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		173
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator no. 10 of Table 3 of Annex 1				26, 190-191
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator no. 4 of Table 1 of Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (6), Table 1: Qualitative information on environmental risk and Table 2: Qualitative information on social risk	Delegated Regulation (EU) 2020/1816, Annex II		48 50
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator no. 9 of Table 2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex I		N/A

Disclosure requirement and related data point			Reference to the Regulation on sustainability-related disclosures in the financial services sector	Pillar 3 reference	Benchmark Regulation reference	European Climate Law Reference	Page
ESRS	2	SBM-1	Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator no. 14 of Table 1 of Annex 1	Delegated Regulation (EU) 2020/1818 (7), Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS	2	SBM-1	Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		N/A
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14						Regulation (EU) 2021/1119, Article 2(1)	68-70
ESRS	E1-1	Undertakings excluded from Paris-aligned benchmarks paragraph 16 (g)		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book - Climate change transition risk: credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 12(1) (d) to (g), and Article 12(2)		N/A

Disclosure requirement and related data point	Reference to the Regulation on sustainability-related disclosures in the financial services sector	Pillar 3 reference	Benchmark Regulation reference	European Climate Law Reference	Page
ESRS E1-4 GHG Emission reduction targets paragraph 34	Indicator no. 4 of Table 2 of Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		68-70
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator no. 5 of Table 1 and Indicator no. 5 of Table 2 of Annex 1				70-72
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator no. 5 of Table 1 of Annex 1				70-72
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator no. 6 of Table 1 of Annex 1				70-72
ESRS E1-6 Gross scope 1, 2, 3 and total GHG emissions paragraph 44	Indicator numbers 1 and 2 of Table 1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book - Climate change transition risk: credit	Delegated Regulation (EU) 2020/1818, Article 5(1), and Articles 6 and 8(1)		73-76, 205

Disclosure requirement and related data point				Reference to the Regulation on sustainability-related disclosures in the financial services sector	Pillar 3 reference	Benchmark Regulation reference	European Climate Law Reference	Page
					quality of exposures by sector, emissions and residual maturity			
ESRS E1-6	Gross GHG emissions	intensity	paragraphs 53 to 55	Indicator no. 3 of Table 1 of Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453	Delegated Regulation (EU) 2020/1818, Article 8(1)		75
ESRS E1-7	GHG removals and carbon credits		paragraph 56				Regulation (EU)-2021/1119, Article 2(1)	77
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks		paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not included. For this information, in accordance with Annex C of ESRS 1, a moratorium of one year is established for incorporating qualitative information and up to three years for incorporating quantitative information.
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk		paragraph 66 (a)	ESRS E1-9 Location of significant assets at material physical risk	paragraph 66 (c)	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Template 5. Banking		

Disclosure requirement and related data point	Reference to the Regulation on sustainability-related disclosures in the financial services sector	Pillar 3 reference	Benchmark Regulation reference	European Climate Law Reference	Page
		book - Climate change physical risk: exposures subject to physical risk.			
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraph 34; Template 2: Banking book - Climate change transition risk :Loans collateralised by immovable property - Energy efficiency of the collateral.			
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28.	Indicator no. 8 of Table 1 of Annex 1, Indicator no. 2 of Table 2 of Annex 1, Indicator no. 1 of Table 2 of Annex 1, Indicator no. 3 of Table 2 of Annex 1				86-87, 204
ESRS E3-1 Water and marine resources paragraph 9	Indicator no. 7 of Table 2 of Annex 1				93-94

Disclosure requirement and related data point			Reference to the Regulation on sustainability-related disclosures in the financial services sector	Pillar 3 reference	Benchmark Regulation reference	European Climate Law Reference	Page
ESRS	E3-1	Dedicated policy paragraph 13		Indicator no. 8 of Table 2 of Annex 1			91-92
ESRS	E3-1	Sustainable oceans and seas paragraph 14		Indicator no. 12 of Table 2 of Annex 1			N/A
ESRS	E3-4	Total water recycled and reused paragraph 28 (c)		Indicator no. 6.2 of Table 2 of Annex 1			94-95
ESRS	E3-4	Total water consumption in m3 per net revenue on own operations paragraph 29		Indicator no. 6.1 of Table 2 of Annex 1			94
ESRS	2 - IRO 1 - E4	paragraph 16 (a) i		Indicator no. 7 of Table 1 of Annex 1			101-109, 206-212
ESRS	2 - IRO 1 - E4	paragraph 16 (b)		Indicator no. 10 of Table 2 of Annex 1			101-109, 206-212
ESRS	2 - IRO 1 - E4	paragraph 16 (c)		Indicator no. 14 of Table 2 of Annex 1			101-109, 206-212
ESRS	E4-2	Sustainable land / agriculture practices or policies paragraph 24 (b)		Indicator no. 11 of Table 2 of Annex 1			101-102
ESRS	E4-2	Sustainable oceans / seas practices or policies paragraph 24 (c)		Indicator no. 12 of Table 2 of Annex 1			N/A
ESRS	E4-2	Policies to address deforestation paragraph 24 (d)		Indicator no. 15 of Table 2 of Annex 1			101-102

Disclosure requirement and related data point	Reference to the Regulation on sustainability-related disclosures in the financial services sector	Pillar 3 reference	Benchmark Regulation reference	European Climate Law Reference	Page
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator no. 13 of Table 2 of Annex 1				119-121
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator no. 9 of Table 1 of Annex 1				119-121
ESRS 2 - SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator no. 13 of Table 3 of Annex 1				151-152
ESRS 2 - SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator no. 12 of Table 3 of Annex 1				151-152
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator no. 9 of Table 3 and Indicator no. 11 of Table 1 of Annex 1				151-152
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		190-191
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator no. 11 of Table 3 of Annex 1				N/A
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator no. 1 of Table 3 of Annex 1				141-143

Disclosure requirement and related data point	Reference to the Regulation on sustainability-related disclosures in the financial services sector	Pillar 3 reference	Benchmark Regulation reference	European Climate Law Reference	Page
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator no. 5 of Table 3 of Annex 1				156-157
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator no. 2 of Table 3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		144
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator no. 3 of Table 3 of Annex 1				144-145
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator no. 12 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		137-138
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator no. 8 of Table 3 of Annex 1				137-138
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator no. 7 of Table 3 of Annex 1				152
ESRS S1-17. Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	Indicator no. 10 of Table 1 and Indicator no. 14 of Table 3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)		152

Disclosure requirement and related data point	Reference to the Regulation on sustainability-related disclosures in the financial services sector	Pillar 3 reference	Benchmark Regulation reference	European Climate Law Reference	Page
ESRS 2 - SBM3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicator numbers 12 and 13 of Table 3 of Annex 1				151-152
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator no. 9 of Table 3 and Indicator no. 11 of Table 1 of Annex 1				126-127
ESRS S2-1 Policies related to value chain workers paragraph 1	Indicator numbers 11 and 4 of Table 3 of Annex 1				151
ESRS S1-1. Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines paragraph 19	Indicator no. 10 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		151, 186
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		190-191
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator no. 14 of Table 3 of Annex 1				151-152

Disclosure requirement and related data point	Reference to the Regulation on sustainability-related disclosures in the financial services sector	Pillar 3 reference	Benchmark Regulation reference	European Climate Law Reference	Page
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator no. 9 of Table 3 and Indicator no. 11 of Table 1 of Annex 1				151-152
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator no. 10 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)		155-157
ESRS S3-4 Human rights issues and incidents paragraph 3	Indicator no. 14 of Table 3 of Annex 1				156-157
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator no. 9 of Table 3 and Indicator no. 11 of Table 1 of Annex 1				164-165
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator no. 10 of Table 1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Article 12(1)		165-166
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator no. 14 of Table 3 of Annex 1				165-166

Disclosure requirement and related data point	Reference to the Regulation on sustainability-related disclosures in the financial services sector	Pillar 3 reference	Benchmark Regulation reference	European Climate Law Reference	Page
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator no. 15 of Table 3 of Annex 1				184-185
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	Indicator no. 6 of Table 3 of Annex 1				180-181
ESRS G1-4 Violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator no. 17 of Table 3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		181
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator no. 16 of Table 3 of Annex 1				184-185

Annex VI External verification report



ENCE Energía y Celulosa, S.A. and subsidiaries.

Limited Assurance Report issued by an assurance
provider on the Consolidated Non-Financial
Information Statement (NFIS) and the Sustainability
Reporting

31 December 2024

*(Translation from the original in Spanish. In the event
of discrepancy, the Spanish-language version
prevails.)*



KPMG Auditores, S.L.
Paseo de la Castellana, 259C
28046 Madrid

Limited Assurance Report issued by an assurance provider on the Consolidated Non-Financial Information Statement and the Sustainability Reporting of Ence Energía y Celulosa S.A. and subsidiaries for 2024

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Shareholders of Ence Energía y Celulosa, S.A.

Limited Assurance Conclusion

Pursuant to article 49 of the Spanish Code of Commerce, we have performed a limited assurance review of the accompanying Consolidated Non-Financial Information Statement (hereinafter, NFIS) of Ence Energía y Celulosa, S.A. (hereinafter, the Entity) and its subsidiaries (hereinafter, the Group) for the year ended 31 December 2024, which forms part of the consolidated directors' report of the Group.

The NFIS includes additional information to that required by prevailing mercantile legislation concerning non-financial information, namely the sustainability reporting prepared by the Group for the year ended 31 December 2024 (hereinafter, the Sustainability Reporting) in accordance with the provisions of Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 on Corporate Sustainability Reporting (CSRD). This Sustainability Reporting has also been subject to a limited assurance review.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that:

- a) The Group's Non-Financial Information Statement for the year ended 31 December 2024 has not been prepared, in all material respects, in accordance with prevailing mercantile legislation and selected criteria of the European Sustainability Reporting Standards (ESRS), as well as the other criteria described based on each subject area in the "Annex III Table of contents Law 11/2018 and CSRD" table of the aforementioned Statement;
- b) The Sustainability Reporting as a whole has not been prepared, in all material respects, in accordance with the sustainability reporting framework applied by the Group and identified in the accompanying note A, including:
 - That the description of the process for identifying the sustainability reporting information included in note B is consistent with the process carried out and that it identifies the material information to be disclosed in accordance with the requirements of the ESRS.
 - Compliance with ESRS.
 - Compliance of the disclosure requirements, included in subsection "2.1 Taxonomy" of the environment section of the Sustainability Reporting, with Article 8 of

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Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

Basis for Conclusion

We have performed our limited assurance engagement in accordance with generally accepted professional standards applicable in Spain and specifically with the guidelines contained in the Revised Guidelines 47 and 56 for assurance engagements on non-financial information issued by the Spanish Institute of Registered Auditors (ICJCE) and considering the contents of the note published by the Spanish Accounting and Audit Institute (ICAC) on 18 December 2024 (hereinafter, Generally Accepted Professional Standards).

The scope of the procedures applied in a limited assurance engagement is less than those required in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the level of assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under this standard are further described in the Assurance Provider Responsibilities section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including international independence standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies the International Standard on Quality Management 1 (ISQM 1), which requires us to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of Matter

We draw attention to what is stated in note "1.4.6.2 About this report" of the NFIS, where it is mentioned that the Consolidated Statement of Non-Financial Information and Sustainability Information is presented as a separate document from the consolidated Management Report, of which it forms part, as this is one of the options contemplated in Law 11/2018 regarding non-financial information. Our conclusion is not modified in respect of this matter.

Directors' Responsibility

The preparation of the NFIS included in the consolidated directors' report of the Group, and the content thereof, is the responsibility of the Directors of Ence Energía y Celulosa, S.A. The NFIS has been prepared in accordance with prevailing mercantile legislation and selected criteria of the ESRS, as well as the other criteria described based on each subject area in the "Annex III Table of contents Law 11/2018 and CSRD" table of the aforementioned Statement.



(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

This responsibility also encompasses the design, implementation and maintenance of internal control deemed necessary to ensure that the NFIS is free from material misstatement, whether due to fraud or error.

The Directors of Ence Energía y Celulosa, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS was obtained.

In relation to the Sustainability Reporting, the entity's Directors are responsible for developing and implementing a process for identifying the information to be included in the Sustainability Reporting in accordance with the contents of the CSRD, the ESRS and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 and for disclosing information about this process in the Sustainability Reporting in note B. This responsibility includes:

- understanding the context in which the Group's business activities and relationships are conducted, and its stakeholders, in relation to the Group's impact on people and the environment;
- identifying actual and potential impacts (both negative and positive), and any risks and opportunities that might affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to financing and the cost of capital in the short, medium or long term;
- evaluating the materiality of the impacts, risks and opportunities identified; and
- making assumptions and estimates that are reasonable in the circumstances.

The Directors are also responsible for the preparation of the Sustainability Reporting, including the information identified by the process, in accordance with the sustainability reporting framework applied, including compliance of the CSRD, the ESRS and the disclosure requirements included in subsection "2.1 Taxonomy" of the environmental section of the Sustainability Reporting with Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

This responsibility includes:

- Designing, implementing and maintaining such internal control as the Directors consider necessary to enable the preparation of sustainability reporting that is free from material misstatement, whether due to fraud or error.
- Selecting and applying appropriate methods for sustainability reporting and making assumptions and estimates that are reasonable in the circumstances for specific disclosures.

Inherent Limitations in the Preparation of the Information

In accordance with the ESRS, the Entity's Directors are required to prepare prospective information based on assumptions and hypotheses, which are to be included in the Sustainability Reporting, regarding events that may occur in the future, as well as any possible future actions that the Group may take. The actual outcome may differ significantly from the estimates, as future events often do not occur as expected.



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In determining sustainability disclosures, the Entity's Directors interpret legal and other terms that are not clearly defined and may be interpreted differently by others, including the legal conformity of such interpretations, and are therefore subject to uncertainty.

Responsibility of the Assurance Provider

Our objectives are to plan and perform the assurance engagement in order to obtain limited assurance about whether the NFIS and Sustainability Reporting are free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusions thereon. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this information.

As part of a limited assurance engagement, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Design and implement procedures to assess whether the process for identifying the information to be included in both the NFIS and Sustainability Reporting is consistent with the description of the process followed by the Group and allows, where appropriate, for the identification of material information to be disclosed in accordance with the requirements of the ESRS.
- Apply risk-based procedures, including obtaining an understanding of internal controls relevant to the engagement in order to identify the disclosures where material misstatements are more likely to arise, whether due to fraud or error, but not for the purpose of providing a conclusion about the effectiveness of the Group's internal control.
- Design and implement procedures that respond to disclosures in both the NFIS and the Sustainability Reporting that are likely to contain material misstatements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of Work Performed

A limited assurance engagement includes performing procedures to obtain evidence to support our conclusions. The nature, timing and scope of the procedures selected depend on professional judgement, including the identification of the disclosures in which material misstatements, whether due to fraud or error, are likely to arise in the NFIS and the Sustainability Reporting.

Our work consisted of making inquiries of management, as well as of the different units and components of the Group that participated in the preparation of the NFIS and the Sustainability Reporting, reviewing the processes for compiling and validating the information presented in the NFIS and the Sustainability Reporting and applying certain analytical procedures and sample review tests, which are described below:

In relation to the NFIS assurance process:



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- Meetings with the Group's personnel to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain the information necessary for the external review.
- Analysis of the scope, relevance and completeness of the content of the NFIS for 2024 based on the materiality analysis performed by the Group and described in the "1.4.4 Double materiality analysis section", considering the content required by prevailing mercantile legislation.
- Analysis of the processes for compiling and validating the data presented in the NFIS for 2024.
- Review of the information relative to the risks, policies and management approaches applied in relation to the material aspects presented in the NFIS for 2024.
- Corroboration, through sample testing, of the information relative to the content of the NFIS for 2024 and whether it has been adequately compiled based on data provided by the information sources.

In relation to the assurance work on the Sustainability Reporting:

- Making inquiries of Group personnel:
 - to gain an understanding of the business model, policies and management approaches applied, the principal risks related to these matters and to obtain information necessary for the external review.
 - to understand the source of information used by management (e.g. stakeholder interaction, business plans and strategy documents) and review the Group's internal documentation on its process.
- Through inquiries of Group personnel, gaining an understanding of the Group's processes for collecting, validating and reporting information relevant to the preparation of its sustainability reporting.
- Assessment of how consistent the evidence obtained from our procedures on the Group's process for determining the information to be included in the Sustainability Reporting is with the description of the process included in the Sustainability Reporting, and assessment of whether the Group's process duly identifies the material information to be disclosed in accordance with the requirements of the ESRS.
- Assessment of whether all the information identified in the Group's process for determining the information to be included in the Sustainability Reporting is effectively included.
- Assessment of how consistent the structure and presentation of the Sustainability Reporting is with the provisions of the ESRS and the rest of the sustainability reporting framework applied by the Group.
- Inquiries of relevant personnel and performance of analytical procedures on the information disclosed in the Sustainability Reporting considering where material misstatements are likely to arise, whether due to fraud or error.
- Performance of sample substantive procedures on information disclosed in the Sustainability Reporting considering where material misstatements are likely to arise, whether due to fraud or error.
- Procurement of any reports issued by accredited independent third parties included as an appendix to the consolidated directors' report in response to the requirements of European



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regulations and, in relation to the information to which they refer and in accordance with Generally Accepted Professional Standards, confirmation solely that the accreditation of the assurance provider and the scope of the report issued is in line with European regulations.

- Procurement of any documents containing the information included by reference, the reports issued by auditors or assurance providers on those documents and, in accordance with Generally Accepted Professional Standards, confirmation solely that the document referred to by such information included by reference meets the conditions described in the ESRS for incorporating information by reference in the Sustainability Reporting.
- Procurement of a representation letter from the Directors and management regarding the NFIS and the Sustainability Reporting.

Other Information

Management of the entity is responsible for other information. Other information comprises the consolidated annual accounts and other information included in the consolidated directors' report, but does not include either the auditor's report on the consolidated annual accounts or assurance reports issued by accredited independent third parties required by European Union law on specific disclosures contained in the Sustainability Reporting included as an appendix to the consolidated directors' report.

Our assurance report does not cover other information and we do not express any assurance conclusions on said information.

In connection with our engagement to provide assurance on the Sustainability Reporting, our responsibility is to read the other information identified above and, in so doing, consider whether the other information is materially inconsistent with the Sustainability Reporting or with the knowledge we have acquired during the assurance engagement that could be indicative of material misstatements in the Sustainability Reporting.

KPMG Auditores, S.L.

[Signature]

(Signed on original in Spanish)

Marta Contreras Hernández

27 February 2026

