

## 25. Environmental information and climate change

Climate change is a specific risk identified in Viscofan's current risk management system, since climate change and the measures for its adaptation or mitigation may have implications that hinder the attainment of long-term objectives and the creation of value for the stakeholders.

To analyse climate change risk, the Task Force on Climate related Financial Disclosure (TCFD) is taken as a reference to conduct the analysis of risks and opportunities at short, medium and long term; the impact of risks and opportunities in the business lines, the organisation's financial planning and strategy and the measures implemented and envisaged for each type of risk and opportunity.

In the preliminary analysis, the most significant risks were identified as the following:

- Transitional - Regulatory changes: Viscofan's production process is energy intensive, so legislative proposals related to this resource and aimed at mitigating climate change may have a particular impact on the business. This is the case of the increase in the price of CO<sub>2</sub>, carbon taxes or emission restrictions, which may affect the industrial and other energy-intensive sectors.

- Physical - Chronic Shortage of water: The increase in the planet's average temperatures can increase the risk of water stress, causing a lack of supply at production plants. Based on this risk, Viscofan has identified plants located in regions of high or extremely high water stress, in line with the list of the World Resources Institute. Said plants are located in Brazil, Mexico, Belgium and China and, as a whole, represented 22% of the Group's total water collection in 2023. In 2023, these plants did not have water supply problems.

- Transitional - Low emission technology: accelerated transition to low-emission technology in the company's production lines and facilities, e.g. by switching from natural gas equipment to equipment that uses renewable energy sources or generates less carbon emissions. If the speed of this transition is faster than the amortisation period of the equipment or requires non-mature energy technologies to be adopted, it can lead to associated costs and investments, as well as loss of overall product competitiveness.

- Transitional - Market Rising raw material prices: The physical consequences of global warming or climate change regulation itself may lead to higher prices for raw materials, affecting the company's procurement, transport and distribution worldwide. Increases in the price of raw materials may be caused by their reduced access or availability, or by their carbon footprint.

Viscofan's integral risk management system assesses and monitors the risks and their tendency, taking the necessary management measures which, aside from mitigating the risk, may generate opportunities.

The measures to manage climate risk and their implications are defined in the Sustainability Action Plan approved by the Board of Directors, which includes specific decarbonisation initiatives, initiatives to reduce water collection during the manufacture of collagen, to reduce landfill waste and the circular economy, among others.

From the preliminary analysis performed, no impairment was identified on the current assets and no significant investments were envisaged to comply with the commitments established in our 2022-2025 Sustainability Action Plan, nor were any contingencies or liabilities identified or impacts on financial assets or others.

The cost of PP&E related to the Group's environmental projects maintained at 31 December 2023 was 94,323 thousand euros (December 2022: 78,023 thousand euros), with an accumulated depreciation of 34,185 thousand euros (December 2022: 28,751 thousand euros).

The main investment projects, amounting to 16,299 thousand euros, have been made in energy equipment that contribute to the reduction of CO<sub>2</sub> emissions, such as electric boilers, energy recovery or solar panels, as well as in facilities for processing waste from the production process. Investments in environmental management in 2022 amounted to 12,605 thousand euros.

In 2023, the Group incurred in environmental protection and improvement costs amounting to 10,553 thousand euros. In 2022 this amount totalled 9,438 thousand euros.

The Group arranged civil liability insurance coverage for damages to third parties caused by accidental and unintentional contamination; the insurance coverage refers to any possible risk involved and to date no significant claims in environmental matters have been filed.

The Parent's Directors do not deem it necessary to make any provisions to cover environmental contingencies and expenses.

In 2023 and 2022, Viscofan Group had not received any significant environmental penalties.