

## G. Task Force on Climate-Related Financial Disclosure (TCFD)

According to the World Economic Forum, climate change represents the highest risk (severity) globally over the next 10 years. As Earth's temperature increases, extreme weather events are increasingly common, disrupting natural ecosystems and human health, causing economic losses to businesses, threatening their assets and infrastructure.

↘ In this context, and in line with various international initiatives (ODS, Paris Agreement, European Green Deal, among others), there is a growing need for the investor community to analyze business resilience against climate risks and opportunities, requiring clear financial information markets, comprehensive and accurate on the impacts of climate change on business performance. In this sense, and in order to promote the dissemination of comparable and quality information, the Financial Stability Board (FSB) created the Task Force on Climate-related Financial Disclosure (TCFD) to improve and increase the disclosure of climate-related financial information. TCFD, in its working context, has published a set of recommendations for reporting financial information, related to climate risks and opportunities, centered on four key areas: Governance; Strategy; Risk Management; and Metrics and Goals.

The increase in reporting quality, through alignment with TCFD recommendations, allows a better assessment of companies' exposure to climate risks in the short, medium and long term, leading to a more informed decision-making about where and when investors should allocate capital.

## Altri's journey

Given the current context, and with climate change and GHG emissions being one of our material themes, we have the concern and ambition to align the report with the recommendations of TCFD. In this sense, we identified opportunities for improvement on an ongoing basis to provide the best possible response to the expectations of the capital market and the different stakeholders. This is a logical step for us, continuing the Group's effort and ambition to contribute to climate change mitigation, in line with [2030 Commitment](#).

Taking into account the best management and reporting practices, and in view of the genesis and culture of the Group, Altri regularly monitors climate risks and opportunities, reporting relevant information in accordance with TCFD recommendations in CDP – Climate change, having obtained the result 'Leadership (A-)' in 2022. In addition, this report also aims to respond to the recommendations of the TCFD, presenting information related to the four key areas mentioned. Some relevant points are the governance model for climate change, the impacts associated with climate risks and opportunities, how climate risks and opportunities are identified, evaluated and managed, and various relevant metrics and targets to assess and manage climate risks and opportunities. A [table of correspondence between the recommendations of TCFD](#) and the communication channel where we report the most detailed information for this purpose is also attached.

The evaluation and reporting exercise is dynamic and is continually reviewed to ensure that our management and reporting practices are aligned with the needs of the capital market and appropriate to the business context in which the Group fits.



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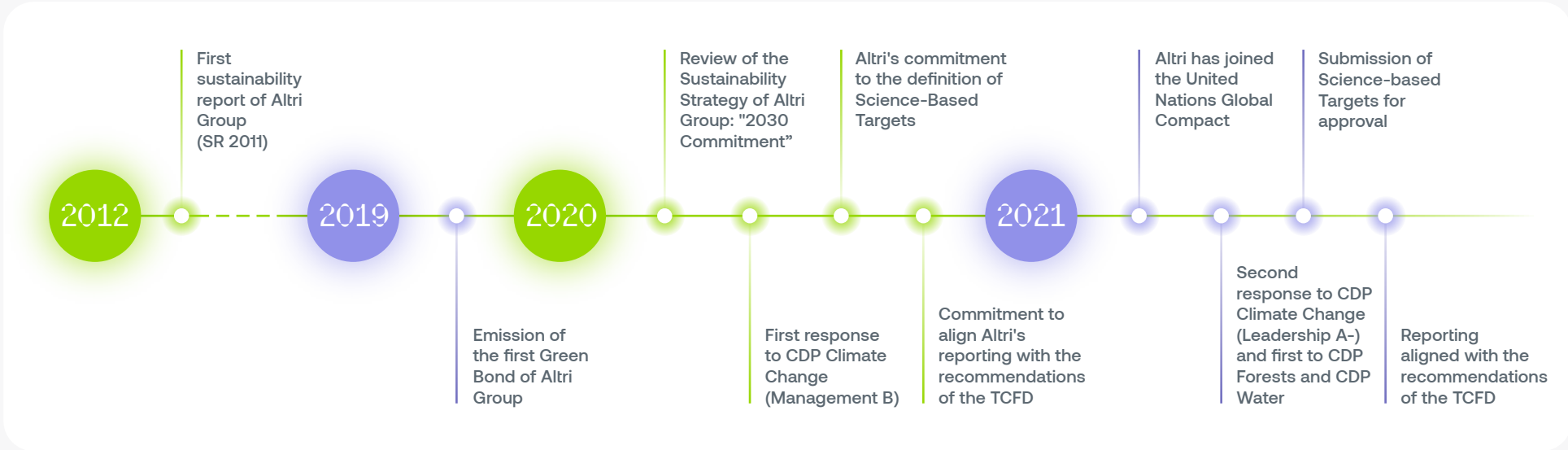
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## Governance

Sustainability at Altri takes into account environmental, social and governance aspects in all operations. Our concern and effort are clear – to contribute to sustainable development and to base strategic priorities on objectives of continuous improvement, innovation and sustainability. To this end, the Board of Directors (BoD) delegates to the Executive Board (EB) the responsibility to ensure the management of sustainability and climate change, with the support of the Sustainability Committee and the Sustainability Management.

In 2021, Altri created the Sustainability Committee (SC), whose main objective is to support the BoD in defining and monitoring the sustainability strategy, in line with the '2030 Commitment', integrating the climate change theme (e.g. assessing and managing risks and opportunities of climate change; Propose greenhouse gas emission reduction (GHG) targets and initiatives; Review strategies, targets and budgets; And monitor performance; among others). SC meets at least every three months and reports directly to the BoD.

The Sustainability Committee has the support of the Sustainability Directorate and the Sustainability Working Group, which leads the daily and operational work, in alignment with other relevant areas of the Group, with direct responsibility in the implementation and daily management of the themes of sustainability and climate change (e.g. Operational, Legal, Human Resources, Procurement and Logistics, Forest and Wood Supply, Financial, Investor and Commercial Relations). In addition, the Sustainability Directorate, by the figure of the Director for Sustainability-related issues, reports directly and weekly to the Executive Committee.



# Strategy

In line with the vision and strategy, Altri aims to be a reference company in the production of eucalyptus cellulosic fibers, based on sustainable forest management. In order to achieve this ambition, Altri has defined as objectives the implementation of processes for continuous improvement of environmental performance, namely, the reduction of the ecological footprint, the increase in operational efficiency in industrial units, the increase in productivity and the promotion of a sustainable forest management. Based on this vision, and with climate change being a material theme, the Altri Group monitors the risks and opportunities associated with climate change, identifying transient risks (e.g. political/legal, reputational, among others), physical risks (e.g. acute) and climate opportunities (e.g. new products and services, resource efficiency, among others)

## Climate-related risks

TYPE OF RISK	DESCRIPTION AND IMPACT OF THE RISK	ALTRI REPLY
<b>Transition – Political and Legal</b>  Existing and emerging regulation/price increase of GHG emissions	Altri's plants (Biotek, Caima and Celbi) are covered by the European Emissions Trading System (CELE, EU-ETS). With the transition from Stage III to Stage IV of the EU-ETS (2021-2030), the allocation of free licenses will be reduced, so it may be necessary to acquire CO <sub>2</sub> allowances if the plants do not follow the energy transition and defined European objectives. This may have a relevant financial impact, mainly with the increase in the price of CO <sub>2</sub> e.	<ul style="list-style-type: none"> <li>• Within the framework of the '2030 Commitment', we have established several GHG reduction targets, namely: Consume 100% of primary renewable energy and reduce specific GHG emissions of scope 1 and 2 by 51%, both contributing to the approved Science Based Target (SBT) to reduce scope 1 and 2 emissions by 51% and scope 3 by 25%.</li> <li>• Annual implementation of various energy efficiency and GHG emission reduction initiatives.</li> <li>• ISO 50001 certification of the industrial units Biotek, Caima and Celbi.</li> <li>• Caima Go Green Project: Future investment of €40m in Caima to make carbon neutral operations (biomass versus fossil fuels). The boiler project was approved in 2021 and is expected to be operational by the end of 2023.</li> <li>• Installation on the 3 industrial units of photovoltaic solar panels in the roofs of warehouses.</li> </ul>

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TYPE OF RISK	DESCRIPTION AND IMPACT OF THE RISK	ALTRI REPLY
<b>Transition</b> – Reputational  Stigmatization of the industry/ changes in consumer preferences	The issue of climate change has been of great importance in recent years and, above all, since the European Parliament declared the climate and environmental emergency and promoted several relevant commitments (e.g. Commitment 1.5°C, Fit for 55, Green deal, EU Taxonomy). In this sense, most stakeholders are more attentive to climate-related issues, requiring new lowcarbon solutions and products.	Study of a future investment in an industrial unit (Spain), with annual production capacity of 200 thousand tons of dissolving pulp and sustainable fibers, contributing to the strengthening of the circular economy and decarbonization of the textile sector. Development of the Fiber4Fiber project, which aims to develop dissolving pulps for the production of cellulosic-based fibers such as viscose and lyocell, allowing to distinguish products with renewable origin.  Altri defines several criteria and procedures to minimize environmental impacts, for example the policy of supplying wood and conservation areas and biospots.  The forests managed by Altri have more than 8,1 million tons of CO <sub>2</sub> stock in live biomass.

TYPE OF RISK	DESCRIPTION AND IMPACT OF THE RISK	ALTRI REPLY
<b>Physical</b> – Acute  Increase in frequency and severity of extreme weather events	Increasing the frequency and intensity of extreme weather events (e.g. storms, floods, droughts, high temperatures and/or fires) can have a negative impact on the stability of the wood supply, which is the main raw material in the production process. The wood comes from Altri's own forests and the rest is acquired mainly from suppliers of the Iberian Peninsula and a small fraction of certified sources in South America. On the other hand, longer periods of drought and high temperatures increase the risk of forest fires, putting our forest assets in Portugal at risk, compromising the value of biological assets.	The implementation of an innovative wood cooking technology (fine grain material digester) improved the efficiency of raw material use, increasing production capacity (2,5%) and reducing the specific consumption of wood and waste.  (i) Active member of AFOCELCA (group of companies for forest fire monitoring and fighting). 2,9 M€ invested in preventive forestry and 3,8 M€ in AFOCELCA forest fire detection and fire fighting devices.  (ii) Definition of a strategy for combating forest fires, based on four technical criteria: Arrival times; Initial mass attack (single blow); Material damage; Potential hazard.  (iii) Reforestation of 2.000 ha according to best practices and involvement of more than 300 people in preventing, monitoring, and fighting rural fires.  (iv) Investment in the Viveiros do Furadouro, with an annual production capacity of about 7 million plants for planting in the forests and/or selling to customers.  (v) Membership of act4nature Portugal, publicly committing ourselves to protect, promote and restore biodiversity.



Climate-related opportunities

OPPORTUNITY TYPE	DESCRIPTION AND IMPACT OF THE OPPORTUNITY	ALTRI REPLY
<p><b>Products and services</b></p> <p>Development and expansion of low carbon products/ services</p>	<p>Our value chain is mainly based on the use of renewable resources, e.g. biomass products. European climate and energy regulations, the EU-ETS and the Renewable Energy Directive (RED), emphasize the production of renewable energy, including biomass. On the other hand, the European Commission's Bioeconomy Strategy (updated in 2018 in line with the SDGs and the Paris Agreement) also supports the development of biomass-based industries and the partial replacement of non-renewable products by more sustainable and biological-based alternatives. Bioeconomy is expected to play an important role in the low-carbon economy in the coming years. The establishment of favorable agreements within these schemes in relation to incentives for the use of renewable raw materials solutions, the use of biomass and the production of other carbon-free energy can be competitive advantages for us and industry.</p>	<ul style="list-style-type: none"> <li>• Use of biomass, either through black liquor (by-product of the pulp production process and in turn renewable fuel) and/or through residual forest biomass in the electricity production process. The electricity produced by our industrial units is sufficient to meet the needs of the mills, and energy self-sufficiency is guaranteed.</li> <li>• Study of future investment in an industrial unit in Spain, capable of producing 200 thousand tons of dissolving pulp and renewable fibers annually, contributing to the strengthening of the circular economy and decarbonization of the textile sector.</li> <li>• Development of the Fiber4Fiber project, which aims to optimize dissolving pulp for the production of cellulosic-based textile fibers, such as viscose and lyocell, allowing to distinguish products with renewable origin.</li> </ul>

OPPORTUNITY TYPE	DESCRIPTION AND IMPACT OF THE OPPORTUNITY	ALTRI REPLY
<p><b>Source of Energy</b></p> <p>Participation in carbon markets</p>	<p>Since the EU-ETS phase 3, the number of licenses has been reduced, pushing different industries to accelerate the path of energy transition. In addition, in line with the decarbonization of the economy and the Paris Agreement, Phase 4 (2021-2030) is stricter in terms of allocation of allowances, reducing free allowances. The three Altri plants are covered by the EU-ETS, and two of them, Biotek (in Vila Velha de Ródão) and Celbi (in Leirosa) receive free CO<sub>2</sub>e allocation licenses. However, despite the reductions in licenses during EU-ETS phase 3, the emission reduction measures implemented have allowed Altri to have an excess of portfolio allowances, which can be marketed on a high market, considering that we will continue to invest in energy efficiency measures and programs, in investing in renewable energy, in reducing GHG emissions and in low-carbon products and services.</p>	<ul style="list-style-type: none"> <li>• ISO 50001 certification of the industrial units Biotek, Caima and Celbi.</li> <li>• Annual implementation of various energy efficiency and GHG emission reduction initiatives.</li> <li>• Caima Go Green Project: future investment of €40M in Caima to make carbon neutral operations (biomass instead of fossil fuels).</li> </ul>

OPPORTUNITY TYPE	DESCRIPTION AND IMPACT OF THE OPPORTUNITY	ALTRI REPLY
<p>Source of Energy</p> <p>Use of low emission energy sources</p>	<p>The use of 100% renewable energy sources represents an opportunity: To reduce our energy dependence on fossil fuels; To achieve carbon neutrality more quickly, in line with the Portuguese and European commitment (2050), and our strategy and '2030 Commitment'; And reduce the costs associated with energy consumption and CO<sub>2</sub> emissions.</p>	<ul style="list-style-type: none"> <li>• Caima Go Green Project: future investment of €40M in Caima to make carbon neutral operations (biomass instead of fossil fuels).</li> <li>• Use of biomass from black liquor (by-product of the pulp production process and in turn renewable fuel) and residual forest biomass in the electricity production process. The electrical energy produced used to meet the needs of the plants.</li> <li>• Installation of 3 photovoltaic plants in the roofs of the installations of the industrial units.</li> </ul>

## Risk management

For Altri, a substantive change (financial impact) can be described as the one that can directly affect us or its value chain: Financially, relevant changes in key financial KPIs (e.g. revenues), or strategically, as is the case of changes that make it impossible to pursue the strategic objectives of the company.

Risk management is carried out in a value-creation perspective, with a clear identification of threat situations that may affect business objectives. The Group's management, based on sustainability criteria, is becoming increasingly crucial within the organization, and risk management is monitored in a holistic manner (including environmental and social components), with increasing acuteness.



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# Metrics and targets

Investors and other stakeholders require a deep understanding of how an organization measures and monitors its risks and opportunities, including those related to climate change. Access to the metrics and goals used by the organization allows stakeholders to better evaluate the potential risk-return relationship of the organization, the ability to meet financial obligations, the general exposure to climate impacts and progress in management, mitigation and adaptation to them.

The way Altri manages sustainability considers several interrelated metrics, aligned with the decarbonization of the economy and several goals, within the scope of the 2030 Commitment.

METRICS	TARGETS
<b>Energy and climate</b> <ul style="list-style-type: none"> <li>Specific energy consumption (GJ/ADT);</li> <li>Specific emissions of GHG from scope 1, 2 and 3 (kg CO<sub>2</sub>e/ADT);</li> <li>Avoided emissions (t CO<sub>2</sub>e);</li> <li>Steam consumption (t/ADT);</li> <li>Primary energy consumption of renewable origin in Altri plants (GJ);</li> <li>Carbon sequestration (t CO<sub>2</sub>e).</li> </ul>	<b>Energy and climate</b> <ul style="list-style-type: none"> <li>SBT: Reduce specific emissions of GHG from scope 1+2 (kg CO<sub>2</sub>e/ADT) by 51% by 2030.</li> <li>SBT: Reduce specific emissions of GHG from scope 3 (kg CO<sub>2</sub>e/ADT) by 25% by 2030.</li> <li>100% of the primary energy consumed in the industrial units of Altri is of renewable origin by 2030.</li> </ul>
<b>Circular Economy</b> <ul style="list-style-type: none"> <li>Renewable origin of raw materials used (%);</li> <li>Recovery of by-products and waste (%).</li> </ul>	<b>Circular Economy</b> <ul style="list-style-type: none"> <li>100% of process waste recovered or reused.</li> </ul>

METRICS	TARGETS
<b>Biodiversity</b> <ul style="list-style-type: none"> <li>Wood consumption with forest management certification (%);</li> <li>Area under natural conservation management (ha);</li> <li>Number of biodiversity stations and biospots (no.).</li> </ul>	<b>Biodiversity</b> <ul style="list-style-type: none"> <li>Increase by 40% the percentage of wood consumption with forest management certification by 2030 (act4nature).</li> <li>Double the area under natural conservation management (ha) (act4nature).</li> <li>Develop 13 biodiversity stations and biospots (no.) (act4nature).</li> </ul>
<b>Water and effluents</b> <ul style="list-style-type: none"> <li>Organic load (COD, kg O<sub>2</sub>/ADT) in industrial effluents from Altri;</li> <li>Specific water use (m<sup>3</sup>/ADT)</li> <li>Mapping of water use in water stress areas (%).</li> </ul>	<b>Water and effluents</b> <ul style="list-style-type: none"> <li>Reduce the specific use of water (m<sup>3</sup>/ADT) in Altri's industrial units by 50% up to 2030 (act4nature).</li> <li>Reduce the organic load (COD, kg O<sub>2</sub>/ADT) in Altri's industrial effluents by 60% by 2030.</li> </ul>



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## Next steps

Altri has the ambition to strengthen the incorporation of climate issues into the Group's risk-craving structure and to consider them in all business processes and decisions. However, the identification and quantification of the impacts of climate change is an ongoing process of development. There is a commitment to continue to refine the approach of risk management and climate opportunities, and the Group is committed to continuous improvement in activities, aiming to develop new management practices regarding climate change, as well as improving the alignment of reporting with TCFD recommendations and other related benchmarks.

### Governance



Altri plans to maintain a robust Board of Director oversight on climate risks and opportunities, aligned with the with the 2030 Commitment. Different leaders of the company should be asked to reflect on the implications of climate change on the company's activities and its value chain.

### Strategy



Altri intends to deepen the different analyses to present more detailed impact assessments of climate risks and opportunities for different time horizons and temperature scenarios, reinforcing the way in which climate-related issues are considered across all areas of business, strategic decision-making and financial planning.

### Risk Management



Altri plans to continue to deepen climate risk analyses (transition and physical risks), refining the quantification of financial impacts, in order to implement more appropriate mitigation and management measures and to leverage the development of business opportunities, supporting Altri's strategic execution.

### Metrics & Targets



Altri is committed to the continuous ongoing review of current metrics and targets (e.g. GHG reduction targets - SBT; circularity; renewable energy production) and the establishment of new metrics and targets appropriate to manage identified climate risks and opportunities (e.g. financial incentives at senior management level associated with climate change; internal carbon pricing).

## Correspondence table

Recognizing the value of sustainability reporting benchmarks, the following correspondence table demonstrates the relationship between this sustainability report and TCFD recommendations (2022 update).

CATEGORY	REPORT RECOMMENDATION	REPORTING SITE
Governance	a) Describe the supervision of the Board of Directors on climate-related risks and opportunities.	<p>➔ RI22 &gt; 3. + Leadership &gt; 3.1 Governance Structure.</p> <p>CDP – Climate change 2021 (C1.1a; C1.1b).</p>
	b) Describe the role of management in the assessment and management of climate-related risks and opportunities.	<p>➔ RI22 &gt; 3. + Leadership &gt; 3.1 Governance Structure.</p> <p>CDP – Climate change 2021 (C1.2, C1.2a).</p>
Strategy	a) Describe the risks and opportunities related to the climate identified by the Organization for the short, medium and long term.	<p>➔ RI22 &gt; 2. + Value &gt; 2.1 Create Value</p> <p>➔ RI22 2. + Value &gt; 2.2 Risks and opportunities</p> <p>CDP – Climate change 2021 (C2.1; C2.3; C2.3a; C2.4; C2.4a).</p>
	b) Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning.	<p>➔ RI22 &gt; 2. + Value &gt; 2.1 Create Value</p> <p>➔ RI22 2. + Value &gt; 2.2 Risks and opportunities</p> <p>CDP – Climate change 2021 (C2.1; C2.3a; C2.4a; C3.1; C; C3.2a; C3.2b; C3.3; C3.4).</p>
	c) Describe the resilience of the organization's strategy, taking into account the different climate-related scenarios, including scenario 2c or below.	<p>CDP – Climate change 2021 (C4.1; C4.1a; C4.1b; C4.2; C4.2a; C4.2b).</p>



Risk management	<p>a) Describe the organization's process for identifying and assessing climate-related risks.</p>	<p>➔ <b>RI22 2. + Value &gt; 2.2 Risks and opportunities</b>            CDP – Climate change 2021 (C2.1a; C2.2; C2.2a).</p>
	<p>b) Describe the process of the Organization to manage climate-related risks.</p>	<p>➔ <b>RI22 2. + Value &gt; 2.2 Risks and opportunities</b>            CDP – Climate Change 2021 (C2.2).</p>
	<p>c) Describe how the organization's climate related risk identification, assessment and management processes are integrated into global risk management.</p>	<p>➔ <b>RI22 2. + Value &gt; 2.2 Risks and opportunities</b>            CDP – Climate Change 2021 (C2.2).</p>
Metrics and targets	<p>a) Disseminate the metrics used by the organization to assess climate-related risks and opportunities, in line with the risk management strategy and process.</p>	<p>➔ <b>RI22 &gt; 2. + Value &gt; 2.1 Create Value</b>            CDP – Climate change 2021 (C4.2; C4.2a; C4.2b; C9.1).            ↻ <b>Altri website (our commitment; Environment)</b></p>
	<p>b) Disseminate GHG emissions (scope 1, 2 and 3) and associated risks.</p>	<p>➔ <b>RI22 &gt; 6. + Environment &gt; 6.1 Climate change and greenhouse gas emissions</b>            CDP – Climate change 2021 (C6.1; C6.3; C6.5; C6.5a).</p>
	<p>c) Describe the objectives used by the organization to manage climate-related risks and opportunities and assess its performance against objectives.</p>	<p>➔ <b>RI22 &gt; 2. + Value &gt; 2.1 Create Value</b>            CDP – Climate change 2021 (C4.1; C4.1a; C4.1b; C4.2; C4.2a; C4.2b).            ↻ <b>Altri website (our commitment)</b></p>



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