

Les Franqueses del Vallès, 1st September 2022

## MORCHEM: Risk analysis of gas and energy supply shortage

Dear Customer,

The global crisis in the energy sector is an issue that is worrying many European companies. Shortage or power supply interruptions are scenarios that need to be risk assessed. Evaluation of the MORCHEM situation and the associated risks are detailed below.

- Morchem production sites are located in Spain. Spain has the highest regasification capacity in Europe. The installed regasification capacity is 32% of the total European capacity. Spain receives in this way liquefied pressurized gas (LPG) in bulk carriers from different origins being the biggest supplier the USA, second Algeria and third Nigeria in January 2022. Additionally Spain is connected with Algeria through gas pipelines.
- Electricity in Spain is generated mainly from renewable energies (46,6%), followed by nuclear energy (20,6%) and gas which is used in combined cycle power plant (17,6%). Therefore, the use of natural gas as a source in electricity production is not as important as in other European countries. In addition to that and following our Sustainability plan, today MORCHEM is already self-producing the 10% of total electricity by solar energy with the aim of increasing this capacity in the next years.
- According to the Spanish government during the COVID crisis, MORCHEM was included in the strategic sector, because it provides essential services for basic social functions. Due to that, in case of energy shortage, Morchem should have preference of access to energy resources.
- Regarding raw materials, our supplier's panel is diversified in different geographical areas, with Asian and European origins. Even with the hypothesis of manufacturing reductions by European suppliers due to the energy shortage, we have enough alternative approved suppliers being able to produce without incidences. That makes our supply chain robust and resilient in front of unforeseen disruptions.

From a global geopolitical situation and based on the previous considerations, Morchem is not in a high risk of gas or energy shortage.

Yours faithfully,



Helmut Schaeidt  
CEO