

REPORT AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A. CONCERNING THE PROPOSED AMENDMENTS TO THE REGULATIONS OF THE GENERAL SHAREHOLDERS' MEETING

1. PURPOSE OF THE REPORT

The Board of Ence Energía y Celulosa, S.A. (the “**Company**”) is issuing this report to justify the proposal for amendments to a number of articles in the regulations of the general shareholders' meeting, submitted for approval by the Company's general shareholders' meeting called on 27 April 2015 at 12:20 h on first call, and on 28 April 2015, at the same time, on second call.

2. GENERAL RATIONALE FOR THE PROPOSAL

The proposal to amend certain articles of the regulations of the general shareholders' meeting of the Company has been prompted by proposed amendments to Company bylaws and by the need to adapt the text to the innovations introduced by Law 31/2014 of 3 December, amending the Spanish Corporate Enterprises Act to improve corporate governance (“**Law 31/2014**”). This reform also seeks to update and technically improve certain items in the regulations of the general shareholders' meeting, with the main objective of achieving greater clarity in their wording and greater consistency with the provisions of the recently amended Spanish Corporate Enterprises Act.

3. DETAILED ANALYSIS OF THE PROPOSED AMENDMENTS

Following this summary of the proposed amendment, there follows a more detailed rationale and explanation of the specific amendments of certain articles of the regulations of the general shareholders' meeting of the Company submitted for approval.

3.1 Proposed amendment of article 3 of the regulations of the general shareholders' meeting concerning majorities

The purpose of the proposed amendment is to adapt the wording of section 2 of this article to that of Article 201 of the Spanish Corporate Enterprises Act. Specifically, the aim is to

establish that the majority required to approve resolutions must be simple and state that, for the adoption of resolutions where the Spanish Corporate Enterprises Act requires a larger quorum, if the share capital present or represented by proxy exceeds 50%, it shall suffice for the resolution to be adopted by absolute majority.

Section 2 of article 3 would thus read as follows:

Current wording	Proposed version
<p>3. General Shareholders' Meeting</p> <p>2. <i>The shareholders acting at a duly called General Meeting shall decide by a majority the matters validly proposed at the Meeting. All shareholders, including dissenting shareholders and those who did not take part in the General Meeting, are subject to the resolutions of the General Meeting, notwithstanding any challenge rights to which they may be entitled.</i></p>	<p>3. General Shareholders' Meeting</p> <p>2. <i>The shareholders acting at a duly called General Meeting shall decide by a <u>simple majority</u> the matters validly proposed at the Meeting. <u>For the adoption of resolutions regarding which the law requires a larger quorum, if the share capital present or represented by proxy exceeds fifty per cent (50%), it shall suffice for the resolution to be adopted by an absolute majority.</u> All shareholders, including dissenting shareholders and those who did not take part in the General Meeting, are subject to the resolutions of the General Meeting, notwithstanding any challenge rights to which they may be entitled.</i></p>

3.2 Proposed amendment of article 5 of the regulations of the general shareholders' meeting concerning competences

Firstly, the purpose of the amendment of section x) of article 5 is to adapt its wording for the scenario to refer to the transfer to subsidiaries of essential activities hitherto carried out by the Company, pursuant to article 511 bis of the Spanish Corporate Enterprises Act.

Secondly, it has been proposed to amend section xi) of article 5 in order to include a reference to the essential nature of the assets and transfer to another company of essential assets, pursuant to section (f) of article 160 of the Spanish Corporate Enterprises Act.

Finally, pursuant to article 511 bis of the Spanish Corporate Enterprises Act, it has been proposed to add a new section xiv) to include, as reserved issues for the general shareholders' meeting, approval of remuneration policy, which shall remain valid for the three years following that in which it is approved by the general meeting, unless the general meeting resolves to amend this before said period expires.

Sections x), xi) and xiv) of article 5 would thus read as follows:

Current wording	Proposed version
<p>Article 5. Competences:</p> <p>x) agreeing the subsidiarisation or transfer to subsidiaries of the active assets of the Company, transforming it into a pure holding.</p> <p>xi) approving, as applicable, the acquisition or disposal of assets that, due to their quality or volume, entail an effective change in the corporate purpose.</p>	<p>Article 5. Competences:</p> <p>x) agreeing the subsidiarisation or transfer to <u>transfer</u> to subsidiaries of the active assets of the Company, transforming it into a pure holding <u>essential activities hitherto carried out by the Company, even if the Company retains full ownership over them.</u></p> <p>xi) approving, as applicable, the acquisition, disposal <u>or contribution to another company</u> of assets that that <u>are essential or</u>, due to their quality or volume, entail an effective change in the corporate purpose.</p> <p><u>xiv) approving the remuneration policy for Board members in accordance with the terms established in the Corporate Enterprises Act. The remuneration policy approved by the General Meeting shall remain in effect for three years after its approval by the General Meeting, unless it is amended by a new resolution of the General Meeting.</u></p>

3.3 Proposed amendment of article 6 of the regulations of the general shareholders' meeting concerning calls to the general meeting

Firstly, it is proposed to amend the wording of section 1 of article 6 of the regulations of the general shareholders' meeting in order to reduce from 5% to 3% the minimum threshold to enable Company shareholders to request that a general shareholders' meeting be called, pursuant to article 495 of the Spanish Corporate Enterprises Act. This stipulates that the minimum of 5% generally required for the exercise of shareholders' rights at "sociedades anónimas", which therefore includes the right to request that a general shareholders' meeting be called, shall be 3% for listed companies.

For the same purpose, it is proposed to amend the wording of section 3 of article 6 of the regulations of the general shareholders' meeting in order to reduce from 5% to 3% the minimum threshold to enable Company shareholders to request publication of a supplement to the call to the general shareholders' meeting, pursuant to article 519 of the Spanish Corporate Enterprises Act. This article stipulates that shareholders representing at least 3% of Company share capital may request that a supplement to the call for an ordinary general shareholders' meeting be published, including one or more items on the agenda, provided the new items are accompanied by a justification or, where appropriate, a well-founded proposed resolution.

Sections 1 and 3 of article 6 would thus read as follows:

Current wording	Proposed version
<p>Article 6. Call for the Annual General Meeting</p> <p>1. The directors shall necessarily convene the Ordinary General Meeting in the first six months of each year.</p> <p>The directors may call an Extraordinary General Meeting whenever they deem that doing do is in the Company's interests. In</p>	<p>Article 6. Call for the Annual General Meeting</p> <p>1. The directors shall necessarily convene the Ordinary General Meeting in the first six months of each year.</p> <p>The directors may call an Extraordinary General Meeting whenever they deem that doing do is in the Company's interests. In</p>

<p><i>addition, they must do so when so requested by shareholders who own at least five per cent of the share capital. The request must state the items to be discussed at the meeting. In such an event, the meeting must be convened to be held within two months of the day on which a notarised request is made to the governing body to do so. The directors shall prepare the agenda, necessarily including the items that were covered by the request.</i></p> <p><i>3. Shareholders representing at least five per cent (5%) of the share capital may request publication of a supplement to the notice convening the meeting, including one or more items on the agenda. To exercise this right, shareholders must duly notify the Company, with said notification to be received at the Company's registered address within five (5) days of publication of the call. The call supplement must be published at least fifteen (15) days prior to the date stipulated for the meeting.</i></p>	<p><i>addition, they must do so when so requested by shareholders who own at least five <u>three</u> per cent of the share capital. The request must state the items to be discussed at the meeting. In such an event, the meeting must be convened to be held within two months of the day on which a notarised request is made to the governing body to do so. The directors shall prepare the agenda, necessarily including the items that were covered by the request.</i></p> <p><i>3. Shareholders representing at least five <u>three</u> per cent (5%) of the share capital may request publication of a supplement to the notice convening the meeting, including one or more items on the agenda. To exercise this right, shareholders must duly notify the Company, with said notification to be received at the Company's registered address within five (5) days of publication of the call. The call supplement must be published at least fifteen (15) days prior to the date stipulated for the meeting.</i></p>
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3.4 Proposed amendment of article 8 of the regulations of the general shareholders' meeting concerning the right to information prior to the general meeting

It is proposed to amend the current wording of article 8 in order to adapt it to articles 197 and 520 of the Spanish Corporate Enterprises Act. Specifically, the following is proposed: (i) reducing the period permitted for shareholders to request information prior to the general shareholders' meeting from the seventh to the fifth day prior to the intended date of the meeting; (ii) adding a new section establishing the obligation of the Company to post valid requests for information, clarification or questions and the respective replies on its website; (iii) establishing that the board of directors may limit its reply to a referral to the information

already supplied when, prior to the formulation of a specific question, the information requested is clearly, expressly and directly available on the Company website in question-answer format; and (iv) completing exceptions to the obligation to supply the information requested.

Article 8 would thus read as follows:

Current wording	Proposed version
<p>Article 8. Right to information prior to the General Shareholders' Meeting</p> <p><i>As of the day of publication of the notice of the General Meeting until seven days before the day scheduled for it to be held, inclusive, on first call of the General Meeting, any shareholder may make a written request to the Board of Directors for information or clarifications with regard to the items on the agenda that the shareholder deems necessary, or ask any questions that the shareholder deems relevant. During this period and using this procedure, shareholders may also request information or clarifications or send written questions in relation to any public information that the company has disclosed to the CNMV National Securities Market Commission since the previous General Meeting.</i></p>	<p>Article 8. Right to information prior to the General Shareholders' Meeting</p> <p><i>As of the day of publication of the notice of the General Meeting until seven <u>five</u> days before the day scheduled for it to be held, inclusive, on first call of the General Meeting, any shareholder may make a written request to the Board of Directors for information or clarifications with regard to the items on the agenda that the shareholder deems necessary, or ask any questions that the shareholder deems relevant. During this period and using this procedure, shareholders may also request information or clarifications or send written questions in relation to any public information that the company has disclosed to the CNMV National Securities Market Commission since the previous General Meeting.</i></p> <p><u><i>Valid requests for information, clarifications or questions asked in writing along with the written replies of the directors shall be posted on the Company's website.</i></u></p> <p><u><i>If, before a specific question is asked, the information requested is available clearly, expressly and directly for all</i></u></p>

<p>All such requests for information may be made by delivering the request at the Company's registered address or sending it to the Company by postal mail or other means of remote communication that are valid according to the bylaws and these regulations in order to confirm proxy or vote, and they shall be sent to the address specified in the corresponding meeting notice. It shall be the responsibility of the shareholder to prove that the request was sent to the Company in due time and proper form. The Company's website shall contain relevant explanations for shareholders to exercise their right to information, in accordance with the terms set forth in law.</p> <p>The directors are required to provide the information, in writing, up to the day on which the General Meeting is held, except in cases in which (i) dissemination of the information requested by shareholders representing less than twenty-five per cent of the share capital may, in the Chairman's opinion, be detrimental to corporate interests; (ii) the request for information or clarifications does not refer to items on the agenda or to the information available to the public that the Company has filed with the National Securities Market Commission since</p>	<p><u>shareholders on the Company's website, in a question-and-answer format, the Board of Directors may limit its reply to a referral to the information provided in said format.</u></p> <p>All such requests for information may be made by delivering the request at the Company's registered address or sending it to the Company by postal mail or other means of remote communication that are valid according to the bylaws and these regulations in order to confirm proxy or vote, and they shall be sent to the address specified in the corresponding meeting notice. It shall be the responsibility of the shareholder to prove that the request was sent to the Company in due time and proper form. The Company's website shall contain relevant explanations for shareholders to exercise their right to information, in accordance with the terms set forth in law.</p> <p>The directors are required to provide the information, in writing, up to the day on which the General Meeting is held, except in cases in which (i) the dissemination of the information requested by shareholders representing less than twenty-five per cent of the share capital may, in the Chairman's opinion, be detrimental to corporate interests <u>is unnecessary for the preservation of the shareholder's rights, or there are objective reasons to believe that the information could be used for purposes unrelated to the Company;</u> (ii) <u>dissemination of the information could be detrimental to</u></p>
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the last General Meeting; (iii) the information or clarification requested is considered abusive; or (iv) this is the result of legal or regulatory provisions or court decisions.

The Board of Directors may empower any of its members or the Secretary to answer requests for information made by shareholders in the name and on behalf of the Board.

the Company or related companies;
(iii) the request for information or clarifications does not refer to items on the agenda or to the information available to the public that the Company has filed with the National Securities Market Commission since the last General Meeting; (iv) the information or clarification requested is considered abusive; or (v) this is the result of legal or regulatory provisions or court decisions.

The Board of Directors may empower any of its members or the Secretary to answer requests for information made by shareholders in the name and on behalf of the Board.

3.5 Proposed amendment of article 9 of the regulations of the general shareholders' meeting concerning the information available after the call to the general meeting

It is proposed to amend section 1 of article 9 in order to: (a) add some minor adjustments to the wording of section (iv) to make it coherent with the provisions of article 518 of the Spanish Corporate Enterprises Act (i.e. stipulating that the report by the proper bodies concerning strictly informative issues must be included); (b) add a new section (vi) establishing the obligation to publish the identities, CVs and categories of each director for the purposes of appointment, ratification or reappointment of board members, along with the proposal and reports legally required and information concerning the individual to be appointed for permanent exercise of the directorship; and (c) add a new section (viii) stating that the forms to be used for proxy voting and remote voting must be published; all the above in accordance with article 518 of the Spanish Corporate Enterprises Act.

Section 1 of article 9 would thus read as follows:

Current wording	Proposed version
<p>Article 9. Information available as of the meeting notice</p> <p>1. In addition to what is required by legal provisions or the bylaws, as of the date of the publication of the call to the General Meeting, the Company shall, with no interruptions, publish the following information on its website:</p> <p>i) The convening notice.</p> <p>ii) The total number of shares and voting rights at the date of the convening notice, broken down by share categories, if any.</p> <p>iii) The documents that shall be presented at the General Shareholders' Meeting, particularly reports by management, auditors and independent experts.</p> <p>iv) The complete text of all resolutions proposed by the Board of Directors with respect to the items on the agenda, unless, in the case of proposals that the law or the bylaws do not require to be supplied to shareholders after the call to the meeting, the Board of Directors deems that there are justified grounds for not doing so.</p> <p>v) Furthermore, when there is a supplement to the call to the meeting, as of the date of its publication the Company shall also publish on its website the text of the proposals to which the supplement refers and which have been provided to the Company.</p>	<p>Article 9. Information available as of the meeting notice</p> <p>1. In addition to what is required by legal provisions or the bylaws, as of the date of the publication of the call to the General Meeting, the Company shall, with no interruptions, publish the following information on its website:</p> <p>(i) The convening notice.</p> <p>(ii) The total number of shares and voting rights at the date of the convening notice, broken down by share categories, if any.</p> <p>(iii) The documents that shall be presented at the General Shareholders' Meeting, particularly reports by management, auditors and independent experts.</p> <p>(iv) The complete texts of the proposed resolutions by the Board of Directors with respect to the items on the agenda <u>or, where items for informative purposes only are concerned, a report by the competent bodies detailing each of these items</u> unless, in the case of proposals that the law or the bylaws do not require to be supplied to shareholders after the call to the meeting, the Board of Directors deems that there are justified grounds for not doing so.</p> <p>(v) Furthermore, when there is a supplement to the call to the meeting, as of the date of its publication the Company shall also publish on its website the text of the proposals to which the supplement refers and which</p>

	<p>have been provided to the Company.</p> <p>(vi) <u>In the event of appointment, ratification or reappointment of Board members, the identities, CVs and categories of each director, along with the proposal and reports legally required. In the case of a legal entity, the information must include that pertaining to the individual to be appointed to exercise the functions of the post on a permanent basis.</u></p> <p>(vii) <u>The forms that must be used for proxy and remote voting, except when sent directly by the Company to each shareholder. If for technical reasons the forms cannot be posted on the website, the Company must include on its website information on how to obtain hard copies of the forms, and must send them to any shareholder that requests them.</u></p>
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3.6 Proposed amendment of section 3 of article 11 of the regulations of the general shareholders' meeting concerning right of attendance

It is proposed to remove section 3 of article 11 of the regulations of the general shareholders' meeting, since the provision of documentation referred to in this section is already stipulated in article 9.1 (v), which makes provision for publication on the Company's website.

3.7 Proposed amendment of article 12 of the regulations of the general shareholders' meeting concerning the venue for the general meeting

It is proposed to amend section 1 of article 12 of the regulations of the general shareholders' meeting, adding the possibility that the meeting may be held at a venue other than the municipality corresponding to the Company's registered address, pursuant to the proposed amendment to the bylaws (article 26) and article 175 of the Spanish Corporate Enterprises Act.

Section 1 of article 12 would thus read as follows:

Current wording	Proposed version
<p>Article 12. Venue of General Meetings</p> <p>1. <i>General Meetings shall be held at the place indicated on the meeting call in the municipality where the Company has its registered address. Should the notice fail to mention the venue, the venue of the meeting shall be understood as the Company's registered address.</i></p>	<p>Article 12. Venue of General Meetings</p> <p>1. <i>General Meetings shall be held at the place indicated on the meeting call in the municipality where the Company has its registered address, <u>which may be located outside the municipality corresponding to the Company's registered address.</u> Should the notice fail to mention the venue, the venue of the meeting shall be understood as the Company's registered address.</i></p>

3.8 Proposed amendment of article 22 of the regulations of the general shareholders' meeting concerning the right to information during the general meeting

It is proposed to enhance the scenarios for exemption from the obligation to furnish the information requested pursuant to article 197 of the Spanish Corporate Enterprises Act.

The second paragraph of article 22 would thus read as follows:

Current wording	Proposed version
<p>Article 22. Right to information during the Meeting</p> <p><i>The directors shall be required to provide the information requested in accordance with the preceding paragraph in the format and in accordance with the timeframes laid down in law, except in cases in which (i) it has been requested by shareholders representing less than twenty-five per cent of the share capital and it may, in the Chairman's opinion, be detrimental to corporate interests; (ii) the request for</i></p>	<p>Article 22. Right to information during the Meeting</p> <p><i>The directors shall be required to provide the information requested in accordance with the preceding paragraph in the format and in accordance with the timeframes laid down in law, except in cases in which (i) it has been requested by shareholders representing less than twenty-five per cent of the share capital and it may, in the Chairman's opinion, be detrimental to corporate interests; (ii) <u>it is unnecessary for the</u></i></p>

<p><i>information or clarifications does not refer to items on the agenda; (iii) the information or clarification requested is considered unnecessary for an opinion to be formed in relation to the issues submitted to the general meeting or, for any reason, it is considered abusive; or (iv) this is the result of legal or regulatory provisions or court decisions.</i></p>	<p><u><i>preservation of the shareholder's rights, or there are objective reasons to believe that the information could be used for purposes unrelated to the Company;</i></u> (iii) <u><i>dissemination of the information could be detrimental to the Company or related companies;</i></u> (v) the request for information or clarifications does not refer to items on the agenda; (vi) the information or clarification requested is considered unnecessary for an opinion to be formed in relation to the issues submitted to the general meeting or, for any reason, it is considered abusive; or (vii) this is the result of legal or regulatory provisions or court decisions.</p>
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3.9 Proposed amendment of article 26 of the regulations of the general shareholders' meeting concerning voting on resolution proposals

The purpose of the amendment to section 1 of this article is to establish that there shall be separate voting for the ratification, reappointment and removal of directors, pursuant to article 197 bis of the Spanish Corporate Enterprises Act. The intention is also, in section 3, to correct a typing error and replace the reference to article 514 of the Spanish Corporate Enterprises Act with article 526 of the Spanish Corporate Enterprises Act.

The third paragraph of section 1 and the fifth paragraph of section 3 of article 12 would thus read as follows:

Current wording	Proposed version
<p>Article 26. Voting on proposed resolutions</p> <p><i>When various proposals are included under a single item on the agenda, they shall be voted separately. In particular, there shall be a separate vote on the appointment of each</i></p>	<p>Article 26. Voting on proposed resolutions</p> <p><i>When various proposals are included under a single item on the agenda, they shall be voted separately. In particular, there shall be a separate vote on the appointment, <u>ratification,</u></i></p>

<p><i>director and, in the case of amendments to the bylaws or these Regulations, each article or group of articles that are substantially independent. Exceptionally, all proposals made that are configured as unitary or indivisible, such as those relating to the approval of a complete text of the bylaws or the Regulations of the General Meeting, shall be voted on as a whole.</i></p> <p><i>(...)</i></p> <p><i>For the adoption of resolutions concerning items not on the agenda, the shares of shareholders who participated in the general meeting via remote voting systems shall not be considered as shares attending the meeting or as shares represented by proxy. For the adoption of any of the resolutions referred to in Article 514 of the Spanish Corporate Enterprises Act, shares regarding which voting rights may not be exercised due to the application of said provision shall not be considered to be present or represented by proxy.</i></p>	<p><u><i>reappointment or removal</i></u> of each director and, in the case of amendments to the bylaws or these Regulations, each article or group of articles that are substantially independent. Exceptionally, all proposals made that are configured as unitary or indivisible, such as those relating to the approval of a complete text of the bylaws or the Regulations of the General Meeting, shall be voted on as a whole.</p> <p><i>(...)</i></p> <p><i>For the adoption of resolutions concerning items not on the agenda, the shares of shareholders who participated in the general meeting via remote voting systems shall not be considered as shares attending the meeting or as shares represented by proxy. For the adoption of any of the resolutions referred to in Article 514 526 of the Spanish Corporate Enterprises Act, shares regarding which voting rights may not be exercised due to the application of said provision shall not be considered to be present or represented by proxy.</i></p>
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Madrid, 25 March 2015