

REPORT FORMULATED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE ON THE PROPOSAL BY THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A. FOR THE RE-ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS

1. PURPOSE OF THE REPORT

The Appointments and Remuneration committee of ENCE ENERGÍA Y CELULOSA, S.A. (the "**Company**") makes this report in accordance with articles 529 *decies* (section 6) and 529 *quindecies* (section 3.d) of the Capital Companies Act, which establish that the proposal for the nomination and re-election of Non-Independent Directors must be preceded by a report issued by the Appointments and Remuneration Committee.

It is established that the proposal for the appointment and re-election of members of the Board of Directors will be submitted for approval by the General Shareholders' Meeting of the Company called for 30 and 31 March 2020, at 12:30 p.m. in first and second call, respectively, under the fifth point of the Agenda.

2. REPORT ON THE RE-ELECTION OF NON-INDEPENDENT DIRECTORS

The Board of Directors has asked the Appointments and Remuneration Committee to report on re-election of two non-Independent Directors that are planned to be proposed to the General Shareholders' Meeting.

For this purpose, the committee has evaluated the skills necessary for the performance of the position of Director of the Company and, among them, those related to the training, professional experience and suitability of the Directors, as well as the dedication of the necessary time. In accordance with the Regulations of the Board of Directors of the Company, the proposals for the re-election of Directors that the Board of Directors decides to submit to the General Shareholders' Meeting must be subject to a formal preparation process, of which a report issued by the Appointments and Remuneration Committee will necessarily be a party.

The Appointments and Remuneration Committee, based on the profiles of the candidates, and in accordance with the Directors' Selection Policy and the current needs of the Company's bodies, has agreed to report favourably on the proposals for the re-election of Non-Independent Directors, as explained below.

2.1 Re-election of Mr. Ignacio de Colmenares Brunet as Executive Director

The Appointments and Remuneration Committee has positively assessed the performance, dedication and commitment of Mr. Ignacio de Colmenares Brunet to the Company and his excellent management since his first appointment as Executive Director in 2010.

His strategic vision and his proven capabilities in team management have been key in achieving essential achievements for the Company's progress in recent years. It is worth highlighting his commitment to product diversification in the cellulose business and the clear definition of the Company's position in the European market, as well as the leadership achieved in the biomass energy generation sector and the diversification initiated in the field of other renewable technologies such as solar-thermal and photovoltaic. The Commission has particularly appreciated his ability to manage

the company in a complex market, both in the institutional and legal spheres, due to the questioning of the viability of the Pontevedra biofactory based on a public concession whose extension is subject to litigation.

In addition, he was unanimously appointed President of the Company on 30 April 2019, which demonstrated the full confidence of the Board of Directors in his good work, his leadership, his commitment to high standards of good corporate governance and his demonstrated ability to lead the Company within the framework of the strategic challenges set.

For this reason, the Committee has agreed to submit his favourable report to the Board so that it can propose to the General Shareholders' Meeting the re-election of Mr. Ignacio de Colmenares Brunet as Executive Director for the statutory period of three years.

2.2 Re-election of Mr. Víctor Urrutia Vallejo as Nominee Director

With regard to the proposal for the re-election of Mr. Victor Urrutia Vallejo, the committee has valued very positively the business experience and the vision that he brings as a director and senior manager of companies in various sectors since his incorporation to the Board in 2014.

Mr. Urrutia has considerable experience and extensive knowledge of the business sector, which he combines with his knowledge of legal, economic and financial matters.

The performance of high responsibility positions in companies belonging to the communication, banking and energy sectors gives it experience and strategic vision, which the committee considers essential for proper decision-making.

Furthermore, his experience in international companies provides a broad and necessary perspective in the debates and deliberations of the board of directors and the committees of which he is a member, which is also highly valued by this committee.

Therefore, the committee has agreed to submit its favourable report to the Board so that it may propose to the General Shareholders' Meeting his re-election as Nominee Director for the statutory period of three years, officially stating that Mr. Urrutia has been proposed to the Board of Directors by the shareholder Asúa Inversiones, S.L.

Madrid, 24 February 2020