

REPORT PREPARED BY THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A. ON THE PROPOSED RE-ELECTION OF MEMBERS OF THE BOARD OF DIRECTORS

1. PURPOSE OF THE REPORT

The Board of Directors of ENCE ENERGÍA Y CELULOSA, S.A. (the “**Company**”) has prepared this report in order to comply with Article 529 *decies* (Clause 5) of the Capital Companies Act, under which the proposed re-election and nomination of Directors must be supported in all cases by an explanatory report from the Board evaluating the skills, experience and merits of the proposed candidate. It is foreseen that this proposed re-election will be subject to the approval of the Company's General Shareholders' Meeting convened for the 30 and 31 March 2020, in first call and second call respectively, under item 5 of the agenda.

Prior to this report, the Appointments and Remuneration Committee issued in its meeting of 24 February 2020 the mandatory report indicating the Non-Independent Directors whose re-election the Board will propose (the “**Report**”).

This report also complies with Article 518.e of the Capital Companies Act covering the general information the Company must publish when convening a General Shareholders' Meeting. In the event of the nomination or re-election of members of the Board of Directors, that information must include the identity of each member, their CV and the category to which they belong, in addition to the proposal and reports referred to in Article 529 *decies* (Clauses 6 and 7).

2. JUSTIFICATION OF THE PROPOSAL

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

Following a favourable report from the Appointments and Remuneration Committee, the Board of Directors proposes the re-election of Mr. Ignacio de Colmenares Brunet as Executive Director of the Company.

Mr. Colmenares holds a law degree from the Central University of Barcelona and a master's degree in Economics and Business Management from the IESE Business School in Barcelona. He has had a long professional career in the steel and energy sector. For the purposes of completing this information, the curriculum vitae of Mr. Colmenares is attached to this report as Appendix I.

Mr. Colmenares has been a member of the Company's Board since 2010, and has been its CEO ever since. On 30 April 2019, he was appointed President of the Company.

The Board highlights his long-term strategic vision, which, together with his solid business experience, justifies proposing his re-election to the board as Executive Director for the statutory period of three years. His leadership capacity to manage the company in a complex market, both in institutional and legal environments has been particularly valued, due to the questioning of the viability of the Pontevedra biofactory based on a public concession whose extension is subject to litigation.

Thus, the Board endorses the considerations made by the Appointments and Remuneration Committee in the Report.

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

Subject to a favourable report by the Appointments and Remuneration Committee, the Board is proposing the re-election of Mr. Víctor Urrutia Vallejo as Nominee Director.

Mr. Urrutia Vallejo has a PhD in Economics from the Complutense University of Madrid and a Law Degree from the University of Oviedo. He has held positions of high responsibility in companies in various sectors (communication, banking, energy, etc.). His curriculum vitae is attached as Appendix II to this report.

Based on his personal and professional experience both nationally and internationally, the Board of Directors considers that Mr. Urrutia Vallejo possesses the necessary skills, experience and merit. Therefore, the Board proposes to the General Shareholders' Meeting that he be re-elected as Nominee Director for the statutory period of three years. Thus, the Board endorses the considerations made by the Appointments and Remuneration Committee in the Report.

As indicated in the aforementioned report, Mr. Urrutia was proposed to the Board of Directors by the shareholder Asúa Inversiones, S.L.

3. **AGREED PROPOSALS**

The complete text of the agreed proposals on the re-election of Directors, which will be subject to separate votes at the General Shareholders' Meeting, follows below:

FIFTH A.- RE-ELECTION OF MR. IGNACIO DE COLMENARES BRUNET AS EXECUTIVE DIRECTOR.

To re-elect, at the proposal of the Board of Directors, as member of the Company's Board of Directors, Mr. Ignacio De Colmenares Brunet, in the capacity of Executive Director for the statutory period of three years from the approval of this resolution.

FIFTH B.- RE-ELECTION OF MR. VÍCTOR URRUTIA VALLEJO AS PROPRIETARY DIRECTOR.

To re-elect, at the proposal of the Board of Directors, as a member of the Company's Board of Directors, Mr. Victor Urrutia Vallejo, in the capacity of Proprietary Director for the statutory period of three years from the approval of this resolution.

Appendix I

Curriculum vitae of Mr. Ignacio de Colmenares Brunet

Mr. Ignacio de Colmenares Brunet holds a law degree from the Central University of Barcelona and a master's degree in Economics and Business Management from the IESE Business School in Barcelona.

He has had a long professional career in the steel and energy sector. He was an Export and Trading Manager of the Compañía Española de Laminación, the embryo of the CELSA steel group. Subsequently, he held the position of Commercial Director of Nueva Montaña Quijano, a common steel company, and he was Commercial General Director of Grupo CELSA Trefilerías.

In 1996, he assumed the General Direction of Trenzas y Cable de Acero-TYCSA, a company specialised in the manufacture of steel cable, aluminium and optical fibre. Subsequently, in 2001, he joined the Global Steel Wire steel group as General Director, a position that he combined with that of Corporate Development Director of the CELSA Group.

Before joining Ence, in 2008 he was CEO of Isofoton, a company producing photovoltaic panels and promoting solar installations, in which he restructured the technological, industrial and commercial company. He has also been Chairman and CEO of Bergé Lift, a group of companies dedicated to the import, distribution, rental and maintenance of handling equipment.

He is currently a member of the Board of Directors of the Spanish Association of Pulp, Paper and Cardboard Manufacturers (ASPAPEL) and a member of Arta Capital's Investment Committee.

Appendix II

Curriculum vitae of Mr. Victor Urrutia Vallejo

Mr. Víctor Urrutia Vallejo holds a PhD in Economics from the Complutense University of Madrid and a Law Degree from the University of Oviedo. He speaks English, French and German.

Chairman of Compañía Vinícola del Norte de España, S.A (CVNE), member of the Executive Committee and member of the Instituto de Empresa Familiar, Sole Administrator of Asúa Inversiones, S.L. and Vice President of OCIBAR, S.A.

Previously, he held the position of Director of Firestone Hispania, Director of IBM Spain, Chairman of Begano, Director of Asturbega and Norbega, Vice-Chairman of IBERDROLA, S.A., Director of Barclays Bank, S.A.E., Director and member of the Executive Committee of Vocento y Prensa Española and Chairman of CASBEGA, S.A., and Director of Coca-Cola Iberian Partners.