

## **REPORT PREPARED BY THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A. ON THE PROPOSED RE-ELECTION, CONFIRMATION, AND APPOINTMENT 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 *i* (section 5) of the Capital Companies Act, under which the proposed re-election and appointment of Directors of the Board must be supported in all cases by an explanatory report from the Board of Directors evaluating the skills, experience, and merits of the proposed candidate. It is foreseen that this proposed re-election and appointment will be subject to the approval of the Company's Annual General Meeting convened for the 25 or 26 March 2021, in the first call and second call respectively, under item five of the agenda.

Prior to this report, the Appointments and Remuneration Committee issued in its meeting of 22 February 2021 the statutory report proposing the appointment or re-election of Independent Directors and indicating the Non-Independent Directors whose appointment will be proposed by this Board.

This report also complies with Article 518.e) of the Capital Companies Act covering the general information the company must publish when convening an Annual General Meeting. In the event of the appointment, confirmation, 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 *i* (Sections 6 and 7).

### **2. JUSTIFICATION OF THE PROPOSAL**

#### **2.1 Re-election of Ms Rosa María García Piñeiro as an Independent Director at the proposal of the Appointments and Remuneration Committee**

The Appointments and Remuneration Committee has submitted with the Board of Directors the proposed re-election of Ms Rosa María García Piñeiro as an independent director of the Company.

The competences, experience, and merits of Ms Rosa Garcia, whose re-election as an independent director has been submitted to the Annual General Meeting, are set out in detail in the report issued by the appointment committee.

Based on the information contained in this report, the Board of Directors has been able to verify that the candidate continues to hold the competences, experience, and merits required to hold the position of director.

In particular, the Board has positively valued the contribution made by Ms Rosa García to the optimal operation of Board and committee meetings, highlighting her knowledge and skills regarding the environment, sustainability, and in general related to the industrial sector (her CV is enclosed as Annex I).

Based on her personal and professional qualities, the Board of Directors believes that Ms García Piñeiro possesses the necessary competences, experience, and merits to accept submitting the

Appointments and Remuneration Committee's proposal for her re-election as an Independent Director for the statutory period of three years to the Company's Annual General Meeting.

## 2.2 Appointment of Mr Javier Arregui Abendivar as a proprietary director

Mr Juan Luis Arregui Ciarsolo has notified the Board of Directors of his resignation as a proprietary director with effect from the Company's next general meeting, which will take place on 25 or 26 March 2021. Mr Juan Luis Arregui will remain the Honorary President of the Company, an appointment that was unanimously approved by the Board in April 2019 in recognition of his work and contribution to the success and transformation of the company during his tenure.

The Board of Directors has expressed its profound gratitude to Juan Luis Arregui for his years of service as the Company's President, during which time he made outstanding personal and professional contributions to the company. The Board has endorsed the statement of recognition included by the Appointments and Remuneration Committee in its report, highlighting his status as the main architect of Ence's transformation.

The significant shareholder RETOS OPERATIVOS XXI, S.L. has proposed that Mr Juan Luis Arregui be replaced by Mr Javier Arregui Abendivar, whose appointment is expected to be proposed at the Annual General Meeting.

In view of the favourable report by the appointments and remuneration committee, the board deems that Mr Javier Arregui Abendivar, whose CV is enclosed as Annex II, has the necessary competences and experience, especially in the agroforestry and energy sectors, to justify proposing to the Company's general meeting his appointment as a proprietary director for the statutory period of three years to replace Mr Juan Luis Arregui Ciarsolo.

## 2.3 Appointment of Mr Óscar Arregui Abendivar as proprietary director, replacing the legal entity director Retos Operativos XXI, S.L.

The significant shareholder of the Company Retos Operativos XXI, S.L. has proposed their replacement as proprietary director of the Company by Mr Oscar Arregui Abendivar, who until now has been their natural person representative as a member of the board of Ence, and whose appointment is to be proposed at the Annual General Meeting.

As reported by the appointments and remuneration committee, in view of the planned re-election of the proprietary director Retos Operativos XXI, S.L., the upcoming regulation expected to come into force in the new year has been taken into account, which will require that the members of the board of directors of a listed company be natural persons.

Likewise, the competences, experience, and merits of Mr Oscar Arregui are set out in detail in the report issued by the appointment committee.

Based on the information contained in this report, the Board of Directors has been able to verify that the candidate holds the competences, experience, and merits required to hold the position of director.

Specifically, the Board of Directors has highly valued Mr Arregui's experience and knowledge in matters related to the company's business activity, as well as the quality of his contributions to the dynamics of the meetings (his CV is enclosed as Annex III).

In view of the foregoing, the board deems that Mr Oscar Arregui Abendivar has the necessary competences, experience, and merits to justify proposing to the Company's general meeting his appointment as a proprietary director for the statutory period of three years.

#### 2.4 Appointment of Mr Gorka Arregui Abendivar as proprietary director, replacing the legal entity director Turina 2000, S.L.

The significant shareholder of the Company, Retos Operativos XXI, S.L., has proposed the replacement of Turina 2000, S.L. as proprietary director of the Company by Mr Gorka Arregui Abendivar, who until now has been their natural person representative as a member of the Ence board, and whose appointment is to be proposed at the Annual General Meeting.

As reported by the appointments and remuneration committee, in view of the planned re-election of the proprietary director Turina 2000, S.L., the upcoming regulation expected to come into force in the new year has been taken into account, which will require that the members of the board of directors of a listed company be natural persons.

Likewise, the competences, experience, and merits of Mr Gorka Arregui are set out in detail in the report issued by the appointment committee.

Based on the information contained in this report, the Board of Directors has been able to verify that the candidate holds the competences, experience, and merits required to hold the position of director.

In particular, the board has positively valued the quality of the work carried out by Mr Gorka Arregui Abendivar on the board and on the committees, his knowledge in agroforestry and industrial matters, and his proven experience in strategic and business management (his CV is enclosed as [Annex IV](#)).

In view of the foregoing, the board deems that Mr Gorka Arregui Abendivar has the necessary competences, experience, and merits to justify proposing to the Company's general meeting his appointment as a director for the statutory period of three years.

#### 2.5 Ratification and appointment of Mr. José Ignacio Comenge Sánchez-Real as proprietary director, co-opted appointment by the Company's board of directors on December 22, 2020

Subject to a favourable report by the Appointments and Remuneration Committee, the Board of Directors proposes the confirmation of the appointment of Mr José Ignacio Comenge Sánchez-Real as a proprietary director of the Company.

Mr José Ignacio Comenge Sánchez-Real was appointed member of the board of directors by co-opting, following a favourable report from the appointment committee during its meeting of 22 December 2021, at the proposal of the significant shareholder Mendibea 2002, S.L., in order to fill the vacancy caused by the resignation of the director La Fuente Salada, S.L.

The board has valued Mr José Ignacio Comenge Sánchez-Real's track record as the natural person representing La Fuente Salada, S.L. and Mendibea 2002, S.L. on the Ence Board of Directors since 2014, as well as his proven financial and industrial experience. In particular, the Board valued his knowledge of the company's business, as well as his strategic vision and his significant contribution to discussion and reflection within the Board. His CV is enclosed as [Annex V](#) to this report.

Consequently, the board deems that Mr. Comenge has the necessary competences, experience, and merits to justify proposing to the Company's general meeting his confirmation and appointment as a proprietary director for the statutory period of three years from the date of this agreement.

## 2.6 Appointment of Ms María de la Paz Robina Rosat as an Independent Director at the proposal of the Appointments and Remuneration Committee

With the involvement in the process of an external consultant, the Appointments and Remuneration Committee has forwarded to the Board of Directors for submission to the Annual General Meeting the proposed nomination of Ms María de la Paz Robina Rosat as an independent director of the Company.

Ms Robina Rosat has worked at Michelin Spain and Portugal, where she was the first woman to hold the responsibilities she currently holds (her CV is enclosed as [Annex VI](#)). The Board shares the assessment made by the Appointments and Remuneration Committee regarding her proven experience in the industrial sector, especially in the area of managing of factories and production sites, her positions of responsibility related to logistics and product quality, and her competences in the field of personnel management and training.

Based on her personal and professional qualities, the Board of Directors believes that Ms María de la Paz Robina Rosat possesses the necessary competences, experience, and merits to justify acceptance of the recommendation of the Appointments and Remuneration Committee to the Board for her appointment as an independent director for the statutory period of three years.

## 2.7 Size and composition of the Board of Directors as a result of the above proposals

As a result of the above proposals, and the desire not to be re-elected expressed by Mr Javier Echenique Landiribar and Mr José Carlos del Álamo Jiménez (who, as detailed in the committee report, could not be re-elected under the legal category of independent director as he has reached 12 years as a member of the board), in the event that the General Meeting approves the proposed agreements on appointments and re-elections, the Company's Board of Directors will be composed of 13 members, specifically, 1 executive director and 12 external directors, 5 of whom are independent. Independent directors thus represent 38% of the board, i.e. more than one third, in line with the Good Governance Code recommendation for mid-cap companies. In addition, the board will include 5 women, representing 38% of the total. In this way, Ence meets the target of female directors representing 30% of the board by 2021, which the Company had established in its director selection policy in accordance with the Good Governance Code recommendations for listed companies, thus demonstrating its firm commitment to gender diversity in the composition of the board.

### **3. APPOINTMENT OF COORDINATING INDEPENDENT DIRECTOR AND COMPOSITION OF THE COMMITTEES**

In the event that the Annual General Meeting to be held on 25 or 26 March 2021, on the first or second call, respectively, approves the proposed agreements on appointments and re-elections reported in the preceding sections, the Board of Directors has adopted the following decisions, effective from the date of the aforementioned General Meeting:

- The appointment of Ms Irene Hernández Álvarez as coordinating independent director, replacing Mr José Carlos del Álamo Jiménez.
- The appointment of Ms Rosa María García Piñeiro as chairwoman of the sustainability committee, replacing Mr José Guillermo Zubía Guinea, who remains a member of this committee.
- The appointment of Ms Amaia Gorostiza Tellería as chairwoman of the appointments and remuneration committee, replacing Mr José Carlos del Álamo Jiménez, and as a member of the sustainability committee.
- The appointment of Mr Gorka Arregui Abendivar as a member of the executive committee, who will cease to form part of the Audit Committee and the Appointments and Remuneration Committee.
- The appointment of Mr Oscar Arregui Abendivar as a member of the Audit Committee and the Executive Committee, who will cease to form part of the Sustainability Committee.
- The appointment of Ms Maria de la Paz Robina Rosat as a member of the Appointments and Remuneration Committee.
- The appointment of Mr Javier Arregui Abendivar as a member of the Appointments and Remuneration Committee and the Sustainability Committee.

Therefore, if the proposals for appointment and re-election of directors submitted at the meeting are approved, the composition of the board committees as of that date would be as follows:

#### **EXECUTIVE COMMITTEE**

Name	Position	Type of Director
Mr Ignacio de Colmenares Brunet	Chairman	Executive
Mr Gorka Arregui Abendivar	Member	Proprietary
Mr José Guillermo Zubia Guinea	Member	Other external members
Mr Fernando Abril-Martorell Hernández	Member	Other external members
Mr José Ignacio Comenge Sánchez-Real	Member	Proprietary
Mr Oscar Arregui Abendivar	Member	Proprietary

Ms Irene Hernández Álvarez	Member	Independent
Mr José Antonio Escalona de Molina	Secretary	Non-member

#### **AUDIT COMMITTEE**

Name	Position	Type of Director
Ms Irene Hernández Álvarez	Chairwoman	Independent
Ms Rosa María García Piñeiro	Member	Independent
Ms Isabel Tocino Biscarolasaga	Member	Independent
Mr Oscar Arregui Abendivar	Member	Proprietary
Mr José Guillermo Zubía Guinea	Secretary	Other external members

#### **APPOINTMENTS AND REMUNERATION COMMITTEE**

Name	Position	Type of Director
Ms Amaia Gorostiza Tellería	Chairwoman	Independent
Ms Maria de la Paz Robina Rosat	Member	Independent
Mr Fernando Abril-Martorell Hernández	Member	Other external members
Mr Javier Arregui Abendivar	Member	Proprietary
Ms Isabel Tocino Biscarolasaga	Member	Independent
Mr José Antonio Escalona de Molina	Secretary	Non-member

#### **SUSTAINABILITY COMMITTEE**

Name	Position	Type of Director
Ms Rosa María García Piñeiro	Chairwoman	Independent
Mr José Guillermo Zubía Guinea	Member	Other external members

Mr Javier Luis Arregui Abendivar	Member	Proprietary
Mr Víctor Urrutia Vallejo	Member	Proprietary
Ms Amaia Gorostiza Tellería	Member	Independent
Mr José Antonio Escalona de Molina	Secretary	Non-member

#### 4. APPROVED PROPOSALS

The complete text of the approved proposals on the re-election of Directors, which will be subject to separate voting at the General Meeting, is as follows:

**FIFTH A. RE-ELECTION OF MS ROSA MARÍA GARCÍA PIÑEIRO AS INDEPENDENT DIRECTOR.**

*To re-elect, at the proposal of the Appointments and Remuneration Committee, as a member of the Company's Board of Directors, Ms. Rosa María García Piñeiro, in the capacity of Independent Director for the statutory period of three years from the approval of this agreement.*

**FIFTH B. APPOINTMENT OF MR JAVIER ARREGUI ABENDIVAR AS PROPRIETARY DIRECTOR.**

*To appoint, at the proposal of the Board of Directors, as a member of the Company's Board of Directors, Mr Javier Arregui Abendivar, in the capacity of Proprietary Director for the statutory period of three years from the approval of this agreement.*

**FIFTH C. APPOINTMENT OF MR OSCAR ARREGUI ABENDIVAR AS PROPRIETARY DIRECTOR.**

*To appoint, at the proposal of the Board of Directors, as a member of the Company's Board of Directors, Mr Oscar Arregui Abendivar, in the capacity of Proprietary Director for the statutory period of three years from the approval of this agreement.*

**FIFTH D. APPOINTMENT OF MR GORKA ARREGUI ABENDIVAR AS PROPRIETARY DIRECTOR.**

*To appoint, at the proposal of the Board of Directors, as a member of the Company's Board of Directors, Mr Gorka Arregui Abendivar, in the capacity of Proprietary Director for the statutory period of three years from the approval of this agreement.*

**FIFTH E.- CONFIRMATION OF THE APPOINTMENT OF MR JOSÉ IGNACIO COMENGE SÁNCHEZ-REAL AS PROPRIETARY DIRECTOR, FOLLOWING HIS CO-OPTING BY THE COMPANY'S BOARD OF DIRECTORS ON 22 DECEMBER 2021.**

*To confirm, at the proposal of the Board of Directors, the appointment of Mr José Ignacio Comenge Sánchez-Real, appointed as Proprietary Director by co-opting in the meeting of the Board of Directors of 22 December 2021, and to appoint him as proprietary director for the statutory period of three years from the approval of this agreement.*

**FIFTH F. APPOINTMENT OF MS MARIA DE LA PAZ ROBINA ROSAT AS INDEPENDENT DIRECTOR.**

*To appoint, at the proposal of the Appointments and Remuneration Committee, as a member of the Company's Board of Directors, Ms Maria de la Paz Robina Rosat, in the capacity of Independent Director for the statutory period of three years from the approval of this agreement.*

***FIFTH G. ESTABLISHMENT OF THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS AT THIRTEEN (13).***

*To establish the number of members of the Board of Directors at thirteen (13), within the limits established in the Company's Articles of Association."*



## Annex I

### **CV of Ms Rosa María García Piñeiro**

Ms Rosa María García Piñeiro holds a degree in Industrial Engineering from the University of Vigo and a master's degree in Business Administration and Management from the University of Geneva, as well as a master's degree in Environmental Engineering from the EOI Business School. She has extensive experience in the industrial sector, with a remarkable focus on the environment and sustainability, and with an international vision. She has spent her professional career at Alcoa, where she has held positions such as Environmental Engineer, Internal Environment Auditor, Director of Occupational Safety and Health, Director of Government Affairs and Sustainability for Europe, and Chairwoman of Alcoa Inespal, S.L. in Spain.

She is currently the Alcoa Group's Global Sustainability Director and the Chairwoman of the Alcoa Foundation. She is also an independent Director on the Board of Directors of Acerinox, S.A.

**Annex II**

**CV of Mr Javier Arregui Abendivar**

He has an undergraduate degree in Business Administration from the University of Saint Louis (Missouri, USA) and a postgraduate degree in Finance from San Andrés University (Buenos Aires, Argentina). He has occupied different positions of responsibility within Grupo Seche, and he has been Board of Directors member with Cesa, Grupo Guascor, and Foresta Capital, among others.

Before his appointment as the natural person representing TURINA 2000, S.L., the office he held in Ence was Managing Director of international development and forestry assets, forming part of the company's management committee.

He is currently the sole Director of Grupo Foresta, S.L.

### **Annex III**

#### **CV of Mr Óscar Arregui Abendivar**

Óscar Arregui Abendivar qualified as an industrial engineer at the Bilbao Advanced Technical School of Engineering (specialising in electrical engineering). He holds a Master's in Business Administration (MBA) from IESE Business School. He is the natural person representing Ence Retos Operativos XXI, S.L. as a proprietary director and he is a member of the Sustainability Committee.

He has occupied several positions of responsibility within Grupo Guascor in the fields of both research and development and its expansion into the North American market.

He is currently the Director of Cermanca XXI, S.L., Deputy Secretary of Torneados Numéricos, S.A. and Daima Global, S.L., and a Board Member of Turina 2000, S.L.

**Annex IV**

**CV of Mr Gorka Arregui Abendivar**

With a degree in Law, Mr Gorka Arregui Abendivar has held positions of responsibility in companies in the industrial, energy, agri-food, and forestry investment sectors, among others.

He is currently a Member of the Board of Directors of companies belonging to these sectors, such as Foresta, Ciresco S.A., Gopisa, S.A., and Investigación y Desarrollo Agrario, S.A.

**Annex V**

**CV of Mr José Ignacio Comenge Sánchez-Real**

Ignacio Comenge Sánchez-Real is an economist who held several positions in the Banco Hispano Americano between 1973 and 1983, such as Deputy Director of Foreign Trade, Vice-president of the offices in London, New York, and Chicago, and Director of Large Companies.

From 1984 to 2002 he occupied the following positions in MUTUA MADRILEÑA AUTOMOVILISTA: Director responsible for the Financial Area and Vice-chairman of the Board of Directors.

He is currently Chairman of Ball Beverage Can Iberica, S.L. and a Director with COCA-COLA EUROPEAN PARTNERS, plc, EBRO FOODS S.A., BARBOSA & ALMEIDA, S.A., and AZORA EUROPA I, S.A.

## Annex VI

### **CV of Ms Maria de la Paz Robina Rosat**

Ms Maria de la Paz Robina Rosat holds a degree in Chemistry from the University of Valladolid.

She has spent her entire professional career in Michelin Spain and Portugal where she has been the first woman to hold each position she has taken on. In February 1988 she joined Michelin Spain at the Vitoria factory, holding various positions of responsibility within the quality and manufacturing areas in the production of semi-finished products. In February 1993, she went to the Aranda de Duero factory and continued in the Quality and Industrialisation area where she was responsible for Quality Assurance in the manufacture of truck tyres. In June 2004, at the Valladolid headquarters, she became the head of Personnel Management, Training, and Administration for all of Michelin Spain and Portugal. From July 2009, for 7 years, she managed the truck tyre factory in Aranda de Duero. In August 2016, she took over the management of the Michelin Industrial Centre in Alava, one of the largest in the world, comprising 4 industrial activities in Vitoria and a logistics centre in Araia.

Currently, since March 2019, she has been the Human Resources Director, Managing Director, and Chairwoman of the Board of Directors of Michelin Spain Portugal S.A. She is also a member of the Board of Directors of Signus Ecovalor, the Executive Board of Consorcio del Caucho, and the Governing Board of the automotive cluster FACYL.