

**REPORT MADE BY THE APPOINTMENTS AND REMUNERATION COMMISSION TO THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A. REGARDING THE BOARD'S PROPOSAL TO RE-ELECT MEMBERS OF THE BOARD OF DIRECTORS AND THIS COMMISSION'S PROPOSAL TO RE-ELECT AND APPOINT INDEPENDENT DIRECTORS**

**1. PURPOSE OF THE REPORT**

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

Likewise, this report complies with section 4 in Article 529 *decies* of the Capital Companies Act, which assigns the Appointments and Remuneration Commission the right to make proposals for the appointment or re-election of Independent Directors.

It is expected that the proposal for the appointment and re-election of members of the Board of Directors will be submitted for approval at the Company's Annual General Meeting called for on 30 and 31 March 2021 at 12:30 p.m. in first and second call, respectively, under the fifth point of the agenda.

**2. BACKGROUND INFORMATION ON THE APPOINTMENTS AND REMUNERATION COMMISSION REPORT**

In accordance with the Company's Board of Directors Regulations, the proposals for the appointment and re-election of Directors submitted at the Annual General Meeting must be subject to a formal process, of which a report issued by the Appointments and Remuneration Commission will necessarily form part.

For the purposes of issuing the required report, the Commission has taken the following into account:

- Board selection policy and diversity in board composition
- The competency matrix
- The education, professional experience, and suitability of the directors
- The time commitment required

The Appointments and Remuneration Commission has also taken into account the vacancies that will arise on the Board of Directors as a result of the wish expressed in advance by Ms Isabel Tocino Biscarolasaga and Ms Amaia Gorostiza Tellería if they are not re-elected by the next General Meeting.

In addition, the Appointments and Remuneration Commission has taken into account the vacancies that will arise on the board of directors as a result of the wish expressed in advance by Mr Victor Urrutia Vallejo to resign from his position as a member of said body, with effect from the next general meeting.

The Commission expressly records in this report its appreciation to Ms Isabel Tocino Biscarolasaga, Ms Amaia Gorostiza Tellería, and Mr Víctor Urrutia Vallejo for their extraordinary personal and professional contribution to the company.

### **3. REPORT ON THE APPOINTMENT AND RE-ELECTION OF NON-INDEPENDENT DIRECTORS**

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

For this purpose, the Commission 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 Board of Directors Regulations of the Company, the proposals for the appointment and re-election of Directors that the Board of Directors decides to submit to the General Meeting of Shareholders must be subject to a formal preparation process, of which a report issued by the Appointments and Remuneration Commission will necessarily be a party.

The Appointments and Remuneration Commission, based on the profiles of the candidates, and in accordance with the policy for selecting Directors, the skills matrix, and the current needs of the Company's corporate bodies, has agreed to report favourably on the nomination proposals for the re-election of Non-Independent Directors, as explained below.

#### **3.1 Re-election of Mr Fernando Abril-Martorell Hernández as other External Director**

The Appointments and Remuneration Commission has highly valued the quality of work, as well as the previous performance and dedication to the position of Mr Abril-Martorell since his first appointment as a director of the Company in 2007, both on the board and on the executive and Appointments and Remuneration Commissions.

Mr Abril-Martorell has extensive experience in the business world, with recognised management skills in various sectors, such as telecommunications, technology and finance. He is a highly qualified professional, with international projection, and he has experience in managing diverse teams. His strategic vision, his knowledge and his skills in the management of large corporations in complex environments have enriched the debate within the Board of Directors and the Committees which he has been a member of.

The Commission considers that in the current environment, where the Company faces significant challenges, his profile as a solid and prestigious manager, together with his knowledge of the company and the sector in which he operates, he is a necessary asset to support and supervise, together with the rest of the Board, the Company's activity.

For this reason, the Commission has agreed to submit his favourable report to the board so that he can propose to the General Meeting of Shareholders the re-election of Mr Abril-Martorell as another External Director for the statutory period of three years.

#### **3.2 Re-election of Mr José Guillermo Zubía Guinea as another External Director**

In relation to the re-election proposal of Mr José Guillermo Zubía, the Commission has valued very positively the quality of his work, as well as his previous performance, and his dedication to the position since his incorporation in 2007.

Mr Zubía has considerable experience in, and extensive knowledge of the business sector. His performance as Chairman of the Audit Committee, the Appointments and Remuneration Commission and the Sustainability Commission has been very relevant in reaching the Company's current level of corporate governance; likewise, his work as a Director and member of the Executive Commission, and his contributions are highly valued by the members of the Board. He is a professional who combines his extensive business experience with solid knowledge of legal, financial, accounting, risk and auditing matters, which makes his participation in corporate bodies very valuable, as he enriches discussions and debates. He also has deep knowledge of the company and his sector.

For this reason, the Commission has agreed to submit his favourable report to the board so that he can propose to the General Meeting of Shareholders his re-election as another External Director for the statutory period of three years.

### 3.3 Appointment of Mr Ángel Agudo Valenciano as proprietary director.

The significant shareholder of the Company, Asúa Inversiones, S.L., has notified the Company of its proposal to replace Mr Víctor Urrutia Vallejo with Mr Ángel Agudo Valenciano, whose appointment as director will be submitted for approval at the general shareholders' meeting. The Appointments and Remuneration Commission, after analysing the professional career of Mr Ángel Agudo Valenciano, has concluded that he is suitable to occupy the position of proprietary director, which it considers appropriate to the needs of the Board. His capacity for dedication to the position has also been assessed, concluding that his other professional occupations allow him to dedicate himself effectively to the exercise of his duties as a director of the Company.

The Commission has therefore agreed to submit its favourable report to the board so that it can propose to the general meeting the appointment of Mr Ángel Agudo Valenciano as proprietary director for the statutory period of three years, replacing Mr Víctor Urrutia Vallejo.

## **4. PROPOSAL FOR INDEPENDENT DIRECTOR RE-ELECTION**

The Appointments and Remuneration Commission has decided to submit the proposal to the Board of Directors for submission at the Annual General Meeting for the re-election of Ms Irene Hernández Álvarez as an Independent Director of the Company.

The Appointments and Remuneration Commission has very positively assessed the quality of the work, her performance and the dedication to the position of Ms Hernández (whose CV is enclosed as Annex I to this report) as an independent director since joining the board in 2019. The Commission has highlighted her knowledge and experience in the financial, accounting and risk areas, as well as her performance as chair of the Audit Committee, in which she has stood out for her dedication and rigour, tackling in depth the analysis of the different issues dealt with and contributing her knowledge and experience in a systematic and enriching manner for the proper functioning of the body. Her work as Coordinating director is also recognised, having generated a very positive dynamic of communication and relationship with directors during the performance of her role.

The Commission also considered the dedication and performance of Ms Hernández as a member of the Executive Commission to be excellent.

Based on her personal and professional qualities and the performance of her duties as a director, the Appointments and Remuneration Commission considers that Ms Hernández has the necessary competences, experience, and merits to justify submitting to the board of directors the proposal for the re-election of Ms Irene Hernández Álvarez as independent director for the statutory period of three years, to be submitted to the general meeting.

## **5. PROPOSAL FOR APPOINTMENT OF INDEPENDENT DIRECTORS**

In order to fill the vacancies that will arise on the Board with the departure of Ms Isabel Tocino Biscarolasaga and Ms Amaia Gorostiza Tellería, the Appointments and Remuneration Commission has considered it appropriate to incorporate two new independent female directors, for which purpose it has carried out a selection process in which an external consultant of recognised prestige has participated.

Taking into account the experience and knowledge deemed necessary and the commitment to gender diversity set out in the Director Selection Policy and to diversity in the composition of the board, at the beginning of the candidate selection process the Commission defined the profile of the ideal director to fill these vacancies and to complement and reinforce the profile of the existing directors, taking into account the competency matrix of the board of directors and the present and future needs of the Company's corporate bodies.

Specifically, the profiles identified required outstanding skills in the economic-financial, risk and business management fields

As a result of this selection process, the board of directors has presented with the proposal by the Appointments and Remuneration Commission for the appointment of Ms Carmen Aquerreta Ferraz and Ms Rosalia Gil-Albarellos Marcos as independent directors of the Company for submission to the general meeting.

Ms Carmen Aquerreta Ferraz (whose CV is attached as Annex II) holds a degree in Economics and Business Administration and a degree in Law from the Pontificia Comillas University, and has developed her professional career in important consultancy firms. She is currently a director of Andbank and of Indra Sistemas, S.A.

Ms Rosalia Gil-Albarellos Marcos (whose CV is attached as Annex III) is a Forestry Engineer from the Polytechnic University of Madrid, and has a long professional career in environment and sustainability. She is currently Director of the Environment, Water Engineering and Sustainability Area of PROES (AMPER Group).

Based on her personal and professional qualities, which correspond to the profiles established to initiate the selection process, the Appointments and Remuneration Commission deems that Ms Carmen Aquerreta Ferraz and Ms María de la Paz Robina Rosat possess the necessary competences, experience, and merits that justify submitting to the board of directors for submission to the general meeting the proposal for their appointment as independent directors for the statutory period of three years.

**6. SIZE AND COMPOSITION OF THE BOARD OF DIRECTORS AS A RESULT OF THE ABOVE PROPOSALS**

As a consequence of the above, in the event that the General Meeting approves the proposed decisions on appointments and re-elections, the Company's board of directors will be composed of 13 members, namely 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.

## Annex I

### **CV of Ms Irene Hernández Álvarez**

Irene Hernández Álvarez is an independent director of Ence, Coordinating Director and member of its Executive Commission and Chairwoman of the Audit Committee. The date of her first appointment as director is 28/03/2019. She has a degree in Economics and Business Administration from ICADE. She has been awarded the Extraordinary End-of-Degree Award and Second National Prize in Economics. She began her professional career at JP Morgan in Madrid and New York, between 1987 and 2001, where she was responsible for major fixed income and equity operations in national and international markets. She has had an outstanding career in financial advisory services for family businesses. She is a founding partner of Impulsa Capital, a company dedicated to corporate financial advice in the field of private equity/risk capital, and a Registered Advisor to BME Growth and Listing Sponsor of Euronext. She is currently an Independent Director of Saint Croix Holding Immobilier SOCIMI, S.A. and an Independent Director of Elecnor, S.A.

## Annex II

### **CV of Ms Carmen Aquerreta Ferraz**

She holds a degree in Economics and Business Administration and in Law from the Pontificia Comillas University, and a Master's degree in International Relations from Johns Hopkins University.

She has extensive professional experience in the consultancy sector. In her professional career she has worked at important companies such as Andersen, in Madrid, where she held the position of global director of strategy and planning (tax and legal), BCG - Boston Consulting Group and Mitchell Madison Group where she managed the global diversification strategy for consumer goods as well as the commercial and risk strategy for the national financial entity.

She was a partner at Deloitte UK and Deloitte North West Europe (2006-2019), where she led the intangibles and intellectual property practice, the global relationship with Vodafone Plc and numerous major projects for BAE Systems and Thales among others. She has also worked as a lawyer at the World Bank (Washington) where she developed the KPIs and strategy for judicial reform in the Latin American division.

She is an independent director of the Andbank Group, a member of its Audit Commission and Chairwoman of its Appointments and Remuneration Commission. She is also an independent director of Indra Sistemas, S.A. and a member of its Sustainability Commission and Audit Commission. She is a member of the Directors-Managers Institute and the Business Circle.

### Annex III

#### **CV of Ms Rosalia Gil-Albarellos Marcos**

She holds a degree in Forestry Engineering from the Polytechnic University of Madrid and a Master's Degree in Environment and Land Management from the Polytechnic University of Valencia. She has also completed a General Management Programme (PDG) at IESE Business School.

From 1987 to 1992 she worked as an environmental project technician in several engineering companies such as Inypsa, Desherca and Espacios Naturales. In 1992, she joined Prointec (later acquired by the Indra Group) and worked there until 2021. She held various managerial responsibilities there, including chief operations officer and director of environment, water and ports. Since July 2021, she has been the director of the environment, water engineering and sustainability area of Proes (Amper Group). During her time as chief operations officer of Prointec (2011-2014) she led, as head of production, a business with a turnover of around 60 million euros. She was in charge of teams of some 800 people in Spain and 400 abroad. She has been a member of the board of directors of Tecniberia (engineering employers' association) and chairwoman of its environment committee from 2015 to 2021, where she promoted the creation of the "Women in Engineering" Committee.

She is currently Director of the Environment, Water Engineering and Sustainability Area of PROES (AMPER Group).