


ENCE ENERGÍA Y CELULOSA			
NAME	BOARD SELECTION POLICY AND DIVERSITY IN BOARD COMPOSITION		
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1. Introduction

This document's purpose is to summarise and classify the standard policy for the selection of Board Member candidates and diversity in board composition of the Board of Directors of Ence ENERGIA Y CELULOSA S.A. (hereinafter, "Ence" or the "Company") subject to current regulations and best practice of corporate government. The Board of Directors of the Company recognises the essential character for its government strategy is transparency, in all of its actions, including the process of election and re-election of Board Members.

This - public, specific, and verifiable - policy promotes an appropriate composition of the Board of Directors and ensures that proposals for appointment or re-election are based on a prior analysis of the competencies required by the board, while favouring diversity of knowledge, experience, age, and gender.

2. Scope

This policy is applicable to the selection of the candidates in the processes of election and re-election of Company Board Members.

3. Objectives for candidate selection

The Board of Directors, subject to a favourable report from the Appointments and Remuneration Committee, is in charge of updating the skill matrix of Board Members when necessary.

In the scope of the selection process, the Board of Directors, following analysis of the Company's required competencies, will select the Board candidates that possess the qualities and abilities contained in the following section 4, with the consultation and supporting report of the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee and the Board of Directors shall ensure that the procedures for selecting board members and its committees favour diversity with respect to issues such as age, gender, disability, and professional training and experience, and are not subject to implicit biases that may imply any discrimination and, in particular, that facilitate the selection of female Board Members in a number that enables a balanced presence of women and men to be achieved.

4. Election and re-election process

The proposal for election or re-election of Board Members of the Board of Directors is the responsibility of the Appointments and Remuneration Committee, in the case of Independent Board Members, and of the Board itself in the rest of cases.

Said proposal must be accompanied in any case by a supporting report of the Board, in which the competence, experience and achievements of the proposed candidate are assessed. Additionally, the Appointments and Remuneration Committee must document the election or re-election of any non-independent Board Member.

Any Board Member can suggest candidates, as long as they meet the requirements documented in this policy.

Furthermore, the Company can count on the collaboration of external consultants for the proposal and assessment of the candidates for Board Member.

5. Candidate conditions

The candidates for Board Members must be honest, honourable, committed, responsible, in good standing, possess adequate training, proven experience and aligned with the culture of the Company. Additionally, proposals for re-election must consider the quality of work and the dedication to the position of the proposed Board Members during the previous term.

Furthermore, the aim is to obtain an adequate balance in the Board that will enhance decision making and provide multiple points of view to the debate of the matters within its competence.

The maximum number of boards of other companies that the Board Members of the Company can take part in will be the one established at any time in the Rules and Regulations of the Board of Directors.

Exceptionally and in view of concurrent personal and professional circumstances, the Board, after a favourable report from the Appointments and Remuneration Committee, may individually authorise exceeding the limit established in the previous paragraph when the dedication of the affected Director is not compromised. If this situation arises, this authorisation is reported in the Annual Corporate Governance Report.

6. Incompatibilities

These candidates will not be able to be considered for election or re-election as a Board Member:

- a) When they are affected by any of the legally applicable situations concerning disability, incompatibility or prohibition.
- a) When they are prosecuted or placed on trial for any of the offences indicated in Article 213 of the Capital Companies Act, which shall be reported in the Annual Corporate Governance Report, or when sanctioned as a result of disciplinary proceedings brought by the supervisory authorities owing to a severe or very severe offence.
- b) When they are seriously admonished by the Appointments and Remuneration Committee for having breached their obligations as Board Members of the Company.
- c) When a member remaining on the Board could seriously jeopardise the interests of the Company or when the reasons for which they were appointed no longer exist.
- d) Those who have occupied a senior position in the public sector in the previous two years to their present elected status, incompatible with the simultaneous performance of the duties of a Board Member in a listed company, or in positions of responsibility in the regulatory bodies of the industry or industries in which the Company operates.
- e) Those who have in any form opposing interests to those of the Company.

7. Compliance Verification

The Appointments and Remuneration Committee should verify compliance with this Policy and report thereon to the Board of Directors, which shall be included in the Annual Corporate Governance Report.