

NAME

DIRECTOR SELECTION POLICY

PROCEDURE

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1. Introduction

The aim of this document is to systematise and summarise the policy for the selection of board of directors candidates that ENCE ENERGÍA Y CELULOSA, S.A. has been applying in recent years and disclosing in the annual corporate governance reports, which has been made available to the ordinary general meetings.

The Company's board of directors treats transparency as an integral part of its corporate governance strategy and as an element that must be present in all its actions, including the director selection process.

This specific and verifiable policy, which is publicly available, effectively ensures that appointment and re-election proposals follow a preliminary analysis of the actual needs of the board of directors, while also helping to ensure that the board is suitably diverse in terms of expertise, experience and gender.

2. Scope

This policy applies to the selection of natural person candidates for positions on the Company's board. In the case of body corporate candidates, it will apply both to such legal entities and to the natural persons who are to represent them on the board.

3. Objectives

Following an analysis of the Company's needs, the board of directors shall select candidates that have the qualities and aptitudes set out in section 4 below, after receiving a report and proper advice from the appointments and remuneration committee.

Such Committee must also ensure that the selection procedures are not affected by implicit biases that may involve gender discrimination. In this regard, as well as helping to ensure that the board is suitably diverse in terms of its expertise and experience, the director selection policy will see to it that by 2020 female board members represent at least 30% of total board members.

4. Selection process. Collaboration with external advisors

The proposal for appointment or reappointment of members of the board of directors is the responsibility of the appointments and remuneration committee for independent directors, and of the Board itself in all other cases.

Such proposal must be accompanied by an explanatory report from the board assessing the competence, experience and merits of the proposed candidate. In addition, the appointments and remuneration committee must inform about the appointment or reappointment of any non-independent director.

Any board member may put forward specific candidates provided they meet the requirements contained in this policy.

Similarly, the Company may arrange the services of external advisors to appraise board candidates.

5. Requirements that candidates must meet

Board candidates must be upstanding, reputable, committed, responsible, of recognised standing, suitably qualified and with proven experience in line with the Company's own culture. In addition, the proposals for reappointment must take into account the quality of work and dedication shown by the proposed directors during the preceding term.

Moreover, the aim will be to achieve a proper balance on the board so as to enhance decision-making and ensure different points of view and stances when discussing board business.

The maximum number of boards of other companies on which the Company's directors may sit must not exceed 3 in the case of executive directors, and 5 in the case of non-executive directors (except for family and holding companies).

In exceptional cases and in view of the personal and professional circumstances, the board, after receiving a favourable report from the appointments and remuneration committee, may authorise on an individual basis a larger number than that established in the preceding paragraph when it deems that such a decision does not limit or compromise the dedication of the director in question. In

such a case, the authorisation will be reported in the annual corporate governance report.

6. Incompatibilities

The following individuals are disqualified as candidates for appointment or reappointment as directors, with this extending to natural person representatives of body corporate board members:

- a) Individuals that fall within any kind of incompatibility or prohibition envisaged by law.
- a) Individuals prosecuted or involved in a trial for any of the offences set forth in section 213 of the Capital Enterprises Act, or directors affected by disciplinary proceedings for serious or very serious misconduct initiated by supervisory authorities.
- b) Directors who have been seriously admonished by the audit committee for having infringed their obligations as Company directors.
- c) Directors whose presence on the board may seriously compromise the Company's interests or when the reasons for which they were appointed no longer apply.
- d) Individuals who, in the two years leading up to their hypothetical appointment, held senior positions in the public sector incompatible with the simultaneous performance of board functions within a listed company, or held positions of responsibility at the regulatory bodies of the sector or sectors in which the Company operates.
- e) Any person whose interests conflict in any way with those of the Company.

7. Verifying compliance

The appointments and remuneration committee shall verify compliance with the director selection process each year and provide full details of its findings in the annual corporate governance report.