

**REPORT AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A. CONCERNING THE PROPOSED REAPPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS (INCLUDING THE IDENTITY, CVS AND CATEGORIES OF THE MEMBERS PROPOSED)**

**1. PURPOSE OF THE REPORT**

The Board of Directors of ENCE ENERGÍA Y CELULOSA, S.A. (the “**Company**”) is issuing this report in due compliance with Article 529 *decies* (section 5) of Spain's Corporate Enterprises Act ("Ley de Sociedades de Capital"), by virtue of which proposals to reappoint Board members must be accompanied by a justificatory report by the Board in appraisal of the competence, experience and merits of the candidate nominated. This reappointment proposal shall be submitted for approval at the Company's General Shareholders' Meeting on 27 and 28 April 2015, on first and second call respectively, as item five on the agenda.

This report also complies with Article 518.e) of the Corporate Enterprises Act, which stipulates that the general information that must be published by the Company when a General Meeting is called for the purposes of appointment, ratification or reappointment of Board members includes the identity, curriculum vitae and category of each, as well as the proposal and reports referred to in Article 529 *decies* (section 6). Moreover, if the Board member is a legal entity, information must be included concerning the individual who represents the Board member to be appointed.

**2. JUSTIFICATION FOR THE PROPOSAL**

**2.1 Reappointment of Mr. Juan Luis Arregui Ciarsolo as proprietary director**

Further to a favourable report by the Appointments and Remuneration Committee, the Board proposes that Mr. Juan Luis Arregui Ciarsolo be reappointed as proprietary director of the Company, with the stipulation that he has been proposed to the Board by the shareholder Retos Operativos XXI, S.L.

Mr. Arregui Ciarsolo holds a degree in Technical Engineering from the Bilbao Higher School of Engineering and in Numerical Control from Wandsdorf (Germany), and also has a Master's degree in Micro-Mechanical Engineering from Besançon (France). He founded companies and worked for more than twenty years in administrative and managerial posts in the same sectors as the Company. To complete the information, Mr. Arregui Ciarsolo's curriculum vitae is attached to this report as Appendix I.

In view of the above and of the experience acquired by Mr. Arregui Ciarsolo as director and chairman of the Company (he was first appointed in 2006), the Board considers that Mr. Arregui Ciarsolo has the necessary competence, experience and merits for a proposal to be issued to the Company's General Meeting to reappoint him as proprietary director for the period stipulated in Company by-laws of three years from adoption of the resolution.

**2.2 Reappointment of Mr. Javier Echenique Landiribar as other external director**

Further to a favourable report by the Appointments and Remuneration Committee, the Board proposes that Mr. Javier Echenique Landiribar be reappointed as other external director.

The Board considers that Mr. Echenique has the necessary competence, experience and merits for a proposal to be issued to the Company's General Meeting to reappoint him.

Mr. Echenique has a degree in Economics and Actuarial Sciences. He currently holds a number of managerial posts at multinationals, as set out in his curriculum vitae attached as [Appendix II](#), and is a trustee of the Novia Salcedo Foundation.

In view of his training, his career and extensive experience as a director of the Company (he was first appointed in 2005) and the favourable report by the Appointments and Remuneration Committee, the Board proposes that the Company's General Meeting reappoint him as other external director for the period stipulated in Company by-laws of three years from adoption of the resolution.

It is stipulated that, as a result of the reduction of the stake in the Company's equity of the major shareholder Alcor Holding, S.A. as it had already proposed the appointment of Mr. Pascual Fernández Martínez as proprietary director, this shareholder did not reiterate the proposal for Mr. Echenique to maintain his category as proprietary director on reappointment.

As the Appointments and Remuneration Committee states in its report, Mr. Echenique may not be reappointed as an independent director if Alcor Holding, S.A. continues to hold a stake in the Company, and therefore it is proposed he be reappointed as other external director.

### 2.3 Reappointment of Retos Operativos XXI, S.L. as proprietary director

Further to a favourable report by the Appointments and Remuneration Committee, the Board proposes that Retos Operativos XXI, S.L. be reappointed as proprietary director of the Company, with the stipulation that it has been proposed to the Board by the company.

The Board of Directors feels that the performance of Retos Operativos XXI, S.L. as director through its representative, since it joined the Board in 2006, has been extremely satisfactory in terms of the Company's good governance, and considers that its trajectory and capacity can make a sound contribution to the Board's performance.

In view of the above, the Board considers that Retos Operativos XXI, S.L. (through its representative) has the necessary competence, experience and merits for a proposal to be issued to the Company's General Meeting to reappoint it as proprietary director for the period stipulated in Company by-laws of three years from adoption of the resolution.

### 2.4 Maintenance of Mr. Óscar Arregui Abendivar as the individual representing the director Retos Operativos XXI, S.L.

Mr. Óscar Arregui Abendivar is currently the representative of the proprietary director Retos Operativos XXI, S.L. Mr. Arregui Abendivar holds an Industrial Engineering degree (specialising in electrical engineering) from the Bilbao Higher School of Engineering, and a Master's degree in Business Administration (MBA) from IESE Business School. He has held positions of considerable responsibility at the Guascor Group, and has been involved in research and development and expansion of the group into the North American market. To complete the information, his curriculum vitae is attached to this report as [Appendix III](#).

In view of the above, the Board considers that Mr. Arregui Abendivar has the necessary competence, experience and merits for him to be maintained in his post as the representative director of Retos Operativos XXI, S.L.

## 2.5 Reappointment of Mr. José Carlos del Álamo Jiménez as independent director at the proposal of the Appointments and Remuneration Committee

The Appointments and Remuneration Committee has issued a proposal to the Board for submission to the Company's General Meeting to reappoint Mr. José Carlos del Álamo Jiménez as an independent director of the Company.

Mr. del Álamo holds a degree in Forestry from Madrid Polytechnic and an ESADE managerial diploma. He also studied two doctorates at the Higher School of Forestry Management. He lectures on energy efficiency, environmental project engineering and forestry management, among other subjects, he is President of the Professional Union of Engineering Associations (UPCI), and has held positions of great responsibility in Spain's central government. He also holds posts at a number of companies operating in the environmental sector. His curriculum vitae is attached to this report as Appendix IV.

In view of his personal and professional merits, the Appointments and Remuneration Committee has informed the Board of Directors that it considers that Mr. del Álamo has the necessary competence, experience and merits for a proposal to be issued to the Company's General Meeting to reappoint him as independent director for the period stipulated in Company by-laws of three years.

### **3. PROPOSED RESOLUTIONS**

There follows the full text of proposed resolutions for the reappointment of directors, which shall be submitted to separate votes at the General Meeting:

#### ***"FIVE A.- REAPPOINTMENT OF MR. JUAN LUIS ARREGUI CIARSOLO AS PROPRIETARY DIRECTOR AT THE PROPOSAL OF THE BOARD OF DIRECTORS***

*To reappoint Mr. Juan Luis Arregui Ciarsolo to the Board of Directors of the Company as a proprietary director for the period stipulated in Company by-laws of three years, as of the approval of this resolution.*

#### ***FIVE B.- REAPPOINTMENT OF MR. JAVIER ECHENIQUE LANDIRIBAR AS OTHER EXTERNAL DIRECTOR AT THE PROPOSAL OF THE BOARD OF DIRECTORS***

*To reappoint Mr. Javier Echenique Landiribar to the Board of Directors of the Company as other external director for the period stipulated in Company by-laws of three years, as of the approval of this resolution.*

#### ***FIVE C.- REAPPOINTMENT OF RETOS OPERATIVOS XXI, S.L. AS PROPRIETARY DIRECTOR AT THE PROPOSAL OF THE BOARD OF DIRECTORS AND RECORDING OF THE PERMANENCE OF MR. ÓSCAR ARREGUI ABENDIVAR AS THE INDIVIDUAL REPRESENTING THIS DIRECTOR***

*To reappoint Retos Operativos XXI, S.L. as a proprietary director of the Company's Board for the period stipulated in Company by-laws of three years as of the approval of this resolution, and record the permanence of Mr. Óscar Arregui Abendivar as the individual representing this director.*

#### ***FIVE D.- REAPPOINTMENT OF MR. JOSÉ CARLOS DEL ÁLAMO JIMÉNEZ AS INDEPENDENT DIRECTOR AT THE PROPOSAL OF THE APPOINTMENTS AND REMUNERATION COMMITTEE***

*To reappoint Mr. José Carlos del Álamo Jiménez to the Board of Directors of the Company as independent director for the period stipulated in Company by-laws of three years, as of the approval of this resolution."*

## Appendix I

### **Curriculum vitae - Mr. Juan Luis Arregui Ciarsolo**

Mr. Juan Luis Arregui Ciarsolo was born in Mallavia (Vizcaya). He is a Proprietary Director of the Company, and also the Company's Board Chairman and Chairman of its Executive Committee.

He holds a degree in Technical Engineering from the Bilbao Higher School of Engineering and in Numerical Control from Wandsdorf (Germany), and also has a Master's degree in Micro-Mechanical Engineering from Besançon (France).

Until 1995 he was Chairman of Gamesa Corporación Tecnológica, a company he founded in 1976, where he is now Vice-Chairman of the Board of Directors, a member of the Delegated Executive Committee and a member of the Appointments and Remuneration Committee.

He sat on the Board at Iberdrola (1993-2010), where he was a member of the Audit Committee (1999-2001), the Executive Committee (2002-2010) and the Appointments and Remuneration Committee (2004-2010), and also the Board's Vice-Chairman (2006-2010).

He founded Corporación Eólica Cesa, acting as Chairman until 2006. He has been Chairman of Guascor, a group specialising in cogeneration and environmental disimpact technology, and a Director of Gestora de Proyectos y Contratos, of which he was co-founder.

He founded Foresta Capital, and has been its Chairman since 2002. The company produces hardwood (black walnut and black cherry), and has used its own clones to develop energy crops since 2006. He founded Viña Izadi and has been its Chairman since 1987, Director of GRL Aceite since 2000, and Senior Vice-Chairman of Cartera Industrial Rea since 2008.

## Appendix II

### **Curriculum vitae - Mr. Javier Echenique Landiribar**

Mr. Javier Echenique Landiribar was born in Isaba (Navarra). He is a Proprietary Director of the Company, and also a member of the Company's Audit Committee and Executive Committee.

He holds a degree in Economics and Actuarial Sciences, and has been a Board member and Managing Director of **Allianz-Ercos** and Managing Director of the **BBVA Group** (responsible for the wholesale business: Global Investment Banking, Global Corporate Banking, Corporate Banking, Asset Management, Banking in Europe, Insurance and forecasts, Industrial and Real Estate Group) and Chairman of **Banco Guipuzcoano**.

He has also been a Board member of **Telefónica, S.A., Telefónica Móviles, S.A., Sevillana de Electricidad, S.A., Acesa, Hidroeléctrica del Cantábrico, Metrovacesa, Corporación Patricio Echevarría, Grupo BBVA Seguros, Uralita y Abertis Infraestructuras, S.A.**

He is currently Vice-Chairman of **Banco Sabadell**, and a Board member of **REPSOL YPF, ACS Actividades de Construcción y Servicios, ACS Servicios, Comunicaciones y Energía, Telefónica Móviles México**.

He is also a member of the Advisory Council of **Telefónica Europe**, Board delegate for **Telefónica** in the Basque Country, and trustee of the **Novia Salcedo Foundation** and advisor of **Deusto Business School**.

### **Appendix III**

#### **Curriculum vitae - Mr. Óscar Arregui Abendivar**

Mr. Óscar Arregui Abendivar holds an Industrial Engineering degree (specialising in electrical engineering) from the Bilbao Higher School of Engineering. He also has a Master's degree in Business Administration (MBA) from IESE Business School. He is the representative of Ence's proprietary director Retos Operativos XXI, S.L., and is a member of the Appointments and Remuneration Committee.

He has held positions of considerable responsibility at the Guascor Group, and has been involved in research and development and expansion of the group into the North American market.

#### **Appendix IV**

#### **Curriculum vitae - Mr. José Carlos Del Álamo Jiménez**

Mr. José Carlos Del Álamo Jiménez is an independent director of the Company.

He holds a degree in Forestry from Madrid Polytechnic and an ESADE managerial diploma. He also studied two doctorates at the Higher School of Forestry Management. He is also a lecturer on the Energy Efficiency and Climate Change Master's degree course at the Environmental Sciences University Institute, part of Madrid's Complutense University, lecturer on the Environmental Project Engineering Master's degree course at Madrid Polytechnic, lecturer on the Carolina Foundation's Forestry Management Policies and Instruments advanced course, and also a lecturer at the San Pablo CEU University and other academic institutions.

He has held positions of great responsibility in both central government, where he served as Director-General of Nature Conservation (Ministry of the Environment), and at the autonomous community level, where he founded the Regional Ministry of Environment of Galicia and was Board member from 1997 to 2003, and Director-General of Forests and the Natural Environment from 1990 to 1996. He was also Vice-Chairman of the Autonomous National Parks Authority, Chairman of the Islas Atlánticas National Park, member of the Ministry of the Environment's Environmental Advisory Board and Chairman of the Galician Environmental Council.

He is also Chairman of the Professional Union of Engineering Associations (UPCI), President and Dean of the College and Association of Forestry Engineers, Secretary of the "Forests and Climate Change" Forum, Chairman of the "Environmental Forum for Economic and Social Progress" and a Board member of the Castilla y León and Madrid Regional Government's Hunting Council.

He is currently member of the Council of the National Park Network of the Ministry of Agriculture, Food and Environment; Board member of the national park of Sierra de Guadarrama; Chairman of Tecnoma Aprovechamientos Energéticos and Chairman of TYPESA Estadística y Servicios, all of which belong to the TYPESA Group, of which he is also Vice-Chairman.