

REPORT AUTHORISED FOR ISSUE BY THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A. CONCERNING THE PROPOSED RE-ELECTION AND APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS (INCLUDING THE IDENTITY, CV AND CATEGORIES OF THE PROPOSED BOARD MEMBERS)

1. PURPOSE OF THE REPORT

The board of directors of ENCE ENERGÍA Y CELULOSA, S.A. is issuing this report in due compliance with article 529 *decies* (section 5) of Spain's Corporate Enterprises Law (Ley de Sociedades de Capital), whereby proposals to re-elect Board members must be accompanied by a supporting report issued by the board appraising the competence, experience and merits of the candidates nominated. This reappointment proposal is due to be submitted for approval at the General Shareholders' Meeting scheduled for 15 and 16 March 2016, on first and second call respectively, as item four on the agenda.

This report is also intended to comply with article 518.e) of the Corporate Enterprises Law, which stipulates that the general information to be published by the Company when a general meeting is called for the purposes of appointment, ratification or reappointment of Board members must include the identity, curriculum vitae and category of director. This report is also preceded by the report by the appointments and remuneration committee envisaged under article 529 *decies* (section 6) in relation to the other non-executive board member whose re-election is being proposed, and the proposal by that committee envisaged in article 529 *decies* (section 4), in relation to the reappointment or appointment of independent directors.

2. JUSTIFICATION OF THE PROPOSAL

2.1 Reappointment of Fernando Abril-Martorell Hernández as other non-executive director

Further to a favourable report by the Appointments and Remuneration Committee, the board of directors proposes the reappointment of Fernando Abril-Martorell Hernández as a "other non-executive director".

Mr Abril-Martorell Hernández holds a degree in law and business administration from Comillas Pontifical University. He has held various positions of responsibility at JP Morgan, in the Telefónica Group, the Credit Suisse Group, the Prisa Group and he is currently executive chairman of Indra. For further information, Mr April-Martorell Hernández's curriculum vitae is attached hereto as Appendix I.

Mr Abril-Martorell Hernández has been a member of the Company's board since 2006 and since then he has built up what the board view as extremely valuable experience, which, when coupled with this career path, warrants the decision to submit to the general meeting his re-election as other non-executive director for the three-year term of office stipulated in the bylaws.

2.2 Reappointment of José Guillermo Zubía Guinea as independent director upon the proposal of the Appointments and Remuneration Committee

The appointments and remuneration committee has laid a proposal before the board for the re-election of José Guillermo Zubía Guinea as independent director of the Company, so that the board may then lay the relevant motion before the general meeting.

Mr. Zubía Guinea holds a degree in law from the Complutense University of Madrid. He also studied economics at Universidad Complutense and taxation at Centro de Estudios Económicos y Tributarios. He has been a businessman, consultant and member of the boards of various public and private enterprises since 1979. He has also been a member of the permanent committee of the School of Economics of Andalusia, and of the Spanish Economic and Social Council and of its economic and employment relations committees. His *curriculum vitae* is attached hereto as [Appendix II](#).

In view of his personal and professional merits, the board of directors believes that Mr. Zubía Guinea possesses the necessary competencies, experience and merit for it to accept the proposal received from the appointments and remuneration committee and to therefore to lay his reappointment as independent director for the three-year term stipulated in the bylaws before the general meeting.

2.3 Reappointment of Isabel Tocino Biscarolasaga as independent director, upon the proposal of the appointments and remuneration committee

The appointments and remuneration committee has laid a proposal before the board for the re-election of Isabel Tocino Biscarolasaga as independent director of the Company, so that the board may then lay the relevant motion before the general meeting.

Ms Tocino Biscarolasaga holds a PhD degree in Law and is a tenured professor at Universidad Complutense of Madrid, as well as a member of the Academy of Doctors and a director at Enagás, Banco Santander and Naturhouse Health. She has been Minister of the Environment and was actively involved in negotiating the Kyoto Protocol and championed various legislative initiatives on the subject of waste, water and hydro resources, and natural parks. Her *curriculum vitae* is attached hereto as [Appendix III](#).

In view of her personal and professional merits, the board of directors believes that Ms. Tocino Biscarolasaga possesses the necessary competencies, experience and merit for it to accept the proposal received from the appointments and remuneration committee and to therefore to lay her reappointment as independent director for the three-year term stipulated in the bylaws before the general meeting.

2.4 Appointment of Mr Luis Lada Díaz as independent director, upon the proposal of the appointments and remuneration committee.

The appointments and remuneration committee, with the participation of and external consultant, has laid a proposal before the board for the appointment of Mr. Luis Lada Díaz as independent director of the Company.

Mr. Luis Lada Díaz is a Telecommunications Engineer, with a broad professional career in Telefónica Group where he has been chairman of Telefónica Móviles and Telefónica of Spain. Additionally, he has served as a board director and active member of numerous companies and associations related to the IT sector. He is currently non-executive chairman of Segur Group, a director of Gamesa Corporación Tecnológica and Indra Systems, an advisor of Assia Inc., and member of the Círculo de Empresarios in Spain. His *curriculum vitae* is attached hereto as [Appendix IV](#).

In view of his personal and professional merits, the board of directors believes that Mr. Lada Díaz possesses the necessary competencies, experience and merit for it to accept the proposal received from the appointments and remuneration committee and to therefore to lay her appointment as independent director for the three-year term stipulated in the bylaws before the general meeting.

3. PROPOSED RESOLUTIONS

There follows the full text of the motions for the appointment and reappointment of directors, all of which will be voted on separately at the general meeting.

“FOUR A.- REAPPOINTMENT OF FERNANDO ABRIL-MARTORELL HERNÁNDEZ AS OTHER NON-EXECUTIVE DIRECTOR, UPON THE PROPOSAL OF THE BOARD OF DIRECTORS.

To reappoint Fernando Abril-Martorell Hernández to the Company's board of directors as "other non-executive director", for the three-year term of office set out in the bylaws, which will run from the approval of this resolution.

FOUR B.- REAPPOINTMENT OF JOSÉ GUILLERMO ZUBÍA GUINEA AS INDEPENDENT DIRECTOR, UPON THE PROPOSAL OF THE APPOINTMENTS AND REMUNERATION COMMITTEE.

To reappoint José Guillermo Zubía Guinea to the Company's board of directors, as an independent director, for the three-year term set out in the bylaws, which will run from the approval of this resolution.

FOUR C.- REAPPOINTMENT OF ISABEL TOCINO BISCAROLASAGA AS INDEPENDENT DIRECTOR, UPON THE PROPOSAL OF THE APPOINTMENTS AND REMUNERATION COMMITTEE.

To reappoint Isabel Tocino Biscarolasaga to the Company's Board of Directors, as independent director, for the three-year term of office set out in the bylaws, which will run from the approval of this resolution.

FOUR D.- APPOINTMENT OF MR. LUIS LADA DÍAZ, AS INDEPENDENT DIRECTOR, UPON THE PROPOSAL OF THE APPOINTMENTS AND REMUNERATION COMMITTEE.

To appoint Mr. Luis Lada Díaz to the Company's board of directors, as independent director, for the three-year term of office set out in the bylaws, which will run from the approval of this resolution.”

Appendix I

Curriculum vitae of Fernando Abril-Martorell Hernández

Mr. Fernando Abril-Martorell Hernández is a non-executive director of Ence, member of the Executive Committee and member of the Appointments and Remuneration Committee.

He has worked at different companies and financial institutions. Since January 2015, he holds the position of executive Chairman of Indra. From 2011 to 2014 he was Chief Executive Officer of the Prisa Group. From 2005 to 2011 he was CEO of Credit Suisse for Spain and Portugal. He was Chief Executive Officer of the Telefónica Group from 2000 to 2003.

He has extensive financial experience as Managing Director and Treasurer at JP Morgan in Spain, where he worked for 10 years before joining Telefónica

Appendix II

***Curriculum vitae* of José Guillermo Zubía Guinea**

Mr. José Guillermo Zubía Guinea is an independent director of Ence and member of the company's Executive Committee and Chairman of its Audit Committee.

He holds a degree in law from Universidad Complutense de Madrid. He studied economics at Universidad Complutense and taxation at Centro de Estudios Económicos y Tributarios. He has been an executive, advisor and board member at various enterprises. He served as secretary general of the Alaves Business Association (SEA) from 1979 to 1995 and of the Confederation of Basque Business Owners (Confebask) from October 1995 to March 2011.

He has been a member of the Executive Boards or Governing Bodies of the main Socio-economic Institutions of the Basque Country: among others, the Industrial Promotion and Reconversion Society and the Economic and Social and Labour Relations Councils. He has been a member of the Spanish Economic and Social Council and of its Economic and Labour Relations Committees. He has also been a member of the Permanent Committee of the School of Economics of Andalusia and has been regularly involved in the courses and conferences of Menéndez Pelayo International University, plus the summer courses held at El Escorial and the summer events of the University of the Basque Country.

Appendix III

Curriculum vitae of Isabel Tocino Biscarolasaga

Ms Isabel Tocino Biscarolasaga is a Doctor in Law and a tenured professor at Universidad Complutense of Madrid. She has completed courses in senior management at IESE Business School and Harvard Business School. She is a non-executive independent director at Ence and a member of its Audit Committee and its Advisory Committee on Forestry and Regulatory Policy. She is currently a member of the Academy of Doctors, a member of the board of ENAGÁS, S.A., a member of the board of Banco Santander, S.A. and a member of the board of Naturhouse Health, S.A.

She has been a tenured professor at Universidad Complutense of Madrid, Minister of the Environment, deputy and president of both the Foreign Affairs Committee and the European Affairs Committee at the Spanish Congress of Deputies, and president for Spain and Portugal and vice-president for Europe at Siebel Systems.

As Minister for the Environment, she was actively involved in negotiating the Kyoto Protocol and championed various legislative initiatives on the subject of waste, water and hydro resources, and natural parks. She previously worked at the Spanish Nuclear Energy Board (now CIEMAT) and also belonged to the delegation of legal experts of the OECD's International Energy Agency. Isabel is currently member of the International Nuclear Law Association and Spanish Nuclear Society (Sociedad Nuclear Española, SNE).

She has been honoured with the Grand Cross of the Order of Carlos III and the Cross of San Raimundo de Peñafort.

Appendix IV

Curriculum vitae of Mr. Luis Lada Díaz

Mr. Luis Lada Díaz is a telecommunications engineer by the Polytechnic University of Madrid, where he is an “Ad Honorem” professor, and a member of the Royal Academy of Engineering.

He is currently non-executive chairman of Segur Group, director and member of the Executive Committee of Gamesa Corporación Tecnológica, director and member of the Strategy Committee of Indra Systems, an advisor of Assia, Inc. and a member of Círculo de Empresarios of Spain.

In 1973 he joined the Centre for Research and Studies of Telefónica, company where he has developed great part of his professional career. Between 1989 and 1993 he worked at Amper Group as General Director of Planning and Control and Deputy General Director. Subsequently he rejoined Telefónica as Sub-Director General of Subsidiaries and Investees. In 1994 he was appointed executive chairman of Telefónica Móviles España and in 2000 he was appointed as a Board member of Telefónica S.A., executive chairman of Telefónica Móviles, becoming General Manager of Development, Planning and Regulation at Telefónica Group in 2002. Between 2005 and 2006 he was executive chairman at Telefónica de España.

Also, he has served as sole director at Ribafuerte, S.L., chairman at Perlora Inversiones and director and advisor of numerous companies related to the IT sector, having received different professional and business awards.