

**ENCE ENERGÍA Y CELULOSA, S.A.** (the “Company”), pursuant to article 227 of the Securities Market Act, proceeds under this letter to communicate the following:

### **RELEVANT EVENT**

The Board of Directors of the Company, in today’s session, has decided to call the Ordinary Annual Shareholders’ Meeting of the Company, which will be held in Auditorio Rafael del Pino, Rafael Calvo Street, 39-A, 28010, Madrid, on 28 March 2019, at 12:30 pm, at first call, or on 29 March 2019, at the same place and time, at second call.

Attached to this communication is the text of the aforementioned call, including the Annual Shareholders’ Meeting agenda, which will be published in the following days in the relevant legal and statutory terms, as well as the complete text of the motions submitted by the board of directors to the general shareholders' meeting regarding the different items of the agenda.

For purposes of exercise of the shareholders’ right to information, the aforementioned documents, as well as the remaining Annual Shareholders’ Meeting documents specified in this announcement, are available to shareholders in the Company registered address and in the Company website ([www.ence.es](http://www.ence.es)).

Madrid, 26 February 2019

## ENCE ENERGÍA Y CELULOSA, S.A.

### CALL FOR THE ANNUAL ORDINARY GENERAL SHAREHOLDERS' MEETING

The Board of Directors of ENCE ENERGÍA Y CELULOSA, S.A. (The “**Company**”) hereby notifies all shareholders of the annual General Shareholders’ Meeting which will be held at the Auditorio Rafael del Pino on Calle de Rafael Calvo, 39-A, 28010 Madrid (Spain). The first call to the meeting will be held at 12:30 pm on 28 March 2019. Where necessary, a second call to the meeting will be held on the following day, 29 March 2019, at the same time and place. The agenda for the meeting is below.

### AGENDA

- First.** The deliberation and approval, if appropriate, of the financial statements and management report for ENCE ENERGÍA Y CELULOSA, S.A. and its consolidated group for the financial year which ended 31 December 2018.
- Second.** The deliberation and approval, if appropriate, of the consolidated non-financial information status (2018 Sustainability Report) corresponding to the fiscal year ended on 31 December 2018.
- Third.** The deliberation and approval, if appropriate, of the proposal on how to apply the profits of ENCE ENERGÍA Y CELULOSA, S.A. from the year ended 31 December 2018.
- Fourth.** The deliberation and approval, if appropriate, of the management performed by the Board of Directors of ENCE ENERGÍA Y CELULOSA, S.A. for the year ended 31 December 2018.
- Fifth.** The re-election and nomination of members to the Board of Directors:
- Fifth A:** Re-election of Ms. Isabel Tocino Biscarolasaga as independent director.
- Fifth B:** Re-election of Mr. Fernando Abril-Martorell Hernández as other external director.
- Fifth C:** Re-election of Mr. José Guillermo Zubía Guinea as other external director.
- Fifth D:** Nomination of Ms. Amaia Gorostiza Tellería as independent director.
- Fifth E:** Nomination of Ms. Irene Hernández Álvarez as independent director.
- Sixth.** Re-election of the auditors of the Company and its consolidated group.

- Seventh.** Approval, where appropriate, of the long-term incentive plan from 2019 to 2023.
- Eighth.** Delegation of the powers to interpret, supplement, rectify, execute and formalise the resolutions adopted by the General Shareholders' Meeting.
- Ninth.** Advisory vote on the Annual Report on the Remuneration of Directors for 2018.
- Tenth.** Report on the amendments made to the Board of Directors' Regulations of the Company since the last General Shareholders' Meeting.

### **SUPPLEMENT TO THE NOTICE AND THE SUBMISSION OF RESOLUTION PROPOSALS**

Shareholders representing at least three percent of the total share capital may request the publication of a supplement to this notice, which includes one or more items for the agenda (as long as any new items are justified or, where applicable, contain a resolution proposal). They may also submit reasonable resolution proposals for items already included in the agenda or which should be included. These rights must be exercised through a certified notification that should be received at the company's registered office (Calle de Beatriz de Bobadilla no. 14, Planta 4ª, 28040 Madrid, Spain) within five days following the publication of this notice. The notification must include the identity of the shareholders exercising their rights and the number of shares that they hold, as well as the items to be included in the agenda or the content of the resolution proposals, supported by any relevant documentation.

The supplement to this notice will be published at least fifteen days prior to the scheduled date for holding the General Meeting.

The foregoing is without prejudice to the right of any shareholder to make proposals during the General Shareholders' Meeting on items that are not required to be included in the agenda as per the Capital Companies Act.

### **RIGHT TO INFORMATION**

Once this notice is published, shareholders have the right to examine and obtain the below documents from the Investor Relations Department at the Company's registered office at Calle de Beatriz de Bobadilla no. 14, Planta 4ª, 28040 Madrid, Spain. They may also consult such documents on the Company's website ([www.ence.es](http://www.ence.es)), or request them via post at the above-mentioned address from the Company, which will immediately send the documents free of charge. The documents are as follows:

1. This notice of the Annual General Meeting.
2. The full text of the proposed resolutions to be submitted to the General Shareholders' Meeting.
3. The full text of the financial statements and management report for the Company and its consolidated group closed on 31 December 2018, along with the auditor's reports.
4. The state of consolidated non-financial information (2018 Sustainability Report).
5. With regard to the proposed re-election and appointment of Directors:
  - (i) a report by the Board of Directors on the Directors proposed for re-election and appointment, which includes their identity, curriculum vitae and categorisation; and
  - (ii) a report by the Appointment and Remuneration Committee on the Directors who have been proposed for re-election and appointment.
6. The Annual Corporate Governance Report for 2018.
7. The Annual Report on the Remuneration of Directors for 2018.

8. Report of the Board of Directors on the amendment of the Company's Regulations of the Board of Directors.
9. The report by the Audit Committee on the independence of the auditor.
10. The report on the operations of the Audit Committee.
11. Examples of attendance, proxy and absentee voting cards.

From the date of this notice, the total number of shares and voting rights existing at the time of this notice will be continuously published on the Company's website ([www.ence.es](http://www.ence.es)). Where applicable, any resolution proposals received from shareholders in accordance with the law will also be published.

For the purposes of exercising the right to information prior to the General Shareholders' Meeting under the terms of Articles 197 and 520 of the Capital Companies Act, and in accordance with Article 34 of the Articles of Association and Article 8 of the General Shareholders' Meeting Regulation, shareholders may, until five days prior to the holding of the General Shareholders' Meeting, exercise their right to information on the items contained in the agenda, request information and clarifications or pose questions, in writing, in relation to any public information supplied by the Company to the National Securities Market Commission since the previous General Shareholders' Meeting, as well as with regard to the auditor's report. Requests for information may be made by delivering a written request to the Company's registered office (Calle de Beatriz de Bobadilla no. 14, Planta 4ª, 28040 Madrid, Spain) or by posting the request to that address. The request must be accompanied by the shareholder's proof of identity and proof of shareholding. The shareholder must retain proof that the request was made in the proper form and within the deadline. The Company's website contains further information on how shareholders can exercise their right to information as stipulated under law.

For any clarification on the delivery of documents and any other particulars relating to this notice, shareholders should contact the Investor Relations Department at the above-mentioned address or telephone the shareholder information line at +34 91.312.86.38 between 9 am and 1 pm, Monday to Friday.

### RIGHT TO ATTEND

In accordance with Article 30 of the Articles of Association and Article 11 of the General Shareholders' Meeting Regulation, all company shareholders whose shares are registered under their name in the relevant accounting records five days prior to the General Shareholders' Meeting may attend the General Shareholders' Meeting. To exercise the right to attend, shareholders should obtain an attendance card at least two days prior to the meeting's date, which is issued by the participating entities of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (depository institutions). As an alternative, shareholders may attend using the ready-to-print attendance card found on the Company's website. For their part, the depository entities must send to the Legal Department of ENCE ENERGÍA Y CELULOSA, S.A. (Madrid, Calle de Beatriz de Bobadilla no 14, Floor 4ª, 28040) before

the date established for the meeting, the list of the cards that they have issued at the request of their respective clients.

Within the above-mentioned time frame, shareholders may also obtain the attendance card at the Company's registered office (Calle de Beatriz de Bobadilla nº 14, Planta 4ª, 28040 Madrid, Spain) by producing a certificate issued by a depository institution proving the registration of his/her shares in the corresponding book entry records. The attendance card provided by the Company includes the possibility of delegating the shareholder's rights as stated below.

The Board of Directors has approved the contents of the attendance card that is made available to shareholders with the notice of the meeting which includes the rules relating to personal attendance rights, proxy voting and remote voting.

Registration of attendance cards and voting cards will start at 11:30 am and credentials will be accepted until 12:30 pm (the scheduled start of the meeting). To facilitate registration and organisation of the meeting, shareholders are requested to arrive as early as possible.

### **RIGHT TO A PROXY**

Under Article 31 of the Articles of Association and Article 10 of the General Shareholders' Meeting Regulation, any shareholder unable to attend the meeting may be represented by any other person, even if the latter is not a shareholder.

Without prejudice to the provisions of the Corporate Enterprises Act in relation to representation by a family member, and the granting of general power of attorney, such a proxy must be nominated in writing and specifically for this meeting. The attendance and proxy card provided by the depository institution or the Company, which can be found on the Company's website in a ready-to-print form, must be duly completed and signed by the shareholder.

Proxies may also be nominated or notified to the Company by post. The attendance and proxy card provided by the depository institution or the Company must be duly completed and signed by the shareholder, and sent to the Company's registered office (Calle de Beatriz de Bobadilla no. 14, Planta 4ª, 28040 Madrid). Any proxy nominated or notified by this method should be received by the Company at least twenty-four hours before the day immediately preceding the scheduled first call to meeting. Otherwise, the proxy will be deemed invalid and without effect. Any person with delegated voting rights may only exercise them if they physically attend the General Shareholders' Meeting. If the proxy has not been given voting instructions in relation to items not included on the agenda, the proxy may vote in whatever way he/she deems aligned with the interests of the represented party. A proxy can be revoked at any time. The attendance of the represented party, whether in person or by absentee voting, will be considered revocation of any delegated powers regardless of when they were granted.

### **ABSENTEE VOTING**

Under Article 36 of the Articles of Association and Article 25 of the General Shareholders' Meeting Regulation, shareholders with a right to attend the General Shareholders' Meeting may issue an absentee vote on the proposals in relation to the items on the agenda by sending a duly completed and signed attendance and voting card which has been provided by the depository

institution to the Company's registered office (Calle de Beatriz de Bobadilla no. 14, Planta 4ª, 28040 Madrid).

If the cards issued by the depositary institutions do not include the possibility of issuing an absentee vote, shareholders with a right to attend the meeting and wishing to issue such a vote by post can obtain the relevant card from the Company's registered office (Calle de Beatriz de Bobadilla no. 14, Planta 4ª, 28040 Madrid), or find a ready-to-print card on the Company's website. Such a card must be duly completed and signed and sent to the Company at its registered office, along with the attendance card provided by the depositary institution or Company under the terms stated above.

An absentee vote sent by post should be received by the Company at least twenty-four hours before the day immediately preceding the scheduled first call to meeting. Otherwise the vote will not be valid and will be deemed as not having been cast.

Shareholders with a right to attend who issue a vote under the terms stated above will be considered present for the purposes of quorum and, as a result, any delegated powers granted beforehand will be deemed revoked and any granted afterwards will be invalid. A postal vote may be cancelled by: (i) its subsequent express revocation using the same method and abiding by the same deadline for the original vote, (ii) by the physical attendance at the meeting of the shareholder who issued it, or (iii) by the conveyance of the shares through which the shareholder held the right to vote, as long as the Company has been informed of this beforehand.

### **SHAREHOLDERS' ONLINE FORUM**

In accordance with Article 539 (2) of the Capital Companies Act, the Company will provide an online forum on its website from the date this notice is published. Shareholders and duly formed voluntary associations registered in the specific registry of the National Securities Market Commission may access this forum.

The forum will allow the publication of possible proposals to be added to the announced agenda, petitions in support of such proposals, initiatives to gain the percentage of shareholding required to exercise minority rights as stated in law, and offers or requests to act as a voluntary proxy.

The forum in no way acts as a means of communication between the Company and its shareholders. It is only for the purpose of facilitating communication between the shareholders of ENCE ENERGÍA Y CELULOSA, S.A. during the time leading up to the General Shareholders' Meeting.

Access to the forum and the terms and conditions of its use and operation are governed by this notice and the forum's rules of operation, which can be consulted on the website ([www.ence.es](http://www.ence.es)).

### **ATTENDANCE OF A NOTARY**

The Board of Directors has agreed to the attendance of a notary for the purposes of executing a public document with the minutes of the meeting, in accordance with Article 203 of the Capital Companies Act.

### PERSONAL DATA PROTECTION

Any personal data provided by the shareholder to the Company in the exercise or delegation of his/her rights of access to the online forum, attendance and vote at the General Shareholders' Meeting, or provided for these purposes by banks, companies and security brokers acting as depositaries or custodians of shares, will be processed by **ENCE ENERGÍA Y CELULOSA S.A., as responsible for the processing**, in order to manage the development, compliance and supervision of the shareholding relationship in relation to the notice and holding of the General Shareholders' Meeting.

In order to comply with Regulation (EU) 2016/679 of the European Parliament and of the Board of Directors, the following data are recorded:

- Company: Ence Energía y Celulosa, S.A. (hereinafter referred to as "Processing Manager")
- Address: Beatriz de Bobadilla Street nº 14, 4th floor, 28040, Madrid, Spain.
- Contact Information: info@ence.es or +34 91 337 85 00 CIF: A-28212264
- Register Data: Registro Mercantil de Madrid, Page nº M-31131, Folio 157, Volume 27285

The legitimate basis of the processing for all the above purposes is the legitimate interest of the shareholders.

The personal data obtained will be kept for a period of 7 years.

We inform you that your data may be given or transferred to other group companies or third parties that provide services related to the processing purposes for which the data were collected, and subject to your consent.

In addition, your data will not be transferred to countries outside the European Union, except for reasons of provision of technical services, such as that the system providers' servers or technological resources were hosted outside the European Union.

However, Ence may transfer your data to third parties if such transfer is required by law, by a regulatory provision or by a court ruling, or if such disclosure is necessary to ensure the protection and defence of your rights.

In accordance with Spanish and European laws and regulations relating to data protection, at any time you may exercise your rights of Access, Rectification, Cancellation or Forgetting, Opposition, Automated Opposition, Portability and Limitation of Processing.

The exercise of these rights may be carried out following the procedure established in the document "Instructions for the Exercise of the Rights of the Interested Party" available on Ence's website. This procedure consists of filling in the form contained in the aforementioned document and sending it by e-mail to the address [lopd@ence.es](mailto:lopd@ence.es) or by post to the company's fiscal address (C/ Beatriz de Bobadilla 14, 4ª Planta, 28040, Madrid).

If the data subject exercises his rights, Ence shall reply to the data subject's requests without undue delay and at the latest within one month, and shall explain its reasons if it will not comply with them. This period may be extended for another two months if necessary, taking into account the complexity and the number of applications. The official shall inform the person concerned of any such extension within one month of receipt of the request, stating the reasons for the delay.

In addition, you may contact the Spanish Data Protection Agency, at Calle Jorge Juan, 6, 28001 Madrid, regarding any issue related to the processing of your data by Ence.

### **ADDITIONAL INFORMATION**

#### **FIRST CALL TO THE MEETING**

Shareholders are hereby informed that, unless otherwise published in the daily press, the first call to the meeting will be held on 28 March 2019 at 12:30 pm in the location mentioned above.

During the hour preceding the start of the meeting at the mentioned place, shareholders or their valid representatives can show their attendance and proxy cards to staff in charge of registration, along with their proof of identity (DNI or passport) and, where appropriate, proof of delegated powers.

Madrid, 26 February 2019  
Secretary of the Board of Directors  
José Antonio Escalona de Molina

### FULL TEXT OF THE PROPOSED RESOLUTIONS FORMULATED BY THE BOARD OF DIRECTORS OF ENCE ENERGÍA Y CELULOSA, S.A. TO THE GENERAL SHAREHOLDERS' MEETING CONVENED FOR 28 MARCH 2019 IN FIRST CALL, AND 29 MARCH 2019 IN SECOND CALL

**First. The deliberation and approval, if appropriate, of the financial statements and management report for ENCE ENERGÍA Y CELULOSA, S.A. and its consolidated group for the financial year which ended 31 December 2018.**

**Proposal:**

Approve the individual and consolidated annual accounts of ENCE ENERGÍA Y CELULOSA, S.A. and its subsidiaries and the respective management reports for the fiscal year ending on 31 December, 2018, as prepared by the Board of Directors of the Company in its meeting on 26 February, 2019.

**Second. The deliberation and approval, if appropriate, of the consolidated non-financial information status (2018 Sustainability Report) corresponding to the fiscal year ended on 31 December 2018.**

**Proposal:**

Approve the state of the consolidated non-financial information (2018 Sustainability Report) corresponding to the fiscal year ended 31 December 2018, which forms part of the management report.

**Third. The deliberation and approval, if appropriate, of the proposal on how to apply the profits of ENCE ENERGÍA Y CELULOSA, S.A. from the year ended 31 December 2018.**

**Proposal:**

Approve the application of the profits for the fiscal year ending 31 December 2018, for the amount of €96,668,414, as follows:

Application base:

Profit for the year: € 96,668,414

Application:

For capitalisation reserve € 4,690,710

For distribution of dividends:

-Interim dividend (paid in September 2018) € 25,451,747

-Interim dividend (paid in December 2018) € 25,698,772

-A complementary dividend: at the rate of 0.054 euros gross per share entitled to receive it and which is in circulation on the date on which the corresponding

payment is made (maximum total amount: € 13,298,715.00).

This final dividend will be paid in cash on 11 April 2019. Those who appear as holders of shares at the close of the market on 08 April 2019 in the accounting records of the participating entities of Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. shall be entitled to the dividend. (IBERCLEAR). The legally applicable withholdings will be made based on the gross amounts paid, where appropriate.

For compensation: Negative results from previous years € 27,528,470

**Fourth. The deliberation and approval, if appropriate, of the management performed by the Board of Directors of ENCE ENERGÍA Y CELULOSA, S.A. for the year ended 31 December 2018.**

**Proposal:**

Approve the corporate management and the action taken by the Board of Directors of the Company during the fiscal year ending 31 December, 2018.

**Fifth. The re-election and nomination of members to the Board of Directors:**

**Fifth A: Re-election of Ms. Isabel Tocino Biscarolasaga as independent director.**

**Proposal:**

To re-elect, at the proposal of the Appointments and Remuneration Committee, as a member of the Company's Board of Directors, Ms. Isabel Tocino Biscarolasaga, in the capacity of Independent Director for the statutory period of three years from the approval of this resolution.

**Fifth B: Re-election of Mr. Fernando Abril-Martorell Hernández as another External Director.**

**Proposal:**

To re-elect, at the proposal of the Board of Directors, as a member of the Company's Board of Directors, Mr. Fernando Abril-Martorell Hernández, in the capacity of another external Director for the statutory period of three years from the approval of this resolution.

**Fifth C: Re-election of Mr. José Guillermo Zubía Guinea as another external director.**

**Proposal:**

To re-elect, at the proposal of the Board of Directors, as a member of the Company's Board of Directors, Mr. José Guillermo Zubía Guinea, in the capacity of another external Director for the statutory period of three years from the approval of this resolution.

**Fifth D: Nomination of Ms. Amaia Gorostiza Tellería as an independent director.**

**Proposal:**

To nominate, at the proposal of the Appointments and Remuneration Committee, as a member of the Company's Board of Directors, Ms. Amaia Gorostiza Tellería, in the capacity of Independent Director for the statutory period of three years from the approval of this resolution.

**Fifth E: Nomination of Ms. Irene Hernández Álvarez as an Independent Director.**

**Proposal:**

To nominate, at the proposal of the Appointments and Remuneration Committee, as a member of the Company's Board of Directors, Ms. Irene Hernández Álvarez, in the capacity of Independent Director for the statutory period of three years from the approval of this resolution.

As a result of the appointments and re-elections provided for in this resolution, the number of directors is set at fourteen.

**Sixth. Re-election of the auditors of the Company and its consolidated group.**

**Proposal:**

Re-elect PricewaterhouseCoopers Auditores, S.L., with registered offices in Madrid, Paseo de la Castellana 259B, Torre PwC, and C.I.F. B-79031290 as auditors of the Company and its Consolidated Group for a period of one year.

The Board of Directors of the Company is empowered, with the power to delegate to the Executive Committee or the Managing Director, to enter into a contract for the hire of services from PricewaterhouseCoopers Auditores, S.L. for the period stated and under the conditions and clauses that the case may require.

**Seventh. Approval, where appropriate, of the long-term incentive plan from 2019 to 2023.**

**Proposal:**

Approve a long-term Incentive Plan for the years 2019 to 2023, the basic conditions of which are as follows:

1.- Description:

The Incentive Plan is a plan of monetary remuneration and delivery of shares of the Company on a multi-year basis.

It is a five-year Plan composed of two cycles ("Cycles"), with an intermediate milestone at three years. The first one ("Cycle I") has a duration of three years ("Cycle I Period") from 1 January 2019 to 31 December 2021 and the second ("Cycle II"), of five years from 1 January 2019 to 31 December 2023 ("Cycle II Period").

The objectives of this Incentive Plan are: (i) to encourage the results and professional performance of the management team in the long term, (ii) to promote the Company's sustainability for creating long-term value, (iii) to reinforce the management team's orientation toward achieving the business objectives committed in the strategic 2019-2023 plan, (iv) committing the senior management

levels to the shareholders' interests, and (v) to retain the Company's management talent and reward their dedication, qualification and responsibility of the position.

## 2.- Beneficiaries:

Initially, the potential Incentive Plan Beneficiaries will be the Company's main executives and other key personnel ("executives") who, either by virtue of their responsibilities or their profile, have the capacity to directly influence the success of the strategic plans. Specifically, four levels are defined: First managerial level: CEO; second executive level: members of the Management Committee; and third and fourth executive level, which includes other executives and key personnel.

## 3.-Generation period and requirements for accrual:

The long-term Incentive generation period begins on January 1, 2019 ("Start Date"), and the two Cycles will begin on the same date. Cycle I will end on 31 December 2021 ("Accrual Date I") and Cycle II will end on 31 December 2023 ("Accrual Date II").

They are essential requirements for their accrual:

- a) Achieving the minimum degree of objectives (minimum level) in accordance with the criteria to which the objectives are referenced.
- b) That the beneficiary is in a situation of effective provision of services for ENCE (registered with Social Security) on the corresponding accrual date, with the usual exceptions for this type of Incentive.

Cycle I of the incentive will be paid, if applicable, in July 2022 ("Payment Date I") and Cycle II of the Incentive, if applicable, in July 2024 ("Payment Date II").

## 4.- Amount of the Incentive:

The amount of the Long-Term Incentive in the event of achievement of the "target level" in each of the criteria to which the objectives are referenced shall be:

- a) For the first executive level: five (5) years of average annual Full Fixed Remuneration, for fiscal years 2019/20/21/22/23.
- b) For the second executive level: three point thirty-three (3.33) annual payments of the average annual Fixed Remuneration for fiscal years 2019/20/21/22/23.
- c) For the third executive level: one point sixty-seven (1.67) annual payments of the average annual Fixed Remuneration for fiscal years 2019/20/21/22/23.
- d) For the fourth executive level: zero point eighty-five (0.85) annual payments of the average annual Fixed Remuneration for fiscal years 2019/20/21/22/23.

If the "maximum level" is reached in each of the criteria to which the objectives refer, the amount of the Incentive may reach up to 130% of the previous amounts.

And if the "minimum level" is achieved in each of the criteria referred to in the objectives, the amount of the Incentive to achieve may vary according to the type of metrics, establishing a minimum payment schedule of 50% for the objectives of synthetic EBITDA and Relative TRS, and 40% for the objectives of Sustainability and Organisational Climate

These amounts will be distributed between the two Cycles that make up the Long-Term Incentive Plan as follows:

- a) 40% shall correspond to Cycle I, in which case the calculation of the corresponding amounts shall take into account the average fixed annual remuneration for fiscal years 2019/20/21.
- b) 60% will correspond to Cycle II (the calculation of the amount will be made taking into account the average fixed annual remuneration for the financial years 2019/20/21/22/23).

### 5.- Criteria for granting the Incentive:

For the purposes of determining the final amount of the Incentive, the criteria to which the objectives will refer and their degree of weighting will be as follows:

- a) 45% of the amount of the Incentive will be linked to the degree of achievement of the Group's and/or Division's cumulative synthetic EBITDA targets contained in the 2019/2023 Strategic Plan.
- b) 30% of the amount of the Incentive will be linked to the degree of achievement of the objective related to the increase in the value of ENCE's shares with respect to the increase in the value of the basket of shares of companies in the sector (relative TSR).
- c) 15% of the amount of the Incentive will be linked to the degree of achievement of the objective related to Sustainability (Synthetic Sustainability Index).
- d) 10% of the amount of the Incentive will be linked to the degree of achievement of the objective related to the organisational climate (synthetic climate index defined by an external consultant and measured according to its criteria).

### 6.- Performance metrics:

#### ***Group and/or Division cumulative synthetic EBITDA***

Cumulative annual EBITDA result of the ENCE Group and/or Division on 31 December, 2021 and 2023 for Cycle I and Cycle II, respectively, calculated in terms of the synthetic dollar price, the exchange rate and commercial discount of the 2019-2023 Strategic Plan, and based on the following formula:

*(Synthetic sale of BHKP - Actual Cash Cost of BHKP) x Actual Volume of BHKP + (Synthetic sale of Diss. Pulp - Real Cash Cost of DP) x Actual Volume of DP + EBITDA Fluff + Marginal EBITDA of new products + EBITDA margin sale of wood to third parties (including exhaustion adjustment)*

This calculation will be made assuming the following constant sale prices, already considered in the actual elaboration of the Strategic Plan 2019-2023:

- a) BHKP: 639 €/tAD;
- b) Dissolving Pulp: 781 €/MT; and
- c) Fluff: 774 €/MT; and

In addition, it should be noted that Synthetic EBITDA has been highlighted with a lower Cash Cost, thus measuring management independently from exogenous variables.

In order to collect this part of the Incentive, it will be necessary to ensure the Net Debt/EBITDA ratio included in the 2019/2023 Strategic Plan, i.e. below 2.5x in the Cellulose business and 4.5x in the Renewable Energy business. Except in the case that in the year prior to the measurement there have been investments that have led to a significant increase in indebtedness, but have not given time to generate the expected EBITDA. In these cases, the Appointment and Remuneration Committee may assess the possibility of making adjustments in the way the Net Debt and/or pro forma EBITDA is calculated.

### **Relative TSR**

The percentage of revaluation of the average value of the ENCE share, in the last quarter of 2021 for Cycle I and in the last quarter of 2023 for Cycle II, with respect to a quoted value of €5.803125 (average value of ENCE's share price, based on the twenty days before and after the close of trading on 31 December, 2018), in relation to the percentage revaluation of the unit value of a basket of shares of companies comparable to the Company, calculated in the same way as for ENCE. This basket of shares will be made up of the following reference companies: Altri SGPS, Canfor Pulp Prod, CMPC, Falck Renewables, Navigator, Suzano + Fibria, y Voltaia.

In order to determine this criterion, the market value of ENCE's shares, as well as that of the other companies in the sector that make up the aforementioned basket of shares, will be adjusted, where appropriate, to the dividend distributions that have occurred during 2019, 2020, 2021, 2022 and 2023 or significant corporate transactions. Likewise, in order to determine the value of the basket of shares of the other companies in the sector, the necessary adjustments will be made so that the value of said basket is in Euros.

### **Sustainability (Synthetic Sustainability Index)**

It consists of a basket of ten sustainability objectives established by the Company for the next five years. In order to determine its measurement, criterion will be whether or not each of these objectives, which have one or more metrics associated with them, has been fulfilled in each of the two Cycles. In other words,

0 if they have not been met and 1 if they have been met. At the end of each Cycle, the number of objectives achieved will be evaluated in relation to the reference total, and the level of achievement will be determined accordingly.

### ***Organisational climate (Synthetic climate index)***

The Trust Index proposed by the consultancy Great Place to Work will be used for its measurement, for which the survey used must remain unchanged throughout the five years of the Plan.

The ENCE Trust Index measured in the year the corresponding Cycle closes (i.e. in Cycle I 2021, and in Cycle II: 2023) will be used to calculate the fulfilment of this objective, 2021, and in Cycle II: 2023), with respect to the average for the sector in the same year and the two previous years (i.e. for Cycle I: 2019, 2020 and 2021, and for Cycle II: 2021, 2022 y 2023).

### **7.-Malus and Claw Back.**

The Board of Directors, at the proposal of the Appointment and Remuneration Committee, may claim the reimbursement of all or part of the Long-Term Incentive paid, in cash and shares, and to reduce all or part of the amounts pending payment, in either of the two Cycles, when any event or circumstance occurs that results in the significant alteration or modification of the accounts, the results, or economic or other data on which the granting of the Long-Term Incentive was based, so that the aforementioned data did not faithfully reflect the situation of the Company or the performance of the Company, those of the Beneficiary's area of responsibility or its actual performance, regardless of whether the Beneficiary had any kind of responsibility or not.

If the aforementioned remuneration is reduced or cancelled, all or part of the amount received shall be reimbursed within ninety (90) business days following its claim, through the payment by the Beneficiary to the Company of the net amounts that the Beneficiary would have received in excess from the Company.

### **8.- Maximum number of shares that can be allocated:**

The maximum number of shares that may be delivered under the Incentive Plan is 3,351,046, which is the result of dividing €19,446,540 (an amount equivalent on this date to 70% of the maximum level of achievement of the objectives established for all the Plan Beneficiaries initially planned) between the ENCE's share price, determined as the average price of ENCE's share price taking into account the twenty days before and after the closing of the stock exchange on 31 December 2018 (share price 5.803125) in accordance with the provisions of the previous section concerning the relative TRS.

The maximum number of shares that the CEO may receive for this item is 520,714.

In the event that, as a consequence of the final value of the average fixed annual remuneration of the Beneficiaries during fiscal years 2019/20/21/22/23, or of the incorporation of new Beneficiaries to the Incentive, the maximum number of shares to be delivered as determined in the previous paragraph may be insufficient, the establishment of a new maximum number of shares will be submitted to the General Shareholders' Meeting of the Company for approval.

### 9.- Powers of the Board of Directors:

The Board of Directors of the Company is empowered to adopt any resolutions and sign any documents, public or private, that may be necessary or convenient to implement, develop, execute and formalize the Incentive Plan, being able to do so, in particular, by way of illustration only:

- (i) Implement the Incentive Plan in the specific manner it deems appropriate.
- (ii) Identify the persons who, in their capacity as directors or key personnel of the Company, are designated as beneficiaries of the Incentive Plan and specify the levels at which each will be integrated.
- (iii) Develop and fix the specific conditions of the Incentive Plan in all matters not provided for in this agreement, including, in particular and without limitation, the development of the criteria for the granting of the Incentive, deciding the amount, and the specific conditions for payment of the Incentive to the beneficiaries, the power to set the requirements to be met by the beneficiaries in order to receive the Incentive and the minimum, objective and maximum levels of achievement of objectives, as well as the possibility of modifying the conditions of the Plan within the basic terms approved by the General Shareholders' Meeting.

### **Eighth. Delegation of the powers to interpret, supplement, rectify, execute and formalise the resolutions adopted by the General Shareholders' Meeting.**

#### **Proposal:**

Without prejudice to the delegations included in previous agreements, it is agreed:

A) To expressly delegate to the Board of Directors, with all the necessary legal powers, to:

- 1.- Interpret, clarify, specify, complete or correct the resolutions adopted by this general shareholders' meeting, or those set out in any texts or documents issued in execution thereof, and in particular, any omissions, defects or errors of substance or form that might prevent the registration of these agreements and their consequences in the trade and Commercial Registry.
- 2.- Resolve any doubts that may arise in relation to the resolutions adopted by this general shareholders' meeting.
- 3.- Carry out any legal acts or deals that are necessary or convenient for the execution of the resolutions adopted by this general shareholders' meeting, granting as many public or private documents deemed necessary or convenient for

these agreements.

4.- Delegate to one or several of its members, jointly or severally, or in the Executive Committee, with powers of substitution, all or part of the powers it deems appropriate from those that correspond to the Board of Directors and assigned to it by this general shareholders' meeting.

B) Expressly empower, and as broadly as required by law, the Chairman of the Board of Directors, the Managing Director and the secretary of the Board of Directors, so that any of them may, interchangeably and with their sole signature, and with respect to the resolutions adopted in this general shareholders' meeting, record such agreements in a public deed, particularly empowering them in all matters necessary for their development and compliance; to sign any public or private documents required and to perform as many actions necessary for proper implementation, including the publication of legal notices, before any public or private bodies or agencies, until they are registered in the trade and Commercial Registry or other public records where applicable, with the power even to grant deeds of ratification, rectification, correction and clarification, in view of the verbal suggestions or the written qualification of the trade and Commercial Registry - even being able to request the partial registration of the registrable agreements -, of the National Securities Market Commission and any other competent public or private body; to carry out as many formalities as possible before the competent bodies in order to execute and carry out the approved agreements and to process files and documentation of any kind that may be necessary before the National Stock Market Commission and other public or private bodies when necessary, and in general for all actions related to the resolutions adopted in this General Shareholders' Meeting.

**Ninth. Advisory vote on the Annual Report on the Remuneration of Directors for 2018.**

Approve, with advisory capacity, the annual remuneration report for 2018, approved by the Board of Directors, which has been made available to the shareholders together with the other documentation on the General Shareholders' Meeting from the date of its convocation.

**Tenth. Report on the amendments made to the Board of Directors' Regulations of the Company since the last General Shareholders' Meeting.**

As a purely informative point, the shareholders' meeting is informed that the Board of Directors approved, during its meeting on 24 April 2018, certain amendments to some of the articles of the Board of Directors' Regulations in the terms stated in the report made available to shareholders as indicated in the announcement of the call.