



Annual Report on the functioning of the Audit Committee of the Board of Directors of Applus Services, S.A for year 2015 and Action Plan for year 2016.

NOTICE: This document is a translation of a duly approved Spanish-language document, and is provided for information purposes only. In the event of any discrepancy between this translation and the text of the original Spanish-language document, the text of the latter shall prevail.

I. Introduction

This Report is drafted by the Audit Committee of the Board of Directors of Applus Services, S.A. (hereinafter, “**Applus**” or the “**Company**”) in compliance with articles 39.10 and 39.15 of the Regulations of the Board of Directors of Applus (hereinafter, the “**Regulations**”), in order to inform about the work performed by the Audit Committee during year 2015 and elaborating an Action Plan for year 2016.

This Report shall be submitted to the Board of Directors of the Company, which is the body in charge of evaluating, on the basis of the same, the work performed by the Audit Committee during year 2015, in conformance with article 36 of the Regulations.

II. Performance of the Audit Committee during year 2015

1. Meetings

During year 2015, the Audit Committee held 4 meetings, with all members attending each session either in person or duly represented.

Consequently, the Audit Committee has met with the frequency required to perform its functions, and with the minimum frequency of meetings established by article 39.10 of the Regulations.

2. Actions carried out during year 2015

The Audit Committee, in the performance of the functions attributed to it under article 529 quaterdecies of the Spanish Companies Act, article 31 of the Company’s bylaws, and article 39 of the Regulations, has focused the objectives of its meetings principally on the following actions:

A. Review of Periodic Financial Information

The Audit Committee has reviewed all the quarterly, biannual, and annual financial statements of the Company, both individual and consolidated, which must be submitted to the National Securities Exchange Commission (“*Comisión Nacional del Mercado de Valores*” or “**CNMV**”) due to the Company’s publicly listed status, prior to its approval by the Board of Directors.

Furthermore, the Audit Committee has ensured its compliance with the legal requirements for the preparation of the financial statements and, in particular, with respect to the delimitation of the scope of consolidation and the correct application of accounting principles.

B. Review of the process for the preparation of the annual accounts

The Audit Committee has reviewed the process for the preparation of the annual accounts corresponding to year 2015 prior to their approval by the Board of Directors. In this regard, the Audit Committee has completed the following actions:

- (i) Verified the compliance with, and the correct application of accounting principles.
- (ii) Maintained a continuous communication with the external auditor of the Company in order to identify significant weakness of the internal control systems that may be detected, as well as any other relevant risk that may affect the audit process.
- (iii) Supervised and reviewed the processing of financial information, the internal systems of control of the Company, and monitored its complete adequacy and integrity.

C. Relationship with the External Auditor

The Audit Committee has supervised the relations with the Company's external auditor, Deloitte, S.L., (the "**Auditor**") as well as the completion of the audit agreement currently in force, and has ensured that the opinion about the annual accounts and the content of the audit report were drafted in a clear and precise manner.

The Audit Committee held timely meetings with the Auditor during year 2015, from which it received punctual and detailed information regarding the auditing services and those non-audit services provided to the Company and its group of companies, in accordance with article 39.7c of the Regulations, and in order to comply with the provisions of article 13 of Legislative Royal Decree 1/2011, 1 July, approving the restated text of the Law on Account Auditing (*Real Decreto Legislativo 1/2011, de 1 de julio, por el que se aprueba el texto refundido de la Ley de Auditoría de Cuentas*) ("**Law 1/2011**"). In this sense, the Audit Committee has concluded that there are no objective reasons to question the independence of the auditor of the accounts corresponding to year 2015 and that it has respected the rules governing the audit process in the framework of the elaboration of the financial information of the Company.

Finally, it is expressly stated that the Audit Committee has enabled the attendance of the Auditor to all its meetings in order to support and provide appropriate clarifications to the Audit Committee members.

D. Internal Audit

The Audit Committee has complied, during year 2015, with its functions relating to the internal audit function of the Company.

In this sense, the Audit Committee has supervised the implementation of the Internal Audit Plan for year 2015 as well as its correct execution. To that end, the Audit Committee has granted access to its meetings to the responsible person of the Company's internal audit department, who has provided support and information to the Audit Committee when needed, and has duly provided any clarifications requested.

In addition, the Audit Committee has actively monitored the independence of the department in charge of the Company's the internal audit.

E. Internal control systems of financial information ("ICFR")

In relation with the Internal Control Systems of Financial Information ("ICFR"), the Committee hereby states that:

- (i) The internal control systems and risk management have been periodically reviewed so that the main risks are identified, managed, and adequately understood; discussions have been held with the auditors regarding the significant weaknesses of the internal control system detected in the development of the audit; and
- (ii) It has monitored the processes of implementation of the ICFR in significant subsidiaries of the group (said subsidiaries represent, in aggregate, more than 80% of the sales of the group).

F. Systems for the management of corporate risks

The Audit Committee has regularly supervised the status of the Company Risk Map, as well as the action plans intended to mitigate critical risks that may arise. In this sense, the Company uses a computer system of risk monitoring called Governance Risk Compliance, which is used by different departments of the group to ensure good monitoring of risks.

G. Amendments of the Regulations

During 2015, some amendments of the Regulations have been approved by the Board of Directors, based on the reports issued by the Audit Committee pursuant to article 39.7 d) (iv) of the Regulations:

- (i) Amendment dated 5 May 2015 of various articles in order to (i) adapt them to the Act 31/2014, of 3rd December, for the improvement of corporate governance and (ii) to introduce some wording clarifications or technical improvements, in accordance with best corporate governance practices.

- (ii) Amendment dated 14 December 2015 in order to add article 41, which regulates the composition and functioning of the Corporate Social Responsibility Committee.

H. Compliance

Finally, the Audit Committee supervised the compliance with internal codes of conduct and corporate governance rules and, in particular, the Regulations and Company Bylaws.

III. **Action Plan for year 2016**

The Audit Committee proposes to carry out the following Action Plan for 2016:

- (i) **Meetings**. The Audit Committee will hold meetings in February, May, July, and October, before the meetings of the Board of Directors which are scheduled to take place in these months.
- (ii) **Matters to be discussed**. In the meetings to be held throughout 2016, the Audit Committee proposes to discuss the following matters:
 - (a) Supervision of the process of preparation of financial information which must be prepared/drafted by the Company.
 - (b) Supervision of the internal audit of the Company.
 - (c) Supervision of the relations with the external auditor of the Company and control of its independence in the development of its functions.
 - (d) Review the correct implementation of the ICFR.
 - (e) Review the audit plan.
 - (f) Develop the policies of risk management, including fiscal risks.
 - (g) Draft a Compliance Plan.