



**Report drafted by the Board of Directors of Applus Services, S.A. on the proposed amendments of article 24 of the By-laws included under item Sixth of the agenda of the Annual General Shareholders' Meeting convened for 29 and 30 May 2019 on first and second call, respectively**

## **I. Introduction and purpose of the report**

This Report is drafted by the Board of Directors of Applus Services, S.A. (hereinafter, “**Applus**” or the “**Company**”) in accordance with article 286 of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July (“*Real Decreto Legislativo 1/2010, de 2 de Julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*”) (hereinafter, the “**Spanish Companies Act**”), to justify and explain the proposed amendment of section 1 of article 24 of the By-laws (*Composition of the Board of Directors*), which will be submitted for the approval of the Annual General Shareholders’ Meeting of the Company convened for 29 and 30 May 2019 on first and second call, respectively.

The complete text of the proposed amendment is included in the Annex attached hereto. For the purposes of facilitating the identification and understanding of such amendment, the aforementioned Annex includes, for information purposes only, a comparative table which contains, on the left column, the transcription of the current wording of such section and, on the right column, the transcription of the proposed new wording identifying the changes included therein.

It is hereby acknowledged that, in accordance with the provisions of articles 287 and 518 of the Spanish Companies Act, and article 8 of the Regulation of the General Shareholders’ Meeting of Applus, this Report will be made available to the shareholders at the Company’s registered office and published uninterruptedly in the corporate website of the Company as from the date of the announcement of the calling until the holding of the Annual General Shareholders’ Meeting.

## **II. Amendment proposed**

The proposed amendment of section 1 of article 24 of the By-laws intends to increase the minimum and maximum composition thresholds of the Board of Directors of the Company, currently set between seven (7) and nine (9) members, to a range between nine (9) and twelve (12) members.

## **III. Justification of the proposal**

The General Shareholders' Meeting of the Company has fixed in nine the number of members of the Board of Directors, which is the maximum allowed under article 24 of the By-laws. As of today, two of those nine seats were vacant. The Appointments and Compensation Committee (“**AC Committee**”), through its report issued on 19 February 2019 has proposed filling these vacancies with two new independent directors, and one of them has already been appointed by the Board of Directors through the co-optation procedure in today’s meeting.

In addition, the AC Committee has noted in such report the advisability to strengthen the Board of Directors’ experience in the sector of activity in which Applus is operating through the incorporation of an additional director with a solid knowledge of such sector, as well as of the functioning of the business developed by the Applus Group, and has proposed for this purpose the appointment of the current Chief Financial Officer of the Company, Mr. Joan Amigó i Casas.

Once the two existing vacancies in the Board of Directors to date have been filled with independent directors –in accordance with the proposal of the AC Committee– the maximum number of directors currently permitted by the By-laws will have been reached, so the eventual appointment of Mr. Amigó as director will require the prior modification of said By-laws.

Consequently, the proposal is a direct cause of the need to allow the eventual appointment of Mr. Joan Amigó i Casas. Furthermore, it is used to increase the minimum and maximum number of directors in order to make possible –if deemed appropriate– future incorporations that can contribute to the Board a greater degree of diversity, experiences, perceptions and plurality, taking into account the size, business and geographical presence of Applus Group. In any case, the proposed range of members would maintain the size of the Board of Directors of Applus adjusted to the usual thresholds for a company of its characteristics, without exceeding the limits recommended in the Code of Good Governance of Listed Companies.

It is noted that the proposed amendment also affects article 5 (*Quantitative Composition*) of the Regulations of the Board of Directors of the Company, which amendment has been covered by a specific report issued by Applus Audit Committee on 19 February 2019, respectively. Said report shall also be made available to the shareholders at the registered office and published continuously on the corporate website of the Company from the date of publication of the announcement of the call and until the holding of the Annual General Shareholders' Meeting.

In Barcelona, on 20 February 2019.

**Annex**

**Full text of the proposed amendments**

<b>CURRENT TEXT</b>	<b>PROPOSED AMENDMENT</b>
<p><u>Article 24.- Composition of the Board of Directors</u></p> <p>24.1 The Board of Directors shall be composed of a minimum of seven (7) and a maximum of nine (9) directors, who shall be appointed or ratified at a General Shareholders Meeting in accordance with the Spanish Companies Act. The determination of the number of directors shall be the purview of the shareholders acting at a General Shareholders Meeting, within the mentioned minimum and maximum limits.</p>	<p><u>Article 24.- Composition of the Board of Directors</u></p> <p>24.1 The Board of Directors shall be composed of a minimum of <del>seven (7)</del><u>nine (9)</u> and a maximum of <del>nine (9)</del><u>twelve (12)</u> directors, who shall be appointed or ratified at a General Shareholders Meeting in accordance with the Spanish Companies Act. The determination of the number of directors shall be the purview of the shareholders acting at a General Shareholders Meeting, within the mentioned minimum and maximum limits.</p>