



Report drafted by the Audit Committee of the Board of Directors of Applus Services, S.A. in relation to the proposed amendment of article 5 of the Regulation of the Board of Directors

I. Purpose of the report

This Report is drafted by the Audit Committee of Applus Services, S.A. (hereinafter, “**Applus**” or the “**Company**”) in accordance with the provisions set forth in article 4.3 and 39.7.d. (iv) of the Regulation of the Board of Directors of Applus (hereinafter, the “**Regulation**”), to justify and explain the proposed amendments of section 1 of article 5 of the Regulation (*Quantitative composition*) which shall be submitted to the Board of Directors for approval at its meeting convened on 20 February 2019.

As indicated in section III below, this proposal to amend the Regulation is subject to the approval by the next General Shareholders' Meeting of the Company of an amendment to the By-laws in line with the amendment proposed in this Report.

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 518 and 528 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**”) and article 4.5 of the Regulation, 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 next Annual General Shareholders’ Meeting, whether on first or second call, as applicable.

II. Amendment proposed

The proposed amendment of section 1 of article 5 of the Regulation 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 and article 5 of the Regulation. Currently, two of those nine seats are vacant. The Appointments and Compensation Committee (“**AC Committee**”), through its report issued in today’s meeting, i.e. 19 February 2019, has proposed filling these vacancies with two new independent directors, and has proposed to the Board of Directors the appointment of one of them through the co-optation procedure in its

meeting of tomorrow.

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.

The proposed modification is subject to the prior approval by the General Shareholders Meeting of the Company of the correlative amendment to article 24 of the By-laws, which establishes the minimum and maximum number of members of the Board of Directors.

In Barcelona, on 19 February 2019.

Annex

Full text of the proposed amendments

CURRENT TEXT	PROPOSED TEXT
<p>Article 5.- Quantitative composition</p> <p>5.1 According to the By-laws, the Board of Directors will have a minimum of seven (7) and a maximum of nine (9) members. The actual number of members will be determined by the General Shareholders Meeting within the minimum and maximum limits referred to above.</p>	<p>Article 5.- Quantitative composition</p> <p>5.1 According to the By-laws, the Board of Directors will have a minimum of seven (7) <u>nine (9)</u> and a maximum of nine (9) <u>twelve (12)</u> members. The actual number of members will be determined by the General Shareholders Meeting within the minimum and maximum limits referred to above.</p>