



**Report issued by the Appointments and Compensation Committee of Applus Services, S.A. with regard to the proposal to appoint Mrs. Essimari Kairisto as Independent Director of the Company**

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

This report is issued and approved by the Appointments and Compensation Committee ("AC Committee") of Applus Services, S.A. (hereinafter "Applus" or the "Company"), in accordance with the provisions of article 529 decies of the Spanish Companies Act and article 14.1 of the Regulations of the Board of Directors of Applus, in connection with the proposal to appoint Mrs. Essimari Kairisto as Independent Director.

The appointment of Mrs. Essimari Kairisto would be agreed by the Board of Directors, if appropriate, through the co-optation procedure (and therefore subject to ratification by the General Shareholders' Meeting of the Company) to fill the second of the two vacancies caused by the resignations of the former non-executive Directors Mr. Claudi Santiago Ponsa (Independent Director) and Mr. Scott Cobb (Proprietary Director), of 9 August 2018 and 5 November 2018, respectively.

In this regard, it is noted that the first of the two vacancies was filled with the appointment of Mrs. María José Esteruelas Aguirre as independent director by the Board of Directors of the Company, through the co-optation procedure, at its last meeting held on 20 February 2019.

It is expressly noted that, and as provided for in article 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 next General Shareholders' Meeting.

## **II. Analysis of the Board of Directors needs**

The General Shareholders' Meeting of the Company has fixed in nine the number of members of the Board of Directors, within the range established in the By-laws (from seven to nine members). Currently, one of these nine Board seats continues vacant as a result of the resignations mentioned in section I above.

As already indicated in the report issued by this Committee on 19 February 2019 with regard to the proposed Board appointment of Mrs. María Jesús Esteruelas Aguirre, the AC Committee, after analysing the needs of the Board of Directors, considers that the seat that continues vacant has to be filled in order to maintain an efficient and participative functioning of the governing body. The AC Committee also considers that it is convenient to have such vacancy filled by an independent director, in order to reinforce their weight in the Board of Directors in accordance with the best international practices in matters of corporate governance. Likewise, the AC Committee understands that in the selection of such independent director (i) preference should be given to female candidates, as it is the sex less represented in the Board of Directors and in order to meet the objective of female representation established in the Code of Good Government of Listed Companies and in the Company's Director's Selection Policy, and (ii) it would be advisable to strengthen the diversity of the Board of Directors in terms of age.

It is important to highlight that the selection process of suitable candidates for the coverage of said vacancy –guides on the above basis- has been led by the Chairman of the AC Committee with the advice of a well-reputed executive search company in the selection process of candidates.

It is worth noting that, in accordance to Applus+ Director Selection Policy, the AC Committee has taken into account that the candidate referred in this Report is a professional with integrity and whose conduct and professional career is aligned with the principles set forth in the Applus Code of Ethics.

### **III. Profile of the Director and assessment of her circumstances**

#### **a) Profile**

Mrs. Essimari Kairisto has a diploma in Business Administration from the University of Fachhochschule Bielefeld (Germany).

Mrs. Kairisto was Chief Financial Officer of Hochtief Solutions from 2013 to 2016, she previously held several executive positions in Sasol Germany GmbH (a subsidiary of Sasol Limited) from 2007 to 2013 including the positions of Managing Director and Chief Financial Officer, and formerly held senior executive positions in the energetic group RWE from 2002 to 2007 where she held the positions, among others, of Managing Director and Chief Financial Officer of its then subsidiary Lahmeyer International GmbH.

Mrs. Kairisto began her professional career at Treuhandanstalt (the agency created for the privatization of public companies of the former German Democratic Republic) and later worked at Schlumberger until 2001 where she went through different companies and senior positions in the commercial, financial, audit and control areas.

She currently holds the position of non-executive director in the listed company Fortum OYJ (Finland) and she is a member of the Supervisory Board of Freudenberg & Co (Germany).

#### **b) Assessment**

In view of the outstanding reputation, competence, experience and professional knowledge of Mrs. Kairisto, the AC Committee has considered that she is the ideal candidate to fill the second of the two vacancies that existed at the Board of Directors.

In particular, Mrs. Kairisto meets the conditions of impartiality, objectivity, professional reputation, competence and experience required to be part of the Board of Directors of Applus. In addition, the AC Committee has verified that Mrs. Kairisto has sufficient time to perform her duties correctly. Lastly, the woman condition of Mrs. Kairisto represents an undeniable advance in terms of the diversity of the Board's composition, in line with the recommendations of corporate governance and the own policies of the Company.

Consequently, the AC Committee formally proposes the election of Mrs. Kairisto as member of the Board of Directors of the Company.

**c) Category of the director**

Having verified that Mrs. Kairisto meets the requirements set forth in article 529 duodecies of the Spanish Companies Act, the AC Committee considers that Mrs. Kairisto may perform her duties without being conditioned by her relations with the Company, its significant shareholders or its management, and accordingly she may be qualified as Independent Director.

In Madrid, on 9 April 2019