



Report issued by the Appointments and Compensation Committee of Applus Services, S.A. with regard to the proposals to appoint Mrs. María José Esteruelas Aguirre as Independent Director of the Company and Mr. Joan Amigó i Casas as Executive 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 proposals to appoint Mrs. María José Esteruelas Aguirre as Independent Director and Mr. Joan Amigó i Casas as Executive Director.

The appointment of Mrs. María José Esteruelas Aguirre 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 one of the two vacancies caused by the resignations of the former non-executive Directors Mr. Claudi Santiago (Independent Director) and Mr. Scott Cobb (Proprietary Director), of 9 August 2018 and 5 November 2018, respectively.

The appointment of Mr. Joan Amigó i Casas would be agreed, if appropriate, by the General Shareholders' Meeting of the Company, since its appointment is subject to the prior amendment of the directors' remuneration policy of the Company given to its category of Executive Director. Likewise, if an additional new Independent Director is appointed, the appointment of Mr. Amigó would also be subject to the amendment of the By-laws by the General Shareholders' Meeting, since the current maximum number of members that can compose the Board is nine in accordance with the By-laws in force.

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, two of these nine Board seats are vacant as a result of the resignations mentioned in section I above.

The AC Committee, after analysing the needs of the Board of Directors, considers that these two vacancies have 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 both vacancies filled by independent directors, 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 directors (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 (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 vacancies –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.

On the other hand, the AC Committee notes that it would be desirable to strengthen the experience of the Board of Directors in the sector of activity in which Applus operates (known as "TIC" - Testing, Inspection and Certification) through the incorporation of an additional director with a solid knowledge of this sector, as well as of the functioning of the businesses developed by the Applus Group. The AC Committee understands that the best way to achieve this goal is to appoint that new director from among the members of the Company's senior management, and considers that the most suitable candidate for this purpose would be the current Chief Financial Officer of the Company, Mr. Joan Amigó i Casas. As indicated, his eventual appointment, once the two existing vacancies in the Board have been filled, would require the prior amendment of the By-laws in order to increase the maximum number of members of the Board of Directors (currently nine).

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

III. Profile of the Directors and assessment of their circumstances

(1) Mrs. María José Esteruelas Aguirre

a) Profile

Mrs. Esteruelas is currently the General Manager (*Director General*) of Abengoa for America, in charge of all the subsidiaries of the continent. Previously, she was Manager of the Energy division, and before Manager for Latin America. She has spent most of her career at Abengoa –to which she joined in 1997– going through different companies and senior positions as the Manager for Operations and Concessions.

From July 2014 to December 2017, she was a member of the board of Atlántica Yield as appointed by Abengoa.

She is an Electrical Industrial Engineer by ICAI (Madrid). She holds a Master in Operations Management from the Instituto de Empresa (Madrid) and has cours ed a General Management Programme from IESE (Madrid).

b) Assessment

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

In particular, Mrs. Esteruelas 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. Esteruelas has sufficient time to perform her duties correctly. Lastly, the woman condition of Mrs. Esteruelas 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. Esteruelas as member of the Board of Directors of the Company.

c) Category of the director

Having verified that Mrs. Esteruelas meets the requirements set forth in article 529 duodecies of the Spanish Companies Act, the AC Committee considers that Mrs. Esteruelas 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.

(2) Mr. D. Joan Amigó i Casas

a) Profile

Mr. Amigó is Chief Financial Officer (CFO) of the Company since 2007.

He started his professional career at Price Waterhouse Coopers in 1991 as external auditor. In 1994 he started working at Bimbo, a large consumer company in Spain and Portugal, where he held several management positions: Vice President and Chief Financial Officer, Shared Services Financial Manager, Controller and Head of Internal Audit. In 2006 he was appointed Vice President of Financial Planning and Control of the European division of Sara Lee Bakery.

Mr. Amigó holds a degree in Economics from the Universidad Autonoma of Barcelona and has coursed an Executive Development Program at IESE, a Global Business Strategy Program at Wharton, University of Pennsylvania, and an Advance Management Program at ESADE.

b) Assessment

The AC Committee, on the basis of the analysis of the Board of Directors needs included in section II above, considers that Mr. Amigó is the ideal candidate to strengthen the Council's experience in the TIC sector, in view of his outstanding experience and professional career, merits and performance of his position as CFO to date.

The AC Committee has highly valued the experience and knowledge of Mr. Amigó about the business and functioning of the Applus Group, both at a national and an international level, that Mr. Amigó has acquired throughout his career as CFO. Mr. Amigó has been key person for the Company's listing, its in-depth transformation and the recent refinancing of the Group's debt.

As CFO, Mr. Amigó regularly delivers timely and accurate reports to the Board of Directors of the Company and the Audit Committee regarding the financial information of the Applus Group, he has attended to all the meetings of the Board of Directors and the Audit Committee during the last years, and also has actively participated in the preparatory work of such meetings.

The appointment of Mr. Amigó as Director should not, therefore, imply a significant overload in the work he is currently developing. Consequently, the AC Committee considers that Mr. Amigó has sufficient time for the necessary dedication and commitment to perform his duties as Director.

Based on the above considerations, the AC Committee issues a favorable report for the appointment of Mr. Amigó as member of the Board of Directors of the Company.

c) Category of the director

Mr. Amigó performs management functions in the Company as CFO, so he must be qualified as Executive Director in accordance with the provisions of article 529 duodecies of the Spanish Companies Act.

In Barcelona, on 19 February 2019