

<<ENGLISH GUIDE TRANSLATION FOR INFORMATION PURPOSES ONLY>>

**REGULATIONS OF THE BOARD OF DIRECTORS  
OF  
APPLUS SERVICES, S.A.**



(Consolidated version dated June 2015)

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

## TABLE OF CONTENTS

<b>PREAMBLE .....</b>	<b>1</b>
<b>CHAPTER I INTRODUCTION .....</b>	<b>1</b>
Article 1. Purpose .....	1
Article 2. Scope .....	1
Article 3. Interpretation .....	2
Article 4. Amendments .....	2
<b>CHAPTER II COMPOSITION, COMPETENCIES, AND FUNCTIONS OF THE BOARD OF DIRECTORS .....</b>	<b>3</b>
Article 5. Quantitative composition .....	3
Article 6. Qualitative composition .....	3
Article 7. Competencies of the Board of Directors. Catalogue of non-delegable matters.....	7
Article 8. Balance in the performance of the functions of the Board of Directors.....	13
Article 9. Representative functions .....	13
Article 10. Specific functions relating to the annual accounts and management report .....	14
<b>CHAPTER III RELATIONSHIPS OF THE BOARD OF DIRECTORS .....</b>	<b>15</b>
Article 11. Relationships with shareholders .....	15
Article 12. Relationships with the markets .....	15
Article 13. Relationships with auditors .....	16
<b>CHAPTER IV APPOINTMENT AND REMOVAL OF DIRECTORS .....</b>	<b>16</b>
Article 14. Appointment of Directors .....	16
Article 15. Term of office .....	18
Article 16. Reappointment of Directors.....	18
Article 17. Removal of Directors.....	19
<b>CHAPTER V DIRECTOR'S DUTIES.....</b>	<b>20</b>
Article 18. General duties of Directors.....	20
Article 19. Duty of Loyalty .....	22
Article 20. Exemptions to the confidentiality duty .....	24
Article 21. Mandatory nature and exemptions to the duty of loyalty .....	24
Article 22. Director's information requirements .....	26
<b>CHAPTER VI DIRECTOR INFORMATION .....</b>	<b>27</b>

Article 23.	Faculties of information and inspection .....	27
Article 24.	Assistance of experts .....	28
<b>CHAPTER VI DIRECTORS' REMUNERATION .....</b>		<b>29</b>
Article 25.	Remuneration policy .....	29
Article 26.	Contract of the Executive Directors .....	30
Article 27.	Content of the remuneration .....	31
Article 28.	Annual Directors' Remuneration Report .....	32
Article 29.	Transparency of the remuneration.....	33
<b>CHAPTER VIII STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS.....</b>		<b>34</b>
Article 30.	Chairman Duties .....	34
Article 31.	Vice-chairmen. Delegations.....	35
Article 32.	Coordinating Director .....	35
Article 33.	Secretary of the Board of Directors Duties Deputy Secretary of the Board of Directors .....	36
Article 34.	Company Books of Minutes .....	37
Article 35.	Meetings of the Board of Directors .....	37
Article 36.	Self-assessment of the Board of Directors .....	40
Article 37.	Board of Directors Committees .....	40
Article 38.	Supervisory Committee .....	41
Article 39.	Audit Committee .....	42
Article 40.	Appointments and Compensations Committee .....	48

# REGULATIONS OF THE BOARD OF DIRECTORS OF APPLUS SERVICES, S.A.

## PREAMBLE

Following the recommendations of the Good Governance Code of Listed Companies approved by the Spanish Securities Market Commission (“**CNMV**”) on 18 February 2015 and in view of the practices of Spanish listed companies in this area and the provisions of Articles 528 and 529 of Royal Legislative Decree 1/2010 of July 2, which approves the Consolidated Text of the Spanish Capital Companies Act (the “**Spanish Companies Act**”), these Regulations (the “**Regulations**”) of the Board of Directors of APPLUS SERVICES, S.A. (the “**Company**”) sets forth the rules of internal governance and functioning of the Board of Directors to ensure its correct operation, and to serve as a guide and point of reference for all of its members.

## CHAPTER I INTRODUCTION

### Article 1. Purpose

The Purpose of these Regulations is to determine the principles of action of the Board of Directors, the basic rules of its organization and operation, and the standards of conduct applicable to its members, in order to ensure the greatest possible effectiveness and transparency in its management.

### Article 2. Scope

2.1. These Regulations are applicable to members of the Board of Directors of the Company.

For the purposes of these Regulations, the Company and the affiliates and subsidiaries over whose management the Company exercises control shall be referred to as the “**Applus+ Group**”.

- 2.2. Board Members must be familiar with, comply with, and ensure compliance with, the contents of these Regulations. The Secretary of the Board of Directors of the Company will deliver a copy of these Regulations to each Board Member at the time of their respective appointments or when their appointment becomes effective.
- 2.3. The Board of Directors shall adopt the measures necessary in order ensure the widespread dissemination of these Regulations among shareholders and the investing public in general. To this end, the content of these Regulations in its entirety will be notified to the CNMV and recorded in the Commercial Registry, and will also be available on the website of the Company.

### **Article 3. Interpretation**

These Regulations supplement the provisions established for the Board of Directors under current corporate legislation and in the By-laws of the Company, and must be interpreted in accordance with general criteria for the interpretation of legal provisions (in essence, taking the spirit and purpose of the same into account), and with principles and recommendations in relation to the corporate governance of listed companies approved by the competent Spanish authorities. The Board of Directors may clarify the contents of the same.

### **Article 4. Amendments**

- 4.1. Amendments to these Regulations shall be passed by the Board of Directors, in accordance with the requirements set forth in this article.
- 4.2. Amendments to these Regulations may be made at the request of the Chairman or one-third (1/3) of the members of the Board of Directors when, in their opinion, circumstances that render such amendments convenient or necessary exist. The proposed amendment must be accompanied by an explanatory report on the reasons for and scope of the proposed amendment.
- 4.3. Proposed amendments must be reported by the Audit Committee.

- 4.4. The wording of the proposal, the explanatory report, and the report by the Audit Committee must be attached to the call for the meeting of the Board of Directors that will deliberate on said amendment.

The call must be made with the prior notice and in accordance with the procedures set forth in the By-laws and in these Regulations.

In order to be valid, any amendment to the Regulations must be approved by at least an absolute majority of the members of the Board of Directors.

- 4.5. The Board of Directors must inform shareholders of any amendments to the Regulations.

## **CHAPTER II COMPOSITION, COMPETENCIES, AND FUNCTIONS OF THE BOARD OF DIRECTORS**

### **Article 5. Quantitative composition**

- 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.
- 5.2. The Board of Directors will propose to the Meeting the exact number of Board Members that, depending on the changing circumstances of the Company, is most appropriate at any given time to ensure that the Board is duly representative and can operate in an effective and participatory manner.

### **Article 6. Qualitative composition**

- 6.1. In addition to the conditions stipulated in the Spanish Companies Act and in the By-laws, persons appointed to the Board of Directors must meet the conditions stipulated in these Regulations.

6.2. In exercising its authority to submit proposals to the General Shareholders Meeting and power of co-optation for the appointment of Board Members, the Board of Directors will assign relative importance within the same to three categories of Board Members:

a) **Independent Directors.** Independent Directors are Directors appointed for their personal and professional qualities and who can perform their duties without being influenced by their connections to the Company or its Group, its significant shareholders, or its management. At the same time, Independent Directors must meet the following requirements:

- (i) They shall not be former employees or Executive Directors of companies in the Applus+ Group, unless three (3) or five (5) years, respectively, have elapsed since the end of said relationship.
- (ii) They shall not receive from the Company or the Applus+ Group any payment or other form of compensation other than their remuneration as a Director, unless the amount involved is not significant for the Directors. For these purposes, neither dividends nor pension complements received by Directors on the grounds of their previous professional or labour relationship, will be taken into account, as long as such complements are unconditional and, consequently, the Company cannot at its sole discretion suspend, amend or revoke the accrual of such complements, without breaching their obligations.
- (iii) They shall not be, or have been in the last three (3) years, a partner in the external auditor or the firm responsible for the audit report, whether in relation to the audit of the Company conducted during said period or of any other company within the Applus+ Group.
- (iv) They shall not be Executive Director or senior manager of another company in which an Executive Director or senior manager of the Company is a Nominee or Independent Director.

- (v) They shall not have, or have had in the last year, significant business dealings with the Company or with any company from the Applus+ Group, either on their own behalf or as a significant shareholder, Director, or senior manager of a company that has or has had such dealings. Business dealings shall include the provision of goods or services (including financial, advisory, or consultancy services).
- (vi) They shall not be significant shareholders, Executive Directors, or senior managers of an entity in receipt of donations from the Company or from the Applus+ Group, or which has been in receipt of such donations in the last three (3) years. This requirement shall not apply to those who are merely trustees of a foundation that receives donations.
- (vii) They shall not be the spouse or partner in a similar affective relationship, or family member up to the second degree of kinship, of an Executive Director or senior manager of the Company.
- (viii) They shall have been proposed for appointment or renewal by the Appointments and Compensations Committee.
- (ix) They shall not have held the position of Director for a period of more than twelve (12) consecutive years.
- (x) They shall not be affected, with respect to a significant shareholder or to a shareholder represented on the Board of Directors, by any of the circumstances described in points i), v), vi), or vii). In the case of a relationship such as that described in vii), this limitation shall apply not only in connection with the shareholder, but also with their Nominee Directors in the investee company.

Nominee Directors who are disqualified as such as a result of the sale of shares by the shareholder they represent may only be reappointed as Independent Directors once said shareholder has sold all of its remaining shares in the Company.

A Director with shares in the Company may qualify as Independent



if it meets all of the conditions set forth in this recommendation and the holding in question is not significant, in accordance with applicable legal provisions.

- b) **Nominee Directors.** Nominee Directors are Directors who are or represent shareholders with a shareholding that is equal to or greater than that is legally considered as significant or who have been nominated as a result of their condition as shareholders, even if their shareholding does not reach such threshold.

For the purposes of this definition, it will be presumed that a Director represents a shareholder when: (i) they have been nominated in the exercise of the right of representation; (ii) they are a Director, senior manager, employee, or regular provider of services to said shareholder or to companies within its group; (iii) company records show that the relevant shareholder acknowledges the Director as its appointee or representative; or when (iv) they are the spouse or partner in a similar affective relationship or family member up to the second degree of kinship of a significant shareholder.

- c) **Executive Directors.** Executive Directors are Directors who perform management functions or are employees of the Company or of the Applus+ Group, regardless of the legal relationship that they maintain with it. When a Director performs management functions and is or represents a significant shareholder or person represented on the Board, they will be considered an executive Director.

- d) **Other External Directors.** This category consists of external Directors who cannot be considered Nominee or Independent Directors. This situation and, where appropriate, the relations of these Directors with the Company, its management, and its shareholders, shall be explained in the Annual Corporate Governance Report.

- 6.3. Nominee and Independent Directors shall constitute an ample majority of the Board of Directors, and the number of Executive Directors will be the minimum number necessary. The Board of Directors will be comprised of an adequate number of Independent Directors, not less than one-third (1/3) of the Board of Directors. With regard to external Directors, to the extent possible, the ratio of Nominee Directors to Independent Directors shall match, as closely as possible, the existing proportion between the capital of the Company represented by the Nominee Directors and the remaining capital.
- 6.4. The nature of each Director shall be explained by the Board of Directors to the General Shareholders Meeting, which will make or ratify their appointment. Said determination should then be confirmed or reviewed each year (as appropriate) in the Annual Corporate Governance Report, subject to verification by the Appointments and Compensations Committee.

**Article 7. Competencies of the Board of Directors. Catalogue of non-delegable matters**

- 7.1. The Board of Directors must assume, in an effective manner, the responsibility for the supervision, management, control, and representation of the Company attributed to it in the Spanish Companies Act and the By-laws and, as the core of its mission, must approve the strategy of the Company and the specific organization for its implementation, as well as the supervision and control of the completion of the objectives by the management and observance of the corporate purpose and interests of the Company.

The Board of Directors shall perform its duties with a unity of purpose and independent judgment, according all shareholders the same treatment. It shall be guided at all times by the best interests of the Company and, as such, strive to maximize its value over time. It will also ensure that in its dealings with stakeholders, the Company abides by the laws and regulations, fulfils its obligations and contracts in good faith, respects the customs and good practices of the sectors and territories where it does business, and observes any additional principles of social responsibility it has subscribed to on a voluntary basis.

- 7.2. In any event, the Board of Directors shall reserve for itself addressing the following issues, through the approval in each case of resolutions in accordance with the Spanish Companies Act or the By-laws, all the non-delegable matters by virtue of the Law and, in particular, the following matters:
- (a) Monitoring the effective functioning of the constituted Committees and the performance of the delegated bodies and the managers that have been appointed.
  - (b) Authorizing or waiving the obligations arising from the duty of loyalty, in accordance with the provisions in Article 230 of the Act.
  - (c) Its own organization and functioning.
  - (d) Drawing-up the annual accounts and its submission to the General Shareholders Meeting.
  - (e) Drawing-up any kind of reports required by Law to the Board of Directors, provided the transaction by means of which the report is issued cannot be delegated.
  - (f) Setting the general policies and strategies of the Company and, in particular:
    - (i) The approval of the strategic or business plan, as well as management targets and annual budgets, the investment and financing policy and the corporate social responsibility policy;
    - (ii) The design of the structure of the Applus+ Group;
    - (iii) The determination of the corporate governance policy of the Company and the Applus+ Group, its organization and functioning and, in particular, the approval and the amendment of these Regulations;
    - (iv) The policy for the remuneration and evaluation of the performance of the managers who directly report to the

Board of Directors or any of its members as well as their appointment and dismissal and the main terms of their contracts, including remuneration and any potential compensation clauses;

(v) The determination of the control and risk management policies, including tax risks, as well as the periodical monitoring of information and control internal systems;

(vi) The approval of the dividend policy, as well the treasury stock policy and, in special, its limits; and

(vii) The establishment of the tax strategy.

(g) The following decisions:

(i) The appointment and removal of the Chief Executive Officers of Applus and of any other Directors who have been conferred executive powers, as well as the establishment of the terms of their contracts;

(ii) The decisions related to the remuneration of the Directors for their membership to the Board of Directors and its Committees, within the statutory framework set in the Bylaws and of the remuneration policy approved by the General Shareholders Meeting;

(iii) The approval of the financial information that, by virtue of its status as a listed company, it must publish on a periodic basis;

(iv) Convening the General Shareholders Meeting, the preparation of the agenda and proposed resolutions;

(v) The approval of all types of investments or operations carried out by any company of the Applus+ Group considered strategic by virtue of their value, strategic nature or special tax risk, unless they must be approved by the General Shareholders Meeting, and, in particular:

- the sale, disposal, assignment or encumbrance of assets, when the amount of the transaction exceeds, individually or jointly, the figure of ten million Euros (€10,000,000), including tangible or intangible assets, shares in affiliates or in any other entities and joint ventures;
- the investment or the acquisition of assets when the amount of the transaction exceeds, individually or jointly, the figure of ten million Euros (€10,000,000), including tangible and intangible assets, shares in affiliates or in any other entities and joint ventures;
- in case of delegation in favour of the Board of Directors of the faculty to execute a capital increase: (i) the agreement to set the date in which the agreement of capital increase approved by the General Shareholders Meeting shall be carried out in the agreed figure and the power to set the conditions for all aspects not envisaged in the resolution of the General Shareholders Meeting; and (ii) the agreement of increasing one or more times the share capital up to the amount determined by the General Shareholders Meeting;
- the granting of letters of credit, performance bonds or any other personal or in rem guarantees when the amount of the transaction equals to or exceeds, individually or jointly, the figure of ten million Euros (€10,000,000);
- the granting of loans or lines of credit to third parties not belonging to the Applus+ Group, when the amount of the transaction equals to or exceeds, individually or jointly, the figure of twenty million Euros (€20,000,000); and

- the request of loans or credits to third parties not belonging to the Applus+ Group, when the amount of the transaction equals to or exceeds, individually or jointly, the figure of twenty million Euros (€20,000,000).
- (vi) The creation or acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, as well as any other transactions or operations of a similar nature that, due to their complexity, could impair the transparency of the Applus+ Group.
- (h) The approval, subject to a prior report from the Audit Committee, of the transactions carried out by the Company or companies of the Applus+ Group with its Directors, shareholders, whether on their own or together with others, considered as significant, including the shareholders represented on the Board of Directors of the Company or of other companies that are part of the Applus+ Group, or with persons related thereto ("**Related-Party Transactions**"). The authorization by the Board of Director shall not be deemed necessary in the cases provided for in Article 21 below.

7.3. Notwithstanding the foregoing, the Board of Directors shall be informed, prior to its execution, about the following matters:

- (a) the content of any announcements to the market which are considered relevant information pursuant to article 82 of Act 24/1998, of 28 July of the Stock Exchange and, in any case, when such information is made available to the public through an announcement;
- (b) material renewal or revisions to insurance contracts undersigned by any company of the Applus+ Group; and
- (c) material claims or issues in which any company of the Applus+ Group is a party and whose amount exceeds, individually or jointly, the figure of ten million Euros (€10,000,000).

- 7.4. Notwithstanding the foregoing, the Supervisory Committee shall be responsible, through the adoption of the appropriate resolutions, in accordance with the applicable regulations or the By-laws, for the approval of any matters not exclusively reserved to the Board of Directors in full, when the amount of the transaction is, individually or jointly, between five million Euros (€5,000,000) and ten million Euros (€10,000,000).
- 7.5. The competencies of the Board of Directors set forth in article 7.2 will be non-delegable. Nevertheless, the competencies expressly allowed by the Law may be approved by the Supervisory Committee in urgent cases duly substantiated, and subsequently they shall be ratified in the first meeting of the Board of Directors that is held after the approval of the resolutions.
- 7.6. Those matters reserved to the Board of Directors in full may be discussed by the Supervisory Committee although the appropriate resolution shall remain to the Board of Directors. In any case, the Chairman of the Supervisory Committee may decide to refer other relevant decisions to the Board of Directors, if deemed appropriate.
- 7.7. Notwithstanding the foregoing, the Chief Executive Officer shall be entitled to approve a resolution on the following matters:
- (a) the granting by any company of the Applus+ Group of letters of credit, performance bonds or any other personal or in rem guarantees when the amount of the transaction is, individually or jointly, below the figure of ten million Euros (€10,000,000);
  - (b) the granting by any company of the Applus+ Group of loans or lines of credit to third parties not belonging to the Applus+ Group when the amount of the transaction is, individually or jointly, below the figure of twenty million Euros (€20,000,000);
  - (c) the request of loans or credits to third parties not belonging to the Applus +Group, when the amount of the transaction is, individually or jointly, below the figure of twenty million Euros (€20,000,000); and
  - (d) any other decisions which are not reserved to the Board of

Directors or to the Supervisory Committee when the amount of the transaction is, individually or jointly, below the figure of five million Euros (€5,000,000).

#### **Article 8. Balance in the performance of the functions of the Board of Directors**

- 8.1. The Board of Directors shall perform any acts required in order to accomplish the corporate purpose set forth in the By-laws, in accordance with the applicable legislation.
- 8.2. The delegation of powers by the Board of Directors to one or more members of the Supervisory Committee within the limits set forth in the Spanish Companies Act that does not deprive it of these powers.
- 8.3. The Board of Directors shall put in place mechanisms that are convenient and suitable or necessary to oversee decisions adopted by any of its members or committees.
- 8.4. The Board of Directors shall report to the General Shareholders Meeting.

#### **Article 9. Representative functions**

- 9.1. The Board of Directors is the representative of the Company in accordance with the legal provisions and those set forth in the By-laws.
- 9.2. Committees and members of the Board of Directors entrusted with powers of representation shall keep the Board of Directors informed in a timely manner of any actions undertaken in the execution of said powers that go beyond the scope of ordinary administration.



**Article 10. Specific functions relating to the annual accounts and management report**

- 10.5. The Board of Directors shall prepare the annual accounts and the management report (both individual and consolidated) so that they provide a true and fair view of the equity, financial position, and results of the Company, as provided for in the Spanish Companies Act, subject to the prior report of the Audit Committee.
- 10.6. Upon analysis of the reports referred to in point 10.1 above, the Board of Directors may request from those who have issued these reports any clarifications it considers appropriate.
- 10.7. In particular, the Board of Directors shall ensure that the above financial documents are written in clear and precise terms that make them easy to understand. In particular, these documents shall include all comments appropriate for this purpose.
- 10.8. Each quarter, the Board of Directors shall monitor the accounts of the Company, subject to a report from the Audit Committee.
- 10.9. The Board of Directors will file a certification of the resolutions of the General Shareholders Meeting approving the annual accounts and the distribution of results and a copy of said accounts, duly signed, together with the management report and the audit report, with the Commercial Registry of the registered address of the Company. within one month of the approval of the annual accounts.
- 10.10. Where relevant and with the appropriate adaptations, the rules contained in the paragraphs above shall apply to all information made available to the markets, including half-yearly and quarterly information. The Board must ensure that said information is prepared in accordance with the same principles, criteria, and professional practices observed in the preparation of the annual accounts and that it is as reliable as the accounts.

**CHAPTER III**  
**RELATIONSHIPS OF THE BOARD OF DIRECTORS**

**Article 11. Relationships with shareholders**

The Board of Directors shall promote communication between the Company and its shareholders. To this end, it shall encourage information meetings with institutional shareholders on the performance of the Applus+ Group, being in attendance those Directors and senior managers it deems appropriate. Under no circumstances shall these meetings involve the delivery of information that could give them privilege or an advantage over other shareholders.

**Article 12. Relationships with the markets**

12.1. The Board of Directors shall adopt the provisions necessary in order to provide the public with information on the following matters through submissions to the CNMV, making them simultaneously available through the Company's corporate website:

- a) Relevant facts that can have a significant impact on the market price of shares in the Company;
- b) Changes that have a significant impact on the shareholder structure of the Company; and
- c) Substantial amendments to the rules of governance of the Company, which currently consist of the By-laws, the Regulations of the General Shareholders Meeting, the Regulations of the Board of Directors, and the Internal Regulations for Conduct in the Securities Markets.

12.2. The Board of Directors must determine the content of the information to be provided on the corporate website of the Company, in accordance with the provisions of the Law.

### **Article 13. Relationships with auditors**

- 13.1. The Board of Directors shall deal with external auditors of the Company through the Audit Committee, as provided for in the By-laws and in these Regulations.
- 13.2. The Board of Directors shall not propose to hire auditing firms for which the fees payable by the Company and companies in the Applus+ Group exceed ten percent (10%) of turnover for the auditing firm in Spain in the previous financial year.
- 13.3. The Board of Directors shall attempt to formulate definitive financial information so that there is no scope for qualifications or reservations on the part of the auditor. However, when the Board of Directors is of the view that it must sustain its criteria, the Chairman of the Audit Committee (and the auditors) shall explain to the shareholders the content and scope of said reservations and qualifications.

## **CHAPTER IV APPOINTMENT AND REMOVAL OF DIRECTORS**

### **Article 14. Appointment of Directors**

- 14.1. The proposals for the appointment or re-election of Directors submitted by the Board of Directors to the consideration of the General Shareholders Meeting and appointment decisions adopted by the Board of Directors pursuant to its interim appointment authority shall be made subject to the prior report of the Appointments and Compensations Committee, in the case of Executive and Nominee Directors, and subject to the prior proposal of the Appointments and Compensations Committee, in the case of Independent Directors. The proposed appointments shall be accompanied in all cases by a report issued by the Board of Directors assessing the competence, experience and merits of the nominee, which shall be attached to the minutes of the General Shareholders Meeting or of the Board of Directors itself.

- 14.2. The provisions of the preceding paragraph shall also apply to the natural persons who are appointed as representatives of a legal entity director. A report of the Appointments and Compensations Committee related to the proposed natural person representative nominee shall be issued.
- 14.3. The Board of Directors shall ensure that the appointment procedures of its members promote gender diversity and a diversity of experiences and knowledge and have no implied bias that might entail any discrimination and, in particular, that they facilitate the selection of female Directors.
- 14.4. The Company will publish and keep up to date the following information concerning its Directors on its website:
- (a) Professional and biographical profile;
  - (b) Other Boards of Directors of which the Director is member, both of unlisted and listed companies;
  - (c) The category of the Director, with the name of the shareholder that it represents or with whom it has a relationship (in the case of Nominee Directors);
  - (d) The date of first appointment as Director of the Company, as well as the date of subsequent appointments; and
  - (e) Shares and share options in the Company held by the Director.
- 14.5. The Secretary of the Board of Directors shall provide each new Director with a copy of the By-laws, these Regulations, the Internal Regulations for Conduct in the Securities Markets, the most recent annual accounts and management reports (individual and consolidated) approved by the General Shareholders Meeting, the audit reports for these accounts, the most recent Annual Corporate Governance Report, and the latest economic-financial information provided to the markets. Each new Director will also be provided with the name of the current auditors and their interlocutors.
- 14.6. The Company will have an orientation program that rapidly provides

new Directors with sufficient knowledge of the Company and of its rules of corporate governance, without prejudice to specific update programs, when dictated by circumstances.

#### **Article 15. Term of office**

- 15.1. Directors shall remain in their positions for the term stipulated in the By-laws, which in no case shall exceed four (4) years and may be reappointed for periods of equal maximum duration.
- 15.2. Directors appointed by interim appointment shall remain in their posts until the date of the first General Shareholders Meeting, or until the next meeting if the vacancy occur once the General Shareholders Meeting has been convened and before it is held. This period shall not be included in the calculations for the purposes of the paragraph above.

#### **Article 16. Reappointment of Directors**

- 16.1. The proposal for the reappointment of the Independent Directors corresponds to the Appointments and Compensations Committee and to the Board of Directors in the case of Executive and Nominee Directors, which shall also be preceded by a report of the Appointments and Compensations Committee.
- 16.2. The proposed reappointments shall be accompanied in all cases by a report of the Board of Directors assessing the competence, experience and merits of the nominee, which shall be attached to the minutes of the General Shareholders Meeting or of the Board of Directors itself.
- 16.3. Before the reappointment of Directors is proposed to the General Shareholders Meeting, the Appointments and Compensations Committee shall issue a report evaluating the work and dedication of the Non-Independent Directors proposed during the previous term in office.
- 16.4. The provisions of this Article shall also apply to the natural persons who are appointed as representatives of a legal entity Director. A report of the Appointments and Compensations Committee related to the proposed natural person representative nominee shall be issued.

## **Article 17. Removal of Directors**

17. 1. Directors shall be removed from their post once the term for which they were appointed has lapsed or when so decided by the General Shareholders Meeting pursuant to the powers conferred upon them by law and in the By-laws, with no need for said decision to be included in the Agenda of the General Shareholders Meeting. The Board of Directors shall not propose the removal of any Independent Director before the end of the statutory term for which they have been appointed, except where the Board of Directors considers that sufficient grounds for such action exist, based on a report by the Appointments and Compensations Committee. In particular, sufficient grounds will be deemed to exist when the Directors hold new posts or undertake new obligations that prevent them from devoting the necessary time to perform the duties of the post of Director or have failed to fulfil the duties inherent to their position or are affected by one or more of the circumstances that would have prevented their appointment as an Independent Director, in accordance with the applicable legal provisions.
17. 2. Directors must tend their resignation to the Board of Directors and, where considered appropriate by the Board, formalize the appropriate resignation in the following circumstances:
- (a) When they cease in the positions, posts, or functions related with their appointment as Executive Directors;
  - (b) In the case of Nominee Directors, when the shareholder whose interests they represent transfer all of their shares, or transfer a number of shares in the event that the shareholder reduce its holding in the Company;
  - (c) When they are affected by any of the incompatibility or prohibitions provisions legally established;
  - (d) If they are severely reprimanded by the Board of Directors on the basis of a report by the Appointments and Compensations Committee as a result of having breached their duties as Directors;
- or

- (e) When their continued presence on the Board of Directors may jeopardize the interests of the Company.
17. 3. When a Director is removed from its office before the end of the term of office following its resignation or for whatever other reason, the Director shall explain the reasons for doing so in a letter addressed to all the members of the Board of Directors. Even if said removal is communicated as an announcement to the market, the reasons for said removal will be included in the Annual Corporate Governance Report.

## **CHAPTER V DIRECTOR'S DUTIES**

### **Article 18. General duties of Directors**

18. 1. Directors must fulfil the duties stipulated in the Spanish Companies Act and in the By-laws, the Regulations of the Company (Regulations of the General Shareholders Meeting, Regulations of the Board of Directors, and the Internal Regulations for Conduct in the Securities Markets), remaining faithful to the interests of the Company.

The role of the Director is to guide and monitor the management of the Company in order to maximize the economic value of the business in a sustainable manner.

18. 2. While performing its duties, Directors shall act with the diligence of an prudent businessperson and a faithful representative. In particular, the Director shall:

- (a) Attend meetings of bodies of which it is part with the required dedication and actively participating in deliberations, so that it can effectively contribute to the decision-making process.

If it cannot be present at sessions to which it has been called to attend, where applicable, it must instruct the Director that it has appointed as representative. The number of absences will be recorded in the Annual Corporate Governance Report.

- (b) Be informed and prepare the meetings of the Board of Directors and of bodies of which it is a member. To this end, Directors have the

duty to demand and the right to gather the appropriate or necessary information for the compliance of their legal duties.

- (c) Clearly express his/her opposition when he/she believes that a proposed decision submitted to the Board of Directors may be contrary to the interests of the Company.
- (d) Attend General Shareholders Meetings.
- (e) Undertake any specific commitment entrusted to the Director by the Board of Directors, and which can be considered to reasonably fall within his/her duties.
- (f) Urge the persons authorized to call meetings to convene an extraordinary meeting of the Board of Directors or to include in the agenda of the first meeting held the points the Director considers appropriate.
- (g) Without prejudice to the provisions of the Internal Regulations for Conduct in the Securities Markets of the Company, inform the Board of Directors of:
  - (i) The Director's direct or indirect shareholding (or that of the related parties referred to in Article 231 of the Spanish Companies Act) in the capital of a Company engaged in activities that are the same as, similar to, or complementary to those that constitute the corporate purpose of the Company. In this case, the Director will also provide information on its positions or roles in such companies.
  - (ii) The involvement of the Director, either in its own name or on behalf of a third party, in activities that are the same as, similar to, or complementary to those that constitute the corporate purpose of the Company, in the event that such involvement has been expressly authorized by the Company.
  - (iii) Shares in the Company of which the Director is or has been the owner.



- (iv) Transactions conducted the previous year by the Director in its own name (or by persons acting on its behalf) with the Company or with companies in the Applus+ Group, when such transactions are relevant, not related to the ordinary course of business of the Applus+ Group, or do not take place under arm's length conditions. This information must also be provided specifically at the time of each transaction or action.
- (v) The Director's other professional obligations, in the event that they prevent the Director from acting with the required level of dedication.

The Secretary of the Board of Directors shall collect the information referred to in point (g) above from the Directors.

18. 3. Within the scope of strategic and business decisions, subject to the business judgement, the standard of care of a prudent businessman shall be deemed to have been complied with when the Director has acted in good faith, without a personal interest in the item that was the object of the decision, with sufficient information and according to a suitable decision-making procedure. Those decisions that personally affect other Directors and the persons related to them, and in particular, those who shall authorize the transactions provided for in Article 230 of the Law, shall not be deemed to be included within the scope of the business judgement.

### **Article 19. Duty of Loyalty**

The Directors shall perform their duties with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company. In particular, the duty of loyalty obliges the Director:

- a) Not to exercise their powers for purposes other than those for which they have been conferred.
- b) To keep confidential all the information, data, reports or background information they have access to in the performance of their duties, even when they leave their post, except insofar as it is permitted or required by law.

- c) To refrain from participating in the discussion and voting on resolutions or decisions in which they or a person related to them has a, direct or indirect, conflict of interest. The agreements or decisions relating to them in their condition of Directors, including their appointment or revocation for the positions on the board or others analogous in nature, shall be excluded from the above obligation of refrain from participating and voting.
- d) To perform their duties under the principle of personal responsibility with freedom of judgement or good judgement and independence with regard to the instructions and links to third parties.
- e) To adopt the necessary measures to avoid finding themselves in situations in which their interests, on their own account or that of a third party, may conflict with the corporate interest and their duties to the Company.
- f) In particular, the duty to avoid the conflicts of interest referred to in the previous paragraph obliges the Director to refrain from:
  - (i) Carrying out transactions with the Company, except in the event of ordinary transactions, carried out under standard conditions for the clients and non-material, defined as those transactions whose information is not necessary to present a fair view of the Company's equity, the financial situation and the results of the entity.
  - (ii) Using the name of the Company or using their status as Director to unduly influence private operations being conducted.
  - (iii) Making use of the corporate assets, including the confidential information of the Company, for private purposes.
  - (iv) Taking advantage of the business opportunities of the Company.
  - (v) Obtaining advantages or remuneration from third parties other than the Company and the Applus+ Group associated to the performance of their duties, except in the case of the corporate hospitality.

- (vi) Carrying out activities on their own account or on behalf of a third party which entail effective competition, whether actual or potential, with the Company or that, otherwise, would create a permanent conflict of interests with regard to the interests of the Company.
- g) The foregoing provisions shall also apply in the event that the beneficiary of the acts or activities prohibited is a person related to a Director.
- h) In any case, the Directors shall inform the other Directors and the Board of Directors of any conflict, direct or indirect, that they or persons related to them may have with the interests of the Company.
- i) The conflict of interest of the Directors shall be disclosed in the Notes of the financial statements.

#### **Article 20. Exemptions to the confidentiality duty**

- 20.1. Notwithstanding the provisions contained in section 19.1.b, this requirement shall not apply to cases in which the Spanish Companies Act or any other regulations applicable establish that said information shall be disclosed or disseminated to supervisory authorities or third parties; in this case, the information must be disclosed in accordance with the provisions of the Spanish Companies Act or of the relevant regulations.
- 20.2. For the sake of clarity, when the Director is a legal entity, the obligation of secrecy will also apply to the individual representative of said entity, without prejudice of the representative's duty to inform the corresponding legal entity.

#### **Article 21. Mandatory nature and exemptions to the duty of loyalty**

- 21. 1. The regime governing the duty of loyalty and the responsibility for its breach is imperative.

21. 2. Notwithstanding the provisions of the preceding paragraph, the Company may waive the prohibitions contained in Article 19 above in individual cases authorizing a Director or a person related to them to carry out an specific transaction with the Company, the use of certain corporate assets, the use of a particular business opportunity or obtainment of a benefit or remuneration from a third party.
21. 3. The authorization shall necessarily be approved by the General Shareholders Meeting when its object is the waiver of the prohibition of obtaining a benefit or compensation from third parties, or affects a transaction whose value exceeds ten percent of the corporate assets.
21. 4. In all other cases, the authorization may also be granted by the Board of Directors, provided that the independence of the members that grant the authorization with regard to authorized Director is ensured. It will also be necessary to ensure the harmlessness of the authorized transaction for the company's equity or, where applicable, that it is carried out at arm's length conditions and that the transparency of the process is ensured.
21. 5. The obligation not to compete with the Company may only be waived in the event that no damages to the Company are expected or if the expected damages are offset by the benefits derived from providing the waiver. The waiver shall be granted by express and separate resolution of the General Shareholders Meeting.
21. 6. In any case, at the request of any shareholder, the General Shareholders Meeting shall decide on the removal of the Director that carries out competitive activities in which the risk of damages to the Company has become material.
21. 7. The Directors affected or the Directors who represent or who are linked to affected shareholders shall not participate in the discussions and voting of such resolutions.
21. 8. The above transactions shall be assessed from the point of view of equal treatment and the arm's length conditions, and shall be included in the Annual Corporate Governance Report and in the periodic disclosure information in accordance with the provisions of the applicable regulations.

21. 9. The authorization provided for in this Article 21 shall not be necessary, however, for transactions that simultaneously meet the following three conditions:
- (a) They are carried out under the terms of contracts whose conditions are standardized and applied to a large number of clients;
  - (b) They are implemented at prices or rates generally set by the person supplying the good or service in question; and
  - (c) The value of these transactions does not exceed 1% of the annual turnover of the Company.
21. 10. If the conditions referred to in the previous paragraph are met, those affected shall not be obliged to report said transactions.
21. 11. In accordance with Article 7.2 above, the acknowledgement and approval, following a report from the Audit Committee, of the Related-Party Transactions are among the non-delegable competencies of the Board of Directors. However, in accordance with Article 7.5, when, for reasons of urgency, duly justified, the Related-Party Transactions may be authorized, where appropriate, by delegated persons or bodies and shall be ratified at the first meeting of the Board of Directors that is held after the adoption of the resolution.

## **Article 22. Director's information requirements**

- 22.1. The Director shall inform the Appointments and Compensations Committee of the Company of the following:
- (a) Shares that it holds in companies of the Applus+ Group listed on secondary markets, whether directly, or through companies in which it has a significant holding. This information shall extend to share options or derivatives related to the share value, in addition to amendments arising in that holding or related rights, within a term of ten calendar days from the date that said changes occurred.
  - (b) Positions held and professional activities carried out in other companies or entities.

- (c) Significant changes in his/her professional situation which affect the nature or condition by virtue of which he/she has been appointed as Director.
- (d) In general, any fact or situation which may be relevant to his/her activity as a Director of the Company.

22.2. In particular, the Director shall be required to notify any criminal proceedings in which he/she is involved as defendant, and any subsequent legal proceedings deriving from that action. If a Director is involved in a lawsuit, or if any court order is issued involving him/her in a court hearing for any of the offences indicated in article 213 of the Spanish Companies Act, the Board of Directors shall examine the case as soon as possible, and, in view of the specific circumstances, decide whether or not the Director should continue in his/her post. The Board of Directors shall give a reasoned account of all this in the Annual Corporate Governance Report.

## **CHAPTER VI DIRECTOR INFORMATION**

### **Article 23. Faculties of information and inspection**

- 23.1. In order to comply with his/her functions, the Directors may be informed of any aspect of the Company and companies of the Applus+ Group, whether Spanish or foreign. To this end, he/she may examine the documentation he/she deems appropriate, contact with the heads of the relevant departments, and visit the corresponding facilities.
- 23.2. In order to avoid disrupting the normal management of the Applus+ Group, the exercise of the faculties of information shall be channelled through the Chairman, who shall address the Director's requests, providing him/her with the information directly or making him/her available the appropriate interlocutors at the relevant level of the organization.
- 23.3. In the event that the information request is declined, delayed, or not properly addressed, the Director requesting the information may reiterate his/her request to the Audit Committee which, having heard

the Chairman, and the Director, shall decide accordingly.

- 23.4. The information requested may only be refused when, in the opinion of the Chairman and the Audit Committee, it is unnecessary or prejudicial to the corporate interests. Such refusal shall not be possible when the request is supported by the majority of the Directors.

#### **Article 24. Assistance of experts**

- 24.1. For the purpose of assisting the Directors in the performance of their duties, the external Directors may request the Company to hire legal, accounting or financial advisers or any other experts, whose services shall be paid by the Company.

Such engagement shall necessarily address specific problems of certain significance and complexity, arising in the context of the performance of their duties.

- 24.2. The request for contracting advisers or external experts should be addressed to the Chairman of the Board of Directors and shall be authorized by the Board of Directors if, in its opinion:

- (a) it is necessary to ensure the effective performance of the duties entrusted to the Independent Directors;
- (b) the cost of this assistance is reasonable, in view of the importance of the issue and given the assets and income of the Company; and
- (c) the technical assistance sought cannot be provided adequately by Company experts and specialists.

- 24.3. In the event that the request for expert assistance were made by any of the Committees of the Board of Directors, it may not be refused, unless the majority of Directors considers that the circumstances established in paragraph 2 of this article do not apply.

**CHAPTER VI**  
**DIRECTORS' REMUNERATION**

**Article 25. Remuneration policy**

25.1. Without prejudice to the faculties conferred to the General Shareholders Meeting related to the approval of the Directors' remuneration policy in their capacity as Directors and the establishment of the maximum amount of the remuneration to be paid to all the members of the Board of Directors in their capacity as Directors, the proposal of the remuneration policy will be approved by the Board of Directors which shall address at least the following matters, within the limits established in the By-laws:

- (a) The distribution of the total amount approved by the General Shareholders Meeting among the Directors, taking into consideration the roles and responsibilities attributed to each Director, their membership to the Board Committees and any other objective circumstances that may be deemed as appropriate.
- (b) The amount of the fixed components, with a breakdown, if appropriate, of the expenses stemming from being member of the Board of Directors and of its Committees, and an estimate of the fixed annual remuneration resulting thereunder.
- (c) Remuneration components of a variable nature including in particular:
  - (i) types of Director to whom they are applicable, and an explanation of the relative importance of the variable remuneration with respect to the fixed remuneration;
  - (ii) criteria applicable to the assessment of the results on which any right to remuneration in shares, share options or any variable components is based;
  - (iii) fundamental parameters and basis of any system of annual bonuses or any other benefits not paid in cash; and



- (iv) an estimate of the absolute amount of the variable remuneration to which the proposed remuneration plan has given rise, based on the degree of compliance of the milestones or targets taken as a reference.
  - (d) The main characteristics of pension systems (complementary pensions, life insurance and similar benefits) with an estimate of their amount or equivalent annual cost.
- 25.2. The proposed remuneration policy of the Board of Directors shall be reasoned and shall be accompanied by a specific report from the Appointments and Compensations Committee. Both documents shall be made available to the shareholders on the website of the Company since the moment the General Shareholders Meeting is convened. The shareholders may also request such documents to be sent or delivered to them free of charge. The notice convening the General Shareholders Meeting shall mention this right.
- 25.3. The remuneration policy of the Directors thus approved shall be valid for the three years following the one on which it has been approved by the General Shareholders Meeting, except as provided in article 28.1 of these Regulations. Any modification or replacement within said period shall require the prior approval of the General Shareholders Meeting in accordance with the procedure established for its approval.

## **Article 26. Contract of the Executive Directors**

- 26.1. When a member of the Board of Directors is appointed as Chief Executive Director or assumes executive duties under another title, it shall be necessary that a contract is entered into between them and the Company that shall be approved previously by the Board of Directors with two thirds of its members voting in favour. The Director affected shall refrain from attending the discussion and from voting. The contract approved shall be attached to the minutes of the meeting.

- 26.2. The contract shall detail all the items for which they can obtain a remuneration for the performance of executive duties, including, where applicable, any compensation for early termination of said duties and the amounts to be paid by the Company as insurance premiums or contribution to savings systems. The Directors shall not receive any remuneration for the performance of executive duties related to amounts or items that are not listed in that contract.
- 26.3. The remuneration of the Directors for the performance of the executive duties provided for in the contracts approved in accordance with the provisions of this Article shall comply with the remuneration policy of the directors, which shall necessarily include the amount of the fixed annual remuneration and its variation in the period the policy refers to, the various parameters for establishing the variable components and the main terms and conditions of their contracts including, in particular, their duration, compensation for early termination or termination of the contractual relationship and exclusivity agreements, post-contractual non-competition and permanence or loyalty. The contract shall comply with the remuneration policy adopted, where appropriate, by the General Shareholders Meeting.

## **Article 27. Content of the remuneration**

- 27.1. Remuneration based on the delivery of Company shares or of shares in companies within Applus+ Group, share options or instruments related to the share value, variable remuneration linked to Company's performance, or pension systems shall be limited to Executive Directors. All of the above without prejudice to the rights that could have been previously exceptionally conferred to other Directors on an exceptional basis.
- 27.2. Independent Directors shall be eligible for remuneration as a reward for their dedication, qualification and responsibility that the office demands, however, this remuneration should not reach a level which compromised their independence. An amount that adequately rewards the duties conferred to the Coordinating Director shall be determined, where appropriate.
- 27.3. Remuneration relating to the Company's results shall take into account any possible conditions indicated in the external audit report which may reduce those results.

- 27.4. In the event of variable remuneration, remuneration policies shall incorporate precautionary techniques, which shall specifically ensure that such remuneration maintains a relation with the professional performance of the beneficiaries and does not derive simply from the general evolution of markets, or the sector in which the Company operates, or any other similar circumstances.
- 27.5. The Company shall maintain a civil liability insurance policy for its Directors.
- 27.6. The Directors shall, where appropriate, be entitled to the payment or reimbursement of the expenses they had incurred as a result of their attendance to meetings and other tasks directly related to the performance of their duties, such as travel, accommodation, meals and any other they might incur, after the delivery of the supporting documentation for such expenses.

#### **Article 28. Annual Directors' Remuneration Report**

- 28.1. The Board of Directors shall submit the Annual Directors' Remuneration Report to the General Shareholders Meeting as a separate item on the agenda and with non-binding effects presented by the Appointments and Compensations Committee. In the event that the Annual Directors' Remuneration Report is rejected with the non-binding vote of the General Shareholders Meeting, the remuneration policy applicable for the following year shall be subject to the approval of the General Shareholders Meeting prior to being applied, although the term of three (3) year had not elapsed. Should the remuneration policy had been approved at the same General Shareholders Meeting, the above shall not apply.
- 28.2. The Annual Remuneration Report shall be made available to the shareholders and disclosed as an announcement to the market.
- 28.3. The Annual Remuneration Report shall include clear, comprehensive and easy to understand information on the Company's Remuneration Policy approved by the Board of Directors for the current year. The report shall address all the issues referred to in article 30 of this Regulation, except for those points which may concern disclosure of sensitive business information. The Annual Remuneration Report shall highlight the most

significant changes in those policies in respect of the policy applied during the financial year previous to the year when the General Shareholders Meeting is held. It shall also include a global summary of how the remuneration policy was applied during the financial period, and the details of the individual remunerations paid to each of the Directors.

28.4. The Board of Directors shall also inform the meeting of the role carried out by the Appointments and Compensations Committee in drawing up the Remuneration policy, and, if they used external advisers, the identity of the external consultants shall be indicated.

### **Article 29. Transparency of the remuneration**

The Annual Remuneration Report shall detail the individual remunerations of the Directors during the financial year and shall include, amongst others:

- (a) An itemized breakdown of the remuneration of each Director which shall include if appropriate:
  - (i) attendance expenses, or other fixed remuneration as Director;
  - (ii) additional remuneration such as Chairman, Vice Chairman or member of any Committee of the Board of Directors;
  - (iii) any remuneration based on profits or bonuses, and the reasons why such amounts were paid;
  - (iv) contributions to defined contribution pension plans for the Director, or increase in the Director's vested rights, in the case of defined contribution plans;
  - (v) any indemnities agreed or paid in the event of termination of their duties;
  - (vi) remuneration received as Director of other Applus+ Group companies;
  - (vii) remuneration for performance of senior management duties by Executive Directors; and

- (viii) any other remuneration apart from the foregoing, irrespective of its nature or the Applus+ Group entity that pays it, especially when it is considered to be a Related-Party Transaction or when its omission would detract from a true and fair view of the total remuneration received by the Director.
- (b) The itemized breakdown of the possible delivery to Executive Directors of shares, share options or any other share based instrument detailing:
  - (i) the number of shares or share options granted during the financial year and the conditions for their exercise;
  - (ii) number of options exercised during the financial year, indicating the number of shares and the exercise price;
  - (iii) number of options pending exercise at the end of the financial year, indicating their price, date and other requirements of the period; and
  - (iv) any amendment during the financial period of the conditions for exercising options already granted.
- (c) Information on the relationship during the previous financial year between the remuneration obtained by the Executive Directors and the results or other performance indicators of the Company.

## **CHAPTER VIII**

### **STRUCTURE AND OPERATION OF THE BOARD OF DIRECTORS**

#### **Article 30. Chairman Duties**

- 30.1. The Board of Directors, following a report from the Appointments and Compensations Committee, shall appoint a Chairman. If the Chairman is an Executive Director, it shall be required the vote in favour of two-thirds (2/3) of the Directors.
- 30.2. The Chairman shall have the ordinary power to convene the Board of Directors, set the agenda for meetings and preside over said meetings as well as to chair the General Shareholders Meetings. However, the Chairman shall also be required to convene the Board of Directors when a

third (1/3) of the members of the Board so requests, indicating in the agenda whether the meeting is to be held at the registered address of the company or at premises located in Barcelona, if, having previously requested that the Chairman of the Board of Directors call a meeting, it has failed to do so within a period of one (1) month from the initial request.

- 30.3. As the Chairman of the Board of Directors is maximum responsible for the effective operation and functioning of the Board of Directors, it shall be required to ensure that the Directors are provided with sufficient information beforehand; it shall encourage debate and the active participation of Directors during the Board meetings, safeguarding their freedom to take a particular stance and express their opinions and shall organize and coordinate with the Chairmen of the relevant committees the periodic assessment of the Board of Directors and, if appropriate, the senior executive.

### **Article 31. Vice-chairmen. Delegations**

- 31.1. The Board of Directors may appoint, following the issuance of a report of the Appointments and Compensations Committee, one or more Vice Chairmen who shall substitute the Chairman in the event of vacancy, absence or illness, in accordance with the terms of the By-laws. In the event that there are several Vice Chairmen, an order should be assigned to them as to their appointment. In the absence of the Chairman and the Vice Chairman, the eldest board member shall preside over the meeting.
- 31.2. The Board of Directors may permanently delegate the Board's powers to one or several of its members, or to a Committee, except for those which are its exclusive competence through effect of law, or according to the By-laws or this Regulation.

The permanent delegation of powers of the Board of Directors and the appointment of the Director or Members to whom these delegated faculties are attributed, or the Committee members to whom they are also attributed, irrespective of their denomination, shall, in order to be valid, require the favourable vote of at least two thirds (2/3) of the components of the Board of Directors.

### **Article 32. Coordinating Director**

32.1. When the Chairman is an Executive Director, the Board of Directors, at the proposal of the Appointments and Compensations Committee, with the abstention of the Executive Directors, shall appoint necessarily a Coordinating Director among the Independent Directors, who may have the following responsibilities:

- (a) Request the Chairman of the Board to convene the Board of Directors when appropriate.
- (b) Request the inclusion of items on the Agenda of the meetings of the Board of Directors that have already been convened.
- (c) Coordinate and gather the non-Executive Directors.
- (d) Conduct the evaluation by the Board of the Chairman and, where appropriate, of the Chief Executive Officer.
- (e) Act as Vice Chairman assuming the responsibilities of the Chairman concerning the Board of Directors in the event of his/her absence, illness or inability for any other reason. In the absence of the Coordinating Director the oldest Director shall replace the Chairman for the purposes of this paragraph.

32.2. The appointment of the Coordinating Director shall be voluntary when the Chairman is not an Executive Director.

**Article 33. Secretary of the Board of Directors Duties Deputy Secretary of the Board of Directors**

33.1. The Secretary of the Board of Directors may not be a Director.

33.2. The Secretary shall assist the Chairman so that the Directors receive the relevant information for the performance of their duties in good time and in the right format and shall ensure the correct operation of the Board of Directors, and shall be in charge of duly recording in the minutes the content of meetings and the discussions, and certifying its content and the resolutions of the Board. In addition, the Secretary of the Board shall keep the documentation of the Board of Directors.

33.3. The Secretary shall take particular care to ensure that the Board of

Directors is duly adjusted to the applicable regulations (including that approved by the regulatory entities) and that they conform to the By-laws and the Regulations of the Board of Directors and any other corporate rules; and take into account the recommendations for good governance approved by the Company.

33.4. The appointment and removal of the Secretary shall be subject to a report by the Appointments and Compensations Committee, and shall be approved by the full Board of Directors.

33.5. The Secretary shall clearly express its opposition if it considers that any decision proposal submitted to the Board of Directors may be contrary to the corporate interest. When the Board of Directors takes significant or reiterated decisions on which the Secretary has serious reservations, it shall draw the appropriate conclusions and if the Secretary decides to resign, it shall explain the reasons for doing so in a letter addressed to all the members of the Board of Directors.

33.6. The Board of Directors may appoint a Deputy Secretary who need not be a Director, in order to assist the Board Secretary or replace it in its absence.

#### **Article 34. Company Books of Minutes**

34.1. Unless otherwise agreed by the Board of Directors, the Company shall maintain a single Book of Minutes in which the Minutes of the General Shareholder's Meeting shall be recorded, along with those of the Board of Directors and its Committees.

34.2. The Record shall be kept by the Company under the supervision of the Chairman of the Board of Directors.

#### **Article 35. Meetings of the Board of Directors**

35.1. The Board of Directors shall meet with sufficient frequency to effectively perform its duties, provided that this is in the interest of the Company and, at least, on a quarterly basis. The Board of Directors shall draw up a schedule of dates and matters to be addressed at the start of the financial year. The schedule may be modified at the decision of the Board of Directors or the Chairman, who shall inform the Directors of the



change within a maximum term of five (5) days prior to the date initially established for holding the meeting, or the new date set for the meeting, should this be earlier. Without prejudice to the foregoing, the Board of Directors shall retain at all times the power to resolve any matters within its competencies, even on matters not expressly included in the Agenda, provided that the Chairman deems it appropriate to the interest of the Company, or necessary for reasons of urgency or opportunity.

- 35.2. Ordinary meetings shall be convened by letter or e-mail, or any other means, whether written or electronic, that ensures their receipt, and shall be authorized by the Chairman's signature or, pursuant to the Chairman's instructions, that of the Secretary or Deputy Secretary.

The meetings of the Board of Directors shall be convened with at least seven (7) calendar days prior notice, through letter or e-mail or any other means, whether written or electronic, that ensures their receipt. With every call for meeting of the Board of Directors, a meeting agenda shall be included along with the pertinent documentation, so that the Members of the Board of Directors may form their opinion, and if appropriate, issue their vote in relation to the subjects submitted for consideration.

In the event of urgency, prior notice of the meeting shall be given within twenty-four (24) hours, restricting the agenda of the meeting in this case to items of urgency.

- 35.3. When the Chairman of the Board is also the Chief Executive Officer of the Company, the Board may also be convened by the Coordinating Director who may also request the inclusion of new items on the Agenda of an already convened meeting of the Board, coordinate and gather the non-Executive Directors and direct, where appropriate, the periodic evaluation of the Chairman of the Board.
- 35.4. The Board of Directors shall be deemed to be validly constituted without the need for formal call, when all the board members, either present or represented, unanimously agree to hold the meeting and address the items of the agenda. In addition, if no board member is opposed, the voting may be made by writing procedure in lieu of a meeting.
- 35.5. The Chairman shall decide on the agenda of the meeting. The Directors may put forward matters to the Chairman to be included on the agenda

and the Chairman shall be required to include them when they have been submitted them within a maximum of four (4) days prior to the date established for holding the meeting.

When, at the request of the Directors, specific items are included in the agenda, the Members who had requested that inclusion shall be required to submit, together with their application, the pertinent documentation in order to provide the other members of the Board with the relevant information.

Every endeavour shall be made, given the requirement for confidentiality of each Director, to ensure that the importance and the private nature of such information is not used as a pretext -except in case of exceptional circumstances considered by the Chairman- for failing to comply with this provision.

- 35.6. The agenda of the meetings and the decision-making regime shall comply with the Spanish Companies Act and with the By-laws.
- 35.7. The Directors may delegate their representation to another Director. Non-Executive Directors may only delegate their representation in favour of another Non-Executive Director. The Chairman shall decide, in the event of any doubt, on the validity of the delegations conferred by Directors who are not present at the meeting. Said delegations may be granted by letter or any other written method which, in the Chairman's opinion, ensures that said representation is valid.
- 35.8. When the Directors or the Secretary express concern over any proposal or, in the case of the Directors, regarding the situation of the Company, and such concerns are not resolved by the Board of Directors, at the request of whoever expressed such concerns, they shall be recorded in the minutes.
- 35.9. Meetings of the Board of Directors may be held through multi-conference call, video conference or any other similar system, so that one or several Directors may attend the meeting using the systems indicated. To this end, the meeting call, in addition to indicating the place where it will take place, where the Secretary of the Board of Directors shall attend, must indicate the possibility of attending the meeting through conference call, video conference or any equivalent system, and shall indicate and make

available the technical resources required for this purpose, which in any case should enable direct or simultaneous communication of the attendees.

35.10. The decisions of the Board of Directors shall be taken by absolute majority of the Directors. Any other reinforced majorities which may be established at any time under law or in the By-laws shall be exempt from this requirement.

### **Article 36. Self-assessment of the Board of Directors**

The Board of Directors shall dedicate the first meeting of the year to an assessment of its operation and of its Committees during the previous financial year, evaluating the quality of its work, assessing the effectiveness of its regulations, and if appropriate, correcting those aspects that were found not to be functional and proposing an action plan to correct the potential deficiencies identified. Furthermore, the Board of Directors shall assess the performance of its duties through the Chairman of the Board of Directors and the senior executive of the Company, based on the report issued by the Appointments and Compensations Committee, as well as the operation of the Board of Directors Committees, based on their reports. The result of the assessment shall be inserted in the Minutes of the meeting or shall be attached thereof as an annex.

### **Article 37. Board of Directors Committees**

37.1. In order to obtain greater efficacy and transparency in the exercise of its powers, and compliance with the functions and duties attributed to it, the Board of Directors shall arrange its work through the creation of Committees which reinforce the guarantees of objectivity with which it addresses specific issues.

37.2. Without prejudice to the statutory capacity of the Board of Directors to create other committees, in any case, the following shall be appointed:

- (a) Supervisory Committee
- (b) Audit Committee
- (c) Appointments and Compensations Committee

## **Article 38. Supervisory Committee**

- 38.1. The Board of Directors may permanently delegate to the Supervisory Committee all the Board's powers, except for those which according to the law, the By-laws or this Regulation are its exclusive competencies. As an exception, the Supervisory Committee may take decisions in relation to the matters contained in article 7.2 sections (f) and (g) of this Regulation, when there are reasons of urgency, and with subsequent ratification by the full Board of Directors.
- 38.2. The Board of Directors shall appoint the Directors who are to make up the Supervisory Committee. The Board of Directors may also appoint a Chairman of the Supervisory Committee.
- 38.3. The Supervisory Committee shall comprise a minimum of three (3) members and a maximum of five (5). The Supervisory Committee shall appoint a Secretary, who may not be a member of said Committee, and who will assist the Chairman of the Supervisory Committee, and shall provide for the correct operation of the Supervisory Committee, ensuring that the minutes reflect the progress of the meetings and the content of the discussions and decisions taken. For each meeting, the Secretary, or person acting on its behalf, shall issue the minutes of the meeting, which shall be signed by the members of the Supervisory Committee who attended the meeting. A copy of the minutes shall be sent to all the members of the Board of Directors.
- 38.4. Members of the Supervisory Committee shall resign when they cease to be Directors, or when the Board of Directors decides to relieve them from their duties.
- 38.5. Vacancies occurring shall be covered in a timely manner by the Board of Directors.
- 38.6. In the absence of the Chairman of the Supervisory Committee, its duties shall be exercised by the member elected for this purpose.
- 38.7. The Supervisory Committee may hold ordinary meetings on a monthly basis, and may meet on an extraordinary basis when corporate interests so require.

- 38.8. The Supervisory Committee shall be convened by the Chairman of the Supervisory Committee (or by the acting Chairman) by letter or e-mail, or any other means, whether written or electronic, that ensures their receipt. It shall be ensured that, unless justified on urgent grounds, this shall be with a maximum of seven (7) days prior notice. Together with the call for meeting, the members of the Supervisory Committee shall be sent the pertinent documentation in order to form an opinion and issue their vote.
- 38.9. The Supervisory Committee shall remain validly constituted when half plus one of its members are either present, or duly represented.
- 38.10. The Board of Directors shall always be apprised of the matters addressed and the decisions taken by the Supervisory Committee.
- 38.11. In any other aspects, the Supervisory Committee shall be governed by the terms of the By-laws and, on an ancillary basis, also by the terms of the By-laws and this Regulation applicable to the Board of Directors.

#### **Article 39. Audit Committee**

- 39.1. The Company shall have an Audit Committee comprising a minimum of three (3) and a maximum of five (5) Directors, appointed by the Board of Directors, at the proposal of the Appointments and Compensations Committee. All the members of the Audit Committee should be Non-Executive Directors, and at least two (2) of the members of the Audit Committee shall be required to be Independent Directors, and one (1) of them shall be appointed on the basis of its knowledge and experience in matters of accounting or auditing, or in both these areas.
- 39.2. The members of the Audit Committee shall be appointed for a term of four (4) years, and may be re-elected, once or several times, for periods of the same duration.
- 39.3. Despite the terms of the previous paragraph, the Audit Committee shall appoint a Chairman among the Independent Directors for a term not exceeding four (4) years, being able to be re-elected after one (1) year as of the end of its term as Chairman, even if he/she continues to hold the office or he/she is re-appointed as member of the Audit Committee.

- 39.4. The Audit Committee shall appoint a Secretary, who may not be a member of said Committee, and who will assist the Chairman of the Audit Committee and shall provide for the correct operation of the Audit Committee ensuring that the minutes reflect the progress of the meetings and the content of the discussions and decisions taken. For each meeting the Secretary or person acting on its behalf shall issue the minutes of the meeting, which shall be signed by the members of the Audit Committee who attended the meeting. A copy of the minutes shall be sent to all the members of the Board of Directors.
- 39.5. The main function of the Audit Committee is to support the Board of Directors in all its tasks of surveillance, through regular review of the process of preparing the economic and financial information, the function of the internal audit and the independence of the external auditor.
- 39.6. The Audit Committee shall monitor the internal audit, which shall ensure proper functioning and operation of the information and internal control systems. The person in charge of the internal auditing functions shall submit its annual work plan to the Audit Committee and shall directly inform the committee of any incidents occurring during its compilation, as well as submitting an activity report on conclusion of the financial period.
- 39.7. Without prejudice to the other competences that are attributed to the Audit Committee, the Audit Committee is responsible for, at least:
- (a) To reporting the General Shareholders Meeting on the issues raised in relation to those matters within the competence of the Audit Committee.
  - (b) In relation to the information and internal control systems:
    - (i) To Monitor the effectiveness of the internal control of the Company, the internal audit, and the risk management systems, including the tax risks, as well as to discuss with the auditor any significant weaknesses in the internal control system detected during the course of the audit.
    - (ii) To monitor the preparation and presentation of the mandatory financial information.

- (iii) To monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of the internal audit; propose the department's budget; receive regular information on its activities; and verify that the senior management are acting on the findings and recommendations of their reports.
- (iv) To establish and to monitor a mechanism whereby employees can report, confidentially, if necessary, anonymously, any irregularities they detect in the Company with potentially serious implications, in particular financial or accounting irregularities.

(c) In respect of the external auditor:

- (i) To make recommendations to the Board of Directors for the selection, appointment, re-appointment and removal of the external auditor and the conditions of its engagement.
- (ii) To gather regularly information from the external auditor on the audit programme, its implementation and the results of its implementation, as well as verify that the senior management are acting on its recommendations.
- (iii) To monitor the independence of the external auditor, to which end, the Company shall:
  - Notify any change of auditor to the CNMV as an announcement to the market, accompanied by a statement of any disagreements arising with the outgoing auditor and, should this be the case, their content.
  - Ensure that the Company and the auditor comply with current regulations on the provision of non-audit services, the limits on the auditor's business concentration, the regulations referring to the requirement to rotate the auditor issuing the audit report, and in general, any other provisions established in order to ensure the independence of the auditors.

- The Audit Committee shall issue a report annually, in which it shall express its opinion on the auditors' independence. This report shall refer in any case to the provision of additional services, other than the legal audit, provided by the auditors to the Company or to any entity associated with the company, whether directly or indirectly.
  - To this end, the Audit Committee shall receive, on a yearly basis, the auditors' written confirmation of their independence in respect of the Company, and any of its associated entities, whether directly or indirectly, as well as any information on additional services of any kind that they have provided to the Company or any of its associated entities, whether directly or indirectly, as well as the fees received from such entities.
  - In the event that the external auditor withdraws, the circumstances motivating this withdrawal shall be examined.
- (iv) With respect to the Applus+ Group, the Audit Committee encourage that the group auditor assumes the responsibility for the audits of the companies of the group.
- (v) To establish the appropriate relationships with the external auditor to receive information on any issues that could jeopardize their independence, to be considered by the Audit Committee, and any other information related to the process of conducting the auditing of the accounts, as well as other communications provided for in the legislation on auditing of the accounts and in the auditing standards.
- (d) In relation with other duties, it corresponds to the Audit Committee:
- (i) To report during the General Meeting of Shareholders on the matters raised therein by shareholders which fall under its scope of responsibility.
  - (ii) To monitor the process of preparing the annual accounts



and management reports, individual and consolidated, for their formulation by the Board of Directors in accordance with the Spanish Companies Act.

- (iii) To report to the Board of Directors, for its formulation in accordance with the Spanish Companies Act, on the correctness and reliability of the annual statements and management reports, individual and consolidated, and the periodic financial information disseminated to the markets.
- (iv) To prepare reports on the proposals to modify these Regulations.
- (v) To decide what is appropriate in relation with rights to information of the Directors who attend the Audit Committee, in accordance with the provisions of Article 25.3 of these Regulations.
- (vi) To issue the reports and the proposals that are requested by the Board of Directors and by its Chairman and those which it deems pertinent for the optimum fulfilment of their duties.
- (vii) To report, where necessary, on business opportunities or the use of assets previously investigated and dismissed by the Applus+ Group over which a Director takes advantage in its own benefit.
- (viii) To monitor compliance with internal codes of conduct and with the rules of corporate governance and, in particular, with these Regulations under the terms provided herein.
- (ix) To report to the Board of Directors, prior to its adoption of the corresponding decisions, on the following subjects:
  - The financial information that the Company must periodically make public as a listed company. The Audit Committee must ensure that these interim statements are formulated using the same accounting criteria as the annual ones and, to that end, consider if a limited review from the external auditor is required.

- The creation or acquisition of holdings in special purpose entities or those established in countries or territories which are considered tax havens, as well as any other transactions or operations of an analogous nature, which, due to their complexity, might diminish the transparency of the Applus+ Group.
- The preparation of a report on all those transactions that have the condition of Related-Party Transactions, as provided for under article 7.5 of these Regulations.

39.8. In order for the Audit Committee to best fulfil its duties, it will be able to seek out advisory services from external professionals, for the purpose of which the provisions set forth in article 26 of these Regulations shall apply.

39.9. The Audit Committee will regulate its own functioning in all matters which are not anticipated under the By-laws, being the statutory provisions relating to the functioning of the Board of Directors, applicable on an ancillary basis to the extent that its nature and functions make it possible.

39.10. The Audit Committee will meet at the least every quarter and, in addition, each time its Chairman convenes it, or at the request of two (2) of its members. Annually, the Audit Committee shall prepare a plan of action for the financial year on which it will report to the Board of Directors.

39.11. Any member of the management team and of the Applus+ Group personnel who are required for such a purpose will be required to attend the sessions of the Audit Committee and to provide their cooperation and access to the information which they possess, even ordering that employees appear before the Committee without any senior manager being in attendance. The Audit Committee may also require that the Company's auditors attend its sessions.

39.12. The Audit Committee will have access to the information and documentation necessary to carry out its duties.

39.13. Regarding any aspect that is not set forth under this article, the provisions set forth in the By-laws relating to the functioning of the Board

of Directors shall be applicable on an ancillary basis to the extent that its nature and functions make it possible.

39.14. The members of the Audit Committee may be assisted, during the sitting of its sessions, by individuals who, in the capacity of advisors and up to a maximum of two per Audit Committee member, they consider suitable. Such advisors will attend the meeting with voice, but without vote.

39.15. The Chairman of the Audit Committee, in the first plenary session of the Board of Directors subsequent to the meeting of the Audit Committee, will give an account of its activity and will answer for the work performed. Annually, the Audit Committee will put forward a report on its functioning to the Board of Directors.

#### **Article 40. Appointments and Compensations Committee**

40.1. The Company will have an Appointments and Compensations Committee comprised of a minimum of three (3) and a maximum of five (5) Directors appointed by the Board of Directors for a period not exceeding that of their term as Directors and without prejudice to their ability to be re-appointed insofar as they were re-appointed as Directors. The Board of Directors will appoint the members of the Appointments and Compensations Committee based on the expertise, skills and experience of the Directors and the commitments of the Appointments and Compensations Committee.

All of the members of the Appointments and Compensations Committee will have to meet the condition of Non-Executive Director, and at least two (2) of its members must be Independent Directors.

40.2. The Appointments and Compensations Committee will designate a Chairman from among its members with the category of Independent Directors. It will also designate a Secretary, who may not be a member of the Committee and who will assist the Chairman and will have to cooperate for the good functioning of the Committee, taking care that the minutes duly reflect the progress of the sessions and the content of the deliberations.

The members of the Appointments and Compensations Committee will resign as a result of their resignation as Directors or when the Board of

Directors so decides.

40.3. Without prejudice to any other duties that are assigned to it, the Appointments and Compensations Committee shall have at least the following duties:

- (a) In relation to appointments:
  - (i) To report on the proposals for appointment and re-appointment of Executive and Nominee Directors, and to formulate the proposals for appointment of Independent Directors.
  - (ii) To establish an objective of representation for the under-represented gender on the Board of Directors and to prepare guidelines on how to achieve said objective.
  - (iii) To inform of the appointment of the Secretary of the Board and, where appropriate, the Vice-Secretary of the Board.
  - (iv) To report on proposals for the removal of members of the Board of Directors.
  - (v) To verify the character of each Director and check that he/she meets the requirements for qualification as Executive, Independent or Nominee.
  - (vi) To evaluate the skills, expertise and experience necessary in the Board of Directors, to define, consequently, the functions and abilities needed in candidates who are to fill each vacancy, and to evaluate the time and dedication necessary in order for them to perform their duties.
  - (vii) To examine and organize, in such a way as is understood to be suitable, the succession of the Chairman and the chief executive and, where necessary, to make proposals to the Board of Directors, so that such succession occurs in an orderly and well-planned manner.
  - (viii) To report annually on the duties performed by the Chairman

of the Board of Directors and by the chief executive of the Company.

- (ix) To report on the appointments and resignations of the Secretary of the Board of Directors and of the senior executives whom the chief executive proposes to the Board of Directors.
- (x) To report to the Board of Directors on the issues of gender diversity, and safeguard that, when filling new vacancies, the selection procedure does not suffer from implicit biases that might hinder the selection of female Directors; and so that the Company deliberately searches for, and includes among potential candidates, women who meet the sought after professional profile.
- (xi) To develop and implement a record of situations concerning Directors and senior executives from the Company, and to receive and maintain in that record the personal information provided by the Directors, as established under article 29 of these Regulations.
- (xii) To receive the information supplied by Directors.

(b) In relation with the remuneration of Directors:

- (i) To inform and propose for the consideration of the Board of Directors the remuneration policy of the Directors.
- (ii) To propose to the Board of Directors the remuneration policy for Directors and managing directors or others who perform their top management duties and directly depend on the Board of Directors, the Supervisory Committee or the Chief Executive Officer.
- (iii) To propose to the Board of Directors the individual remuneration of Executive Directors and other conditions of their contracts.
- (iv) To propose to the Board of Directors the basic conditions of

contracts for senior executives.

- (v) To oversee compliance with the remuneration policy set by the Company.

- 40.4. In order for the Appointments and Compensations Committee to best fulfil its duties, it may seek advisory services from external professionals, for the purpose of which the provisions set forth in article 26 of these Regulations shall apply.
- 40.5. The Appointments and Compensations Committee will regulate its own functioning in all matters which are not anticipated under the By-laws, being the statutory provisions relating to the functioning of the Board of Directors, applicable on an ancillary basis to the extent that its nature and functions make it possible.
- 40.6. The Appointments and Compensations Committee will meet with the frequency which is decided upon and every time it is convened by its Chairman or when two of its members so request. Annually, the Appointments and Compensations Committee will prepare a plan of action for the financial year, which will be communicated to the Board of Directors.
- 40.7. Minutes will be taken at each session and will be signed by the members of the Appointments and Compensations Committee who attended the meeting. The minutes will be sent to all the members of the Board of Directors.
- 40.8. Any member of the management team and of the Applus+ Group personnel who is required for such a purpose will have to attend the sessions of the Appointments and Compensations Committee and will have to provide its cooperation and access to the information which it possesses.
- 40.9. The Appointments and Compensations Committee will have access to the information and documentation necessary for the performance of its duties.
- 40.10. The Appointments and Compensations Committee will have to consult with the Chairman and the chief executive of the Company, especially

when dealing with matters relating to Executive Directors and senior management. Any Director will be able to request the Appointments and Compensations Committee to take into consideration, should they be considered suitable, potential candidates to fill Director vacancies.

40.11. The Chairman of the Appointments and Compensations Committee, in the first plenary session of the Board of Directors subsequent to the meeting of the Audit Committee, will give an account of its activity and will answer for the work performed. Annually, the Appointments and Compensations Committee will put forward a report to the Board of Directors on its functioning.

\* \* \*