



**Annual Report on the functioning of the Appointments and Compensation Committee
of the Board of Directors of Applus Services, S.A. during year 2020**

I. Introduction

This Report is drafted by the Appointments and Compensation Committee (the “**Committee**”) of the Board of Directors of Applus Services, S.A. (hereinafter, “**Applus**” or the “**Company**”) in compliance with article 39.11 of the Regulations of the Board of Directors of Applus (hereinafter, the “**Regulations**”), in order to inform about the work performed by the Committee during year 2020.

This Report shall be submitted to the Board of Directors of the Company, which is the body in charge of evaluating the work performed by the Committee during the year 2020, in conformity with article 36 of the Regulations.

II. Performance of the Committee during year 2020

1. Composition

During year 2020, the Committee has been composed by the following three members, all of whom are independent directors: Mr. John Hofmeister (Chairman), Mr. Richard Nelson and Ms. María José Esteruelas Aguirre.

2. Meetings

During year 2020, the Committee held four meetings, i.e. the regular quarterly meetings (20 February, 29 April, 21 July and 22 October). All of its members attended each of said meetings, three of which were held by telematics means in response to the health situation caused by Covid-19.

The Committee considers that it has met with the frequency required to perform its functions.

3. Actions carried out during year 2020

The Committee, in the performance of the functions attributed to it under article 529 quindecies of the consolidating text of the Spanish Companies Law, article 32 of the Company’s bylaws and article 39 of the Regulations, has mainly focused its meetings on the following actions:

A. Remuneration Policy

The Committee, in the exercise of its functions to review and control the remuneration policies of the Company, has submitted to the Board of Directors for its subsequent ratification the following remuneration matters related to the senior and non-senior managers, the Chief Executive Officer (“**CEO**”) and the Chief Financial Officer (“**CFO**”):

- (i) Approval of the bonus payouts for the CEO, the CFO and the other Senior Managers.
- (ii) Determination of 2020 salaries of the CEO, the CFO and the other Senior Managers.
- (iii) Approval of the awards under the 2019 Restricted Stock Units ("RSUs") award system and the long-term incentive ("LTI") plans for the CEO, the CFO and the other Senior Managers.
- (iv) Determination of the target regarding adjusted earnings per share ("EPS") and the EPS target stretch for the period 2020-2022 under the LTI plans for the CEO, the CFO and the other Senior Managers.
- (v) Approval of the 2020 RSUs awards for non-senior managers under their LTI plan.

The Committee also reviewed 30% of reduction in the remuneration of the non-executive directors and 25% of reduction in the remuneration of the Senior Managers (30% in the case of the CEO and the CFO) that was agreed at the extraordinary Board meeting of 8 April 2020 as a safeguard against the coronavirus crisis, and proposed to reverse this measure with effects as of 15 July 2020.

Likewise, the Committee initiated in 2020 the analysis of possible alternative criteria for the determination of the variable components of the remuneration of the Senior Managers, including in particular the possibility of considering environmental, social and governance (ESG) objectives.

Finally, the Committee considered possible measures to mitigate the drastic reduction of the allowances to be received by the CEO, the CFO and the Senior Managers under their long-term incentive plans as a result of the Covid-19 impact, although no such measures were eventually taken during year 2020 .

B. Report on remuneration

As provided for in article 28 of the Regulations, the Committee, at its meeting of 20 February 2020, reviewed and prepare the Directors' Compensation Annual Report. Such Directors' Compensation Annual Report was submitted to the Board of Directors for its approval and subsequently submitted to advisory vote at the General Shareholders' Meeting held on 29 May 2020 on second call.

C. Board Evaluation Process

The Committee has cooperated with the Chairman of the Board of Directors in the annual Board Evaluation Process of the members of the Board of Directors and of the different Committees.

Additionally, the Committee has complied with the provisions established under article 39.3.a.(viii) of the Regulations, informing on the performances carried out by the Chairman of the Board of Directors, Mr. Christopher Cole, and the Chief Executive Officer, Mr. Fernando Basabe Armijo.

D. Proposal for appointment of directors

The Committee, at its meeting of 20 February 2020, agreed to propose the re-election of Mr. Nicolás Villén Jiménez as independent director of the Company, by issuing the corresponding justifying report, which included an analysis of the needs of the Board of Directors. The Board of Directors supported this proposal at its meeting of 21 February 2020. Finally, the General Shareholders' Meeting held on 29 May 2020 approved the re-election of Mr. Nicolás Villén Jiménez as independent director.

E. Engagement with key investors / proxy advisors

During January 2020, the Chairman of the Committee led the traditional round of meetings and contacts with the Company's key investors and proxy advisors, during which positive feedback was received regarding transparency in corporate governance, relationships with investor, diversity in the composition of the Board of Directors and the good performance of the Company in corporate social responsibility matters.

F. HR initiatives during the pandemic

The Committee has been promptly informed and has closely followed all initiatives launched by the Company's Human Resources Department to support the Group's employees during the Covid-19 pandemic.

In Madrid, on 17 February 2021