



**Report issued by the Board of Directors of Applus Services, S.A. to justify the proposal to re-elect Mr. Christopher Cole, Mr. Ernesto Gerardo Mata López, Mr. John Daniel Hofmeister and Mr. Richard Campbell Nelson as Independent Directors of the Company, and Mr. Fernando Basabe Armijo as Executive Director of the Company**

*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 this translation and the text of the original Spanish-language document, the text of the original Spanish-language document shall prevail.*

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

This Report is issued and approved by the Board of Directors of Applus Services, S.A. (hereinafter, “**Applus**” or the “**Company**”), in accordance with the provisions of article 529 decies of the Spanish Companies Act and article 14.1 and 16 of the Regulations of the Board of Directors of Applus, to justify the proposal to re-elect: (i) Mr. Christopher Cole, Mr. Ernesto Gerardo Mata López, Mr. John Daniel Hofmeister and Mr. Richard Campbell Nelson as Independent Directors of the Company, and (ii) Mr. Fernando Basabe Armijo as Executive Director of the Company.

This report has been preceded by a separate report from the Appointments and Compensation Committee (the “**AC Committee**”) issued on 20 February 2018, by means of which said AC Committee (i) formally proposes the reelection of Messrs. Cole, Mata, Hofmeister and Nelson as Independent Directors, (i) gives a favourable opinion on the reelection of Mr. Basabe as Executive Director, and (iii) analyzes the Board needs and concludes that the reelection of the abovementioned 5 Directors adequately meets such needs.

It is expressly noted that the reelection of Messrs. Cole, Mata, Hofmeister, Nelson and Basabe, will be submitted to the next General Shareholders’ Meeting for its approval. To this effect, and as provided for in article 518 of the Spanish Companies Act and article 8 of the Regulation of the General Shareholders’ Meeting of Applus, this Report (together with the previous report from the AC Committee) will be made available to the shareholders at the Company’s registered office and published uninterruptedly in the corporate website of the Company as from the date of the announcement of the calling until the holding of said General Shareholders’ Meeting.

## **II. Profile of the Directors and assessment of their circumstances**

### **(1) Mr. Christopher Cole**

#### **a) Profile**

Mr. Christopher Cole holds a Degree in Environmental Engineering from Borough Polytechnic (University of South Bank) is a chartered engineer in the United Kingdom and in 1999 he completed an Executive Management Course at INSEAD in France.

Mr. Cole founded WSP Group Plc, a professional services engineering company that was listed on the London Stock Exchange in 1987 and held the post of Chief Executive Officer of the company until it merged with Genivar, Inc. in 2012. Following the merger, he was appointed Non-Executive Chairman of the enlarged group WSP Global Inc., whose shares are listed on the Toronto Stock Exchange, a role he currently retains.

Mr. Cole has many years of experience in managing large international and diversified groups in both Executive and Non-Executive capacities and brings this wealth of experience to the Board of Directors in his role as Chairman.

**b) Assessment**

The Board of Directors fully endorses the assessment made by the AC Committee on the proposed reelection of Mr. Cole as Independent Director in Applus. Therefore, in view of Mr. Cole's outstanding experience, professional career, merits, performance of his position to date, and based on the analysis of the Board of Directors' needs and the prior proposal from the AC Committee, the Board proposes the reelection of Mr. Cole as member of the Company's Board of Directors.

**c) Category of Director**

As set out in the AC Committee report, Mr. Cole shall be qualified as Independent Director.

**(2) Mr. Ernesto Gerardo Mata López**

**a) Profile**

Mr. Ernesto Gerardo Mata López holds a Degree in Economics and MA from the University of Geneva and an MBA from IESE (Barcelona).

He was a member of the board, deputy to the Chairman, and CFO at Unión Fenosa, S.A. (now Gas Natural SDG, S.A.), Chairman at Unión Fenosa Soluziona, S.A., member of the board of directors at Compañía Española de Petróleos, S.A. and Abertis Infraestructuras, S.A., where he was the Chairman of the Audit Committee. He was the Chairman of the advisory board at Knight Frank, member of the board of Aguas Anginas and senior advisor in Marlin Patterson Global Advisers LLC.

Currently, Mr. Mata López is Chairman of the advisory board of Quironsalud and senior adviser to the Chairman of KPMG Spain.

Mr. Mata has developed extensive experience in the energy and capital markets sectors, as well as in different Audit Committees, gathered through the numerous positions he has held in highly reputable Spanish companies. This experience as well as the many relationships he has accumulated in the Spanish markets over the years is of great benefit to the Company.

**b) Assessment**

The Board of Directors fully endorses the assessment made by the AC Committee on the proposed reelection of Mr. Mata as Independent Director in Applus. Therefore, in view of Mr. Mata's outstanding experience, professional career, merits, performance of his position to date, and based on the analysis of the Board of Directors' needs and the prior proposal from the AC Committee, the Board proposes the reelection of Mr. Mata as member of the Company's Board of Directors.

**c) Category of director**

As set out in the AC Committee report, Mr. Mata shall be qualified as Independent Director. Nevertheless, it is pointed out that, according to Spanish Companies Act, he will lose this category in November 2019, because by then he will have held his directorship position for a continuous period of 12 years. It should also be noted that, again in accordance with the Spanish Companies Act, Mr. Mata would not be chairing the Audit Committee upon his reelection.

**(3) Mr. John Daniel Hofmeister**

**a) Profile**

Mr. John Daniel Hofmeister holds a Bachelor's and Master's Degree in Political Science from Kansas State University. In May 2010 he was awarded an honorary doctorate from the University of Houston and in 2014 was awarded with an honorary doctorate in philosophy by Kansas State University.

Mr. Hofmeister was the Chairman of Shell Oil Company in the US from 2005 to 2008 and prior to that he was the Group Director of Human Resources at Royal Dutch Shell in the Netherlands. Mr. Hofmeister founded and heads the non-profit membership association, Citizens for Affordable Energy and is a key member of the US Energy Security Council, a bipartisan non-profit group in Washington, DC. Mr. Hofmeister has previously held executive positions at General Electric, Nortel Networks and AlliedSignal (now Honeywell International).

Currently, Mr. Hofmeister also serves as a Non-Executive Director of Hunting plc (London, UK) and Global Geoscience Limited (Australia).

Mr. Hofmeister's deep knowledge of the global energy markets is of significant importance to the Board as this is a material part of the overall Group revenues. Furthermore, his experience of operating on other Boards in both executive and non-executive roles especially whilst acting as Group Director of Human

Resources at Royal Dutch Shell means he is well acquainted with this aspect of Corporate Governance.

**b) Assessment**

The Board of Directors fully endorses the assessment made by the AC Committee on the proposed reelection of Mr. Hofmeister as Independent Director in Applus. Therefore, in view of Mr. Hofmeister's outstanding experience, professional career, merits, performance of his position to date, and based on the analysis of the Board of Directors' needs and the prior proposal from the AC Committee, the Board proposes the reelection of Mr. Hofmeister as member of the Company's Board of Directors.

**c) Category of Director**

As set out in the AC Committee report, Mr. Hofmeister shall be qualified as Independent Director.

**(4) Mr. Richard Campbell Nelson**

**a) Profile**

Mr. Richard Campbell Nelson is a fellow of the Institute of Chartered Accountants in England and Wales and holds a Master of Science Degree in Economics at the London Business School.

Mr. Nelson was a Director of Transcontinental Services Inc. from 1972 and CEO from 1982 to the date of its acquisition by Inchcape Plc in 1985. He was nominated to the same position in Inchcape Plc which combined Transcontinental Services Inc. with its consumer goods testing and minerals testing businesses to become Inchcape Testing Services NA, Inc. In 1996, Inchcape Testing Services NA, Inc. was acquired by a private equity firm and became Intertek Group Limited of which Mr. Nelson was the Executive Chairman until 2002, when the company floated on the London Stock Exchange. At this time, Mr. Nelson became the CEO of Intertek Group plc until he retired in 2006.

Currently, Mr. Nelson is Chairman of the International Federation of Inspection Agencies.

Mr. Nelson has spent over thirty years in the testing, inspection and certification industry and in this time has gathered a significant level of experience giving him good knowledge of the industry and the investment market that follow it.

**b) Assessment**

The Board of Directors fully endorses the assessment made by the AC Committee on the proposed reelection of Mr. Nelson as Independent Director in Applus. Therefore, in view of Mr. Nelson's outstanding experience, professional career, merits, performance of his position to date, and based on the analysis of the Board of Directors' needs and the prior proposal from the AC Committee, the Board proposes the reelection of Mr. Nelson as member of the Company's Board of Directors.

**c) Category of Director**

As set out in the AC Committee report, Mr. Nelson shall be qualified as Independent Director. Nevertheless, it is pointed out that, according to Spanish Companies Act, he will lose this category in October 2021, because by then he will have held his directorship position for a continuous period of 12 years.

**(5) Mr. Fernando Basabe Armijo**

**a) Profile**

Mr. Fernando Basabe Armijo holds a degree in Law from the Universidad de Madrid and an MBA from IESE (Barcelona).

Before joining Applus+ Mr. Basabe was 15 years at SGS S.A. in different senior management positions ultimately becoming the Chief Operating Officer for Western Europe. He has been Chief Operating Officer at Western Europe division of SGS (Testing, Inspection & Certification company) and he started his career at Manufacturers Hanover Trust Co (JP Morgan & Co) where he held different positions within the corporate banking division.

**b) Assessment**

The Board of Directors fully endorses the assessment made by the AC Committee on the proposed reelection of Mr. Basabe as Executive Director in Applus. Therefore, in view of Mr. Basabe's outstanding experience, professional career, merits, performance of his position to date, and based on the analysis of the Board of Directors' needs and the favourable report from the AC Committee, the Board proposes the reelection of Mr. Basabe as member of the Company's Board of Directors.

**c) Category of Director**

As set out in the AC Committee report, Mr. Basabe shall be qualified as Executive Director.

In Madrid, on 21 February 2018