



Report drafted by the Board of Directors of Applus Services, S.A. on the proposed amendment of certain articles of the By-laws included under item Sixth of the Agenda of the Annual General Shareholders' Meeting convened for 27 and 28 May 2021 on first and second call, respectively

I. Introduction and purpose of the report

This Report is drafted by the Board of Directors of Applus Services, S.A. (hereinafter, “**Applus**” or the “**Company**”) in accordance with article 286 of the Spanish Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July (“*Real Decreto Legislativo 1/2010, de 2 de Julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*”) (hereinafter, the “**Spanish Companies Act**”), to justify and explain the proposed amendment of certain articles of the By-laws that will be submitted for the approval of the Annual General Shareholders’ Meeting of the Company convened for 27 and 28 May 2021 on first and second call, respectively, under item Sixth of the Agenda.

The complete text of the proposed amendments is included in the Annex attached hereto. For the purposes of facilitating the identification and understanding of such amendments, the aforementioned Annex includes, for information purposes only, a comparative table which contains, on the left column, the transcription of the current wording of the provisions to amend and, on the right column, the transcription of the proposed new wording identifying the changes included therein.

It is hereby acknowledged that, in accordance with the provisions of articles 287 and 518 of the Spanish Companies Act, and article 8 of the Regulation of the General Shareholders’ Meeting of Applus, this Report will be made available to the shareholders at the Company’s registered office and published uninterruptedly in the corporate website of the Company as from the date of the announcement of the calling until the holding of the above-mentioned Annual General Shareholders’ Meeting.

II. Justification of the proposal

As mentioned in the Agenda of the General Shareholders’ Meeting, the proposals to amend the By-laws that are submitted to the shareholders’ consideration will be voted in three different groups depending on their purpose, in accordance with the provisions of article 197 bis of the Spanish Companies Act. In particular:

- (i) The first group (item 6.1 of the Agenda) includes the proposal to modify articles 12 (Call to the General Shareholders’ Meeting) and 17 (Electronic communication and remote voting) in order to allow for the possibility to hold shareholders’ meetings on an exclusively remote basis, pursuant to the provisions of new article 182 bis of the Spanish Companies Act, which has been introduced therein by Act 5/2021, of 12 April, of amendment of the consolidated text of the Companies Act approved by Royal Legislative Decree 1/2010 of 2 July, and other financial rules, as regards the encouragement of long-term shareholder engagement in listed companies.

Last year, the mobility restrictions imposed by public authorities to fight the health crisis resulting from the Covid-19 pandemic, as well as the concern to preserve the health of shareholders and the other people involved in the organization and holding of the 2020 Annual General Meeting, induced the Board of Directors to advise shareholders to not physically attend the General Meeting, enabling the possibility of

remote attendance in real time, even though in person attendance in the registered office was also foreseen in accordance with the law and by-laws provisions then in force. The outcome was that no shareholder showed up in the registered office to participate in the 2020 Annual General Meeting, but an attendance quorum of 71.33% of the share capital was reached (almost three points above the average attendance quorum in the annual meetings of the five preceding years).

Considering the positive acceptance of this method in last year Annual General Meeting and the persistence of the health crisis, the Board of Directors has decided that the General Shareholders' Meeting of this year 2021 be held on an exclusively remote basis, in accordance with the exceptional authorization granted for these purposes in article 3 of Royal Decree-law 34/2020, of 17 november, on urgent measures to support corporate solvency and the energy sector, as well as on tax matters.

In this context, the Board of Directors considers likewise appropriate to propose the amendment of the By-laws in order to allow Annual General Meetings, in accordance with the provisions of the above-mentioned new article 182 bis of the Spanish Companies Act, to be held going forward on an exclusively remote basis, only to the extent that circumstances make it advisable. In any event, this possibility shall be always subject to the identity and legitimation of the shareholders and their proxyholders being adequately assured, as well as subject to all attendees being able to effectively participate in the meeting using remote communication means, all that in the terms required by law.

It is noted that the introduction in the By-laws of the possibility to hold Shareholders' Meetings on an exclusively remote basis also affects certain articles of the Regulations of the General Shareholders' Meeting, the correlative amendment of which is proposed under item Seventh of the above-mentioned Annual General Shareholders' Meeting and is covered by a separate report drafted by the Board of Directors. Said report shall also be made available to the shareholders at the registered office and published continuously on the corporate website of the Company from the date of publication of the announcement of the call and until the holding of the Annual General Shareholders' Meeting.

- (ii) The second group of proposed amendments (ítem 6.2 of the Agenda) is simply aimed to introduce certain technical improvements in article 25, which governs the remuneration of directors. In particular, it is proposed to include in said article an explicit reference to the category of "Other External" Directors (which has not actually existed in the Company until last fiscal year), in order to assimilate their remuneration to that of the Independent Directors.
- (iii) Finally, the third group (item 6.3 of the Agenda) includes the proposal to modify article 27 (Quorum, representation and remote participation in the Board of Directors) to also

allow that corporate body to hold meetings on an exclusively remote basis, since current regulation requires to keep a physical venue where the Board Secretary must attend in person.

It is noted that the proposed amendment also affects article 35 (Meetings of the Board of Directors) of the Regulations of the Board of Directors of the Company, which amendment was covered by a specific report issued by Applus Audit Committee on 17 February 2021. Said report shall also be made available to the shareholders at the registered office and published continuously on the corporate website of the Company from the date of publication of the announcement of the call and until the holding of the Annual General Meeting.

III. Detailed explanation of the proposed amendments

A detailed explanation of each of the proposed amendments is included below:

(i) Proposed amendment of sections 3 and 5 of article 12 of the By-laws (Call to the General Shareholders' Meeting)

It is proposed to modify the wording of section 3 to remove the mandatory mention of the place of the meeting in the notice of call of the General Shareholders' Meeting, because if that Meeting is held on an exclusively remote basis such place would not exist, and to add a reference to the way the General Shareholder Meeting is held (in person or on a remote basis).

As for section 5, it is proposed to add a last sentence indicating that if the General Shareholders' Meeting is carried out on an exclusively remote basis it shall be deemed to have been held at the registered office, as provided for in section 6 of article 182 bis of the Spanish Companies Act.

(ii) Proposed amendment of section 1 of article 17 of the By-laws (Electronic communication and remote voting)

The proposal is to add a last sentence providing for the possibility that the Board of Directors decides that the General Shareholders' Meeting may be held on an exclusively remote basis, with no shareholders or proxyholders attending in person, as permitted under section 1 of article 182 bis of the Spanish Companies Act.

(iii) Proposed amendment of sections 1 and 2 of article 25 of the By-laws (Remuneration)

Section 1 of article 25 of the By-laws, under its current wording, establishes that the position of director shall be remunerated as a general rule, but sets out an exception with regard to the nominee directors, who will not receive any compensation. It is then added, for the sake of clarity, that the positions of independent and executive director shall indeed be remunerated, but it does not mention the category of "other external"

directors because such category did not exist in the Company at the time that provision was drafted. Taking into consideration that such category does actually exist now, it is proposed to adjust the wording in order to expressly mention it and to make clear that, pursuant to the general rule, the position of "other external" directors is also remunerated.

Along the same lines, it is proposed to make an explicit reference to the category of "other external" directors in section 2 of this article 25 in order to clarify that their remuneration abides by the same rules as those applicable to independent directors.

(iv) Proposed amendment of section 4 of article 27 of the By-laws (Quorum, representation and remote participation in the Board of Directors)

Section 4 of article 27 of the By-laws, under its current wording, allows remote attendance to the meetings of the Board of Directors, but provided always that a physical venue be designated when the meeting is called and that the Secretary to the Board of Directors attend such physical venue in person.

Ever since the first state of alarm was declared last March 2020 as a result of the covid-19 pandemic, all meetings of the Board of Directors have been held on an exclusively remote basis pursuant to the exceptional authorizations granted for these purposes under Royal Decree-law 8/2020, of 17 March, first, and then under the above-mentioned Royal Decree-law 34/2020, of 17 November.

It is now proposed to amend this section 4 of article 27 in order to remove the requirement that the meetings of the Board of Directors must have a physical venue and to allow that they may be held on an exclusively remote basis, in line with the proposal to allow general shareholders' meetings to be so held that it is discussed in this same Report, as well as with the rules provided from the meetings of the three Board Committees under their respective Regulations.

In Madrid, on 21 April 2021

Annex

Full text of the proposed amendments

CURRENT TEXT	PROPOSED AMENDMENT
[...]	[...]
Article 12º.- Call to the General Shareholders Meetings [...]	Article 12º.- Call to the General Shareholders Meetings [...]
12.3 The announcement of the call to meeting must set forth the day, place, date and time of the meeting and all matters to be dealt with. Moreover, it must include the right of shareholders to examine at the registered office, and if necessary to immediately obtain at no cost, a copy of the documents to be submitted to the approval of the meeting, and where appropriate, the report of the external auditors and the corresponding technical reports. [...]	12.3 The announcement of the call to meeting must set forth the day, place , date and time of the meeting and all matters to be dealt with, <u>the way to hold the meeting (in person or on a remote basis) and, where appropriate, the place of the meeting. Likewise, the announcement must include</u> the right of shareholders to examine at the registered office, and if necessary to immediately obtain at no cost, a copy of the documents to be submitted to the approval of the meeting, and where appropriate, the report of the external auditors and the corresponding technical reports. [...]
12.5 The General Shareholders Meeting may be called in the municipality within the registered office, or when the Chairman considers it appropriate for reasons of logistics and need, in any location within the province of Barcelona. When not indicated in the call, the meeting shall be understood to be called to be held at the registered office. [...]	12.5 . The General Shareholders Meeting may be called in the municipality within the registered office, or when the Chairman considers it appropriate for reasons of logistics and need, in any location within the province of Barcelona. When not indicated in the call, the meeting shall be understood to be called to be held at the registered office. <u>The General Shareholders' Meeting carried out on an exclusively remote basis shall be deemed to have been held at the registered office.</u> [...]
Article 17º.- Call to the General Shareholders Meetings	Article 17º.- Call to the General Shareholders Meetings
17.1 Shareholders may attend the General Shareholders Meeting and may cast	17.1 Shareholders may attend the General Shareholders Meeting and may cast their

<p>their vote by means of electronic correspondence or through remote means in accordance with the terms of the Regulations for the General Shareholders Meeting.</p> <p align="center">[...]</p>	<p>vote by means of electronic correspondence or through remote means in accordance with the terms of the Regulations for the General Shareholders Meeting, <u>provided that the Board of Directors so decides. The Board of Directors may also decide to hold the General Shareholders' Meeting on an exclusively remote basis, with no shareholders or proxyholders attending in person.</u></p> <p align="center">[...]</p>
<p>Article 25°.- Remuneration</p>	<p>Article 25°.- Remuneration</p>
<p>25. 1. The office of director is remunerated. Notwithstanding the foregoing, Nominee Directors shall not receive any remuneration for the performance of their duties. For the sake of clarity, it is acknowledged that the office of the Independent Directors, Directors and the Executives Directors is remunerated according to the terms of this Bylaws.</p>	<p>25. 1. The office of director is remunerated. Notwithstanding the foregoing, Nominee Directors shall not receive any remuneration for the performance of their duties. For the sake of clarity, it is acknowledged that the office of the <u>rest of directors</u> (Independent Directors, <u>Other External Directors</u> and the Executives Directors) is remunerated according to the terms of this Bylaws.</p>
<p>25. 2. The remuneration of the Independent Directors shall consist on a fixed annual amount. The amount payable by the Company to all the Independent Directors shall be set by the General Shareholders Meeting, and will remain in force until amended by the General Shareholders Meeting, and shall be increased by the Spanish Consumer Price Index or any other index that may replace it in the future. Unless otherwise determined by the General Shareholders Meeting, the exact amount payable within the limit approved by the General Shareholders Meeting and the distribution between the different Directors shall be determined by the Board of Directors, taking into account the duties and responsibilities of each Independent Director in the Board and in each of its Committees.</p> <p align="center">[...]</p>	<p>25. 2. The remuneration of the Independent Directors <u>and Other External Directors</u> shall consist on a fixed annual amount. The amount payable by the Company to all the Independent Directors <u>and Other External Directors</u> shall be set by the General Shareholders Meeting, and will remain in force until amended by the General Shareholders Meeting, and shall be increased by the Spanish Consumer Price Index or any other index that may replace it in the future. Unless otherwise determined by the General Shareholders Meeting, the exact amount payable within the limit approved by the General Shareholders Meeting and the distribution between the different Directors shall be determined by the Board of Directors, taking into account the duties and responsibilities of each <u>director</u>Independent Director in the Board and in each of its Committees.</p> <p align="center">[...]</p>

Article 27°.- Quorum, representation and remote participation in the Board of Directors	Article 27°.- Quorum, representation and remote participation in the Board of Directors
<p>27. 4. Board of Directors meetings may be held by telephone conference call, video conference calls or any other such system that allows one or more of the directors to attend the meeting through the aforementioned system. To this end, the meeting notice should state the location where the meeting will take place. The notice should also specify that the meeting may be attended via conference call, video conference call or any such equivalent, with an indication of the exact means needed to attend the meeting in this manner, which must allow direct and simultaneous communication between all attendees.</p>	<p>27. 4. Board of Directors meetings may be held by telephone-conference call, video conference calls or any other <u>similar system that permit the recognition and identification of the attendees, the permanent communication among them and the participation in the meeting and the casting of votes, all in real time, which meeting shall be deemed to be held at the registered office.</u> such system that allows one or more of the directors to attend the meeting through the aforementioned system. To this end, the meeting notice should state the location where the meeting will take place. The notice should also specify that the meeting may be attended via conference call, video conference call or any such equivalent, with an indication of the exact means needed to attend the meeting in this manner, which must allow direct and simultaneous communication between all attendees.</p>