

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

ISSUER IDENTIFICATION

END OF THE FINANCIAL YEAR OF REFERENCE	31/12/2014
---	------------

Tax Identification Code	A-64622970
--------------------------------	------------

REGISTERED NAME
APPLUS SERVICES, S.A.

REGISTERED ADDRESS
CAMPUS UAB, RONDA DE LA FONT DEL CARME, S/N, 08193, BELLATERRA, BARCELONA

This version of the Annual Report is identical to the one updated in the CNMV except for certain explanatory notes, which have been included in certain sections for a better understanding of the same.

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED COMPANIES

A. OWNERSHIP STRUCTURE

A.1. Complete the following table about the share capital of the company:

Date of last change	Share capital (€)	Number of shares	Number of Voting rights
8/05/2014	13,001,675.50	130,016,755	130,016,755

State whether there are different classes of shares with different rights attaching thereto:

Yes No

A.2. Breakdown of direct and indirect holders of significant shareholdings in the company as of the end of the financial year, excluding directors:

Individual or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
AMERIPRISE FINANCIAL, INC	0	5.000.000	3,85%
GIC PRIVATE LIMITED	8.000.000	0	6,15%
CEP III PARTICIPATIONS, S.à r.l. SICAR	0	46.161.582	35,50%

Individual or company name of the indirect shareholder	Individual or company name of the direct shareholder	Number of voting rights
AMERIPRISE FINANCIAL, INC	THREADNEEDLE ASSET MANAGEMENT HOLDINGS LIMITED	5.000.000
CEP III PARTICIPATIONS, S.à r.l. SICAR	AZUL HOLDING, S.C.A.	46.161.582

State the most significant changes in the shareholding structure that have occurred during the financial year:

Individual or company name of the shareholder	Date of transaction	Description of transaction
CEP III Participations S.à r.l SICAR	9/05/2014	It has decreased below 40% in the capital stock
Morgan Stanley	26/05/2014	It has decreased below 10% in the capital stock
Carmignac Gestión, S.A.	23/06/2014	It has decreased below 3% in the capital stock

UBS AG	10/07/2014	It has decreased below 3% in the capital stock
Deutsche Bank AG	06/10/2014	It has decreased below 3% in the capital stock
Credit Suisse Group AG	10/12/2014	It has decreased below 3% in the capital stock

A.3. Complete the following tables about members of the board of directors of the company who have voting rights attaching to shares of the company:

Individual or company name of the director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
MR. FERNANDO BASABE ARMIJO	344.828	0	0,27
MR. CHRISTOPHER COLE	6.897	0	0,01

Total percentage of voting rights held by the board of directors:	0.27%
--	--------------

Complete the following tables about members of the company's board of directors who hold rights over the company's shares:

N/A

A.4 State, if applicable, the family, commercial, contractual, or corporate relationships between significant shareholders, to the extent known to the company, unless they are immaterial or result from the ordinary course of business:

NOTE: The company has not received any information about existing family, commercial, contractual or corporate relationships between significant shareholders that may be relevant or not a consequence of ordinary commercial activity or business.

A.5 State, if applicable, the commercial, contractual, or corporate relationships between significant shareholders and the company and/or its group, unless they are immaterial or result from the ordinary course of business:

N/A

A.6 State whether any shareholders' agreements affecting the company pursuant to the provisions of sections 530 and 531 of the Companies Act (*Ley de Sociedades de Capital*) have been reported to the company. If so, briefly describe them and list the shareholders bound by the agreement:

Yes No

State whether the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

Yes No

Expressly state whether any of such agreements, arrangements or concerted actions have been modified or terminated during the financial year:

N/A

A.7 State whether there is any individual or legal entity that exercises or may exercise control over the company pursuant to article 4 of the Securities Market Act (*Ley del Mercado de Valores*). If so, identify it:

Yes No

Individual or company name
CEP II Participations S.à r.l. SICAR and CEP III Participations S.à r.l. SICAR
Comments
Given that CEP II Participations S.à r.l. SICAR and CEP III Participations S.à r.l. SICAR still directly or indirectly hold a material number of shares of the company, although they represent less than half the capital stock, they continue to exercise a certain influence over the decisions approved by the company's General Shareholders Meeting and Board of Directors.

A.8 Complete the following tables about the company's treasury shares:

As of year-end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
0	0	0%

NOTE: At 31 December 2014 the group has no treasury shares, nor has it acquired its own shares during the financial year. Nevertheless, as described in Note 16 of the Consolidated Annual Report, in October 2014 the group executed an equity swap agreement with a financial institution to cover the cost of acquiring 550,000 own shares, to be handed over to certain group executives in May 2015 by virtue of their incentive agreements.

(*)Through:

N/A

Describe any significant changes, pursuant to the provisions of Royal Decree 1362/2007, which have occurred during the financial year:

N/A

A.9 Describe the terms and conditions and the duration of the mandate currently in force given by the shareholders to the board of directors in order to issue, repurchase or transfer the shares of the company:

The General Shareholders Meeting of 25 March 2014 unanimously agreed to "authorise the Company's Board of Directors so it may proceed with a derivative acquisition of its own shares, both directly by the Company itself and indirectly by its controlled companies, in the terms established below:

- a) The acquisition may be made as a sale and purchase, swap or dation in payment, once or several times, provided that the shares acquired, when added to those already held by the Company, do not exceed 10% of the capital stock;

- b) *The price or countervalue will range between the face value of the shares and 110% of their listed price; and*
- c) *The authorisation will remain valid until the approval of the annual accounts for the financial year ending 31 December 2014.*

Furthermore and for the purposes of article 146.1, paragraph two, of the Companies Act, the General Shareholders Meeting hereby unanimously agrees to grant an express authorisation to acquire Company shares in favour of any of the controlled companies, in the same terms resulting from this resolution.

For the necessary purposes, it is hereby expressly noted that any shares acquired as a result of this authorisation may be used both for disposal or redemption, or towards the remuneration systems foreseen in article 146.1, paragraph three, of the Companies Act.

This authorisation will be effective as of the date the Company shares are officially listed on the Stock Exchange Markets of Madrid, Barcelona, Bilbao and Valencia”.

NOTE: In turn, the Board of Directors at its meeting held on 28 July 2014 unanimously agreed to establish an ad hoc committee in order to determine the date and number of own shares to be acquired, pursuant to the terms and conditions included in the Incentives Plan and for any other purpose that may be beneficial for the corporate interest.

- A.10 State whether there are any restrictions on the transfer of securities and/or any restriction on voting rights. In particular, disclose the existence of any restrictions that might hinder a takeover of the company through the acquisition of its shares in the market.**

Yes No

NOTE: As it is market practice in initial public offerings operations, on 7 May 2014, before its shares were listed on the stock exchange markets of Madrid, Barcelona, Bilbao and Valencia, the company executed an Underwriting Agreement whereby both the company and Azul Holding S.C.A and Azul Finance S.à r.l., then shareholders of the company, undertook not to transfer their shares in the company over a period of 180 days following the listing date of its shares, without the consent of the global coordinators of the issue. Furthermore, the Chairman of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer of the company will not be able to transfer their shares over a period of 360 days following the listing date of the company shares, without the consent of the global coordinators of the issue.

- A.11 State whether the general shareholders' meeting have approved the adoption measures to neutralize a public takeover bid, pursuant to the provisions of Law 6/2007:**

Yes No

If applicable, describe the approved measures and the terms on which the restrictions will become ineffective:

N/A

- A.12 State whether the company has issued securities that are not traded on a regulated market within the European Community.**

Yes No

If applicable, state the different share classes and, for each of them, the rights and obligations.

N/A

B. GENERAL SHAREHOLDERS' MEETING

B.1 State and, if applicable, explain whether there are differences with the minimum requirements set out in the Companies Act in connection with the quorum needed to hold a valid general shareholders' meeting.

Yes No

B.2 State and, if applicable, explain any differences from the rules set out in the Companies Act for the adoption of corporate resolutions:

Yes No

Describe how they differ from the rules provided by the Companies Act.

N/A

B.3 State the rules applicable to the amendment of the by-laws of the company. In particular, disclose the majorities provided for amending the by-laws, and any rules provided for the protection of the rights of the shareholders in the amendment of the by-laws.

COMPANY BY-LAWS

Article 19.2 of the company By-laws provides that all resolutions will be adopted with the favorable vote of more than half the voting shares, present or represented at a General Shareholders Meeting, unless a qualified majority is required by the Act or the Company By-laws. The General Meeting Regulations will describe the procedures and systems used to calculate the votes issued on any proposed resolutions.

GENERAL SHAREHOLDERS MEETING REGULATIONS

In order for a General Meeting to validly convened, if an amendment of the By-laws is intended, article 16.8 (b) of the Regulations will apply, whereby it will be necessary the assistance of shareholders, present or represented at first call that hold at least fifty per cent (50%) of the voting capital stock subscribed. At second call, it will suffice for twenty-five per cent (25%) of the capital stock to attend.

In order for the General Shareholders Meeting to adopt resolutions that entail an amendment of the By-laws, at least two thirds (2/3) of the voting capital stock in attendance must vote in favour, as foreseen in article 21.1 (b) of the General Shareholders Meeting Regulations.

B.4 State the data on attendance at the general shareholders' meetings held during the financial year referred to in this report and those of the prior financial year:

Date of General Shareholders' Meeting	Attendance data				Total
	% of shareholders present in person	% of shareholders represented by proxy	% absentee voting		
			Electronic voting	Other	
4 March 2014	100%	0%	0%	0%	100%
25 March 2014	100%	0%	0%	0%	100%
4 April 2014	100%	0%	0%	0%	100%
22 April 2014	100%	0%	0%	0%	100%

[ENGLISH GUIDE TRANSLATION FOR INFORMATION PURPOSES ONLY]

7 May 2014	100%	0%	0%	0%	100%
------------	------	----	----	----	------

NOTE: All the General Meetings held during the 2013 and 2014 financial years, before the company's shares were listed on official markets in Madrid, Barcelona, Bilbao and Valencia, last 9 May 2014, were held as Universal Meetings. The company has not held any General Meetings during the 2014 after said listing.

B.5 State whether there are any By-law restrictions requiring a minimum number of shares to attend the general shareholders' meeting.

Yes No

B.6 State whether it has been resolved that certain decisions involving a structural modification of the company ("subsidiarisation", purchase/sale of core operating assets, transactions equivalent to the liquidation of the company, etc.) must be submitted for approval by the shareholders at a general shareholders' meeting, even if not expressly required by Commercial Laws.

Yes No

B.7 State the address and method for accessing the company's website to access information regarding corporate governance and other information regarding general shareholders' meetings that must be made available to the shareholders through the company's website.

The corporate website is available at www.applus.com. At the top, under "Investor Relations", full information is provided on corporate governance and General Meetings. Specifically, through the following links- <http://www.applus.com/es/InvestorRelations/Corporate-governance> and <http://www.applus.com/es/InvestorRelations/Shareholders-meetings> - direct access is provided to information on corporate governance and General Meetings, respectively.

C. STRUCTURE OF THE COMPANY'S MANAGEMENT

C.1 Board of directors

C.1.1 Maximum and minimum number of directors set forth in the By-laws:

Maximum number of directors	9
Minimum number of directors	7

C.1.2 Complete the following table identifying the members of the board:

Individual or company name of the director	Representative	Position on Board	Date of first appointment	Date of last appointment	Election procedure
MR. CHRISTOPHER COLE	N/A	CHAIRMAN	07/05/2014	07/05/14	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. FERNANDO BASABE ARMIJO	N/A	DIRECTOR	01/02/2011	04/03/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. RICHARD CAMPBELL NELSON	N/A	DIRECTOR	01/10/2009	04/03/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION

[ENGLISH GUIDE TRANSLATION FOR INFORMATION PURPOSES ONLY]

MR. PEDRO DE ESTEBAN FERRER	N/A	DIRECTOR	27/09/2007	04/04/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. JOHN DANIEL HOFMEISTER	N/A	DIRECTOR	1/07/2013	04/03/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. ERNESTO MATA LÓPEZ	N/A	DIRECTOR	29/11/2007	04/03/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. JOSEP MARÍA PANICELLO PRIME	N/A	DIRECTOR	08/10/2013	04/03/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. MARIO PARDO ROJO	N/A	DIRECTOR	27/09/2007	04/04/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION
MR. ALEX WAGENBERG BONDAROVSKI	N/A	DIRECTOR	27/09/2007	04/04/2014	GENERAL SHAREHOLDERS MEETING RESOLUTION

Total number of directors	9
---------------------------	---

NOTE: Mr. Pedro de Esteban Ferrer, Mr. Mario Pardo Rojo and Mr. Alex Wagenberg Bondarovsky have been members of the Board of Directors since the date of their appointment, as indicated in the above chart. Since that date, they have been Directors both in their individual capacity as Directors and in their capacity as the individual representatives of certain companies ("*representante persona física*").

State the vacancies on the board of directors during the reporting period:

Individual or company name of the director	Status of the director at time of vacancy	Date of vacancy
AZUL MANAGEMENT S.À R.L.	Proprietary	4 April 2014
THE CARLYLE GROUP (LUXEMBOURG), S.À R.L.	Proprietary	4 April 2014
CEP II ADVISOR, S.À R.L.	Proprietary	4 April 2014
CEP III ADVISOR, S.À R.L.	Proprietary	4 April 2014
MR. CARLOS KINDER ESPINOSA	Proprietary	4 April 2014
MR. CHRISTOPHER FINN	Proprietary	4 April 2014
MR. JUAN MANUEL SOLER PUJOL	Proprietary	4 April 2014
MR. JOAQUÍN COELLO BRUFAU	Proprietary	7 May 2014

NOTE: The aforementioned Directors did not enjoy any status when they ceased in their positions, given that the Company shares were not listed on the stock exchange markets of Madrid, Barcelona, Bilbao and Valencia at that date.

C.1.3 Complete the following table about the members of the board and each member's status:

EXECUTIVE DIRECTORS

Individual or company name of director	Committee that has reported on the director's appointment	Position within the company's structure
--	---	---

[ENGLISH GUIDE TRANSLATION FOR INFORMATION PURPOSES ONLY]

MR. FERNANDO BASABE ARMIJO	APPOINTMENTS AND REMUNERATION COMMITTEE	CHIEF EXECUTIVE OFFICER
-------------------------------	---	----------------------------

Total number of executive directors	1
Total % of the board	11.11%

EXTERNAL PROPRIETARY DIRECTORS

Individual or company name of director	Committee that has reported on the director's appointment	Individual or company name of the significant shareholder represented by the director or that has proposed the director's appointment
MR. PEDRO DE ESTEBAN FERRER	APPOINTMENTS AND REMUNERATION COMMITTEE	Azul Holding, S.C.A.
MR. ALEX WAGENBERG BONDAROVSKI	APPOINTMENTS AND REMUNERATION COMMITTEE	Azul Holding, S.C.A.
MR. MARIO PARDO ROJO	APPOINTMENTS AND REMUNERATION COMMITTEE	Azul Holding, S.C.A.
MR. JOSEP MARIA PANICELLO PRIME	APPOINTMENTS AND REMUNERATION COMMITTEE	Azul Holding, S.C.A.

NOTE: The Appointments and Remuneration Committee, at its meeting held on 28 July 2014, upheld External Proprietary Director status of the aforementioned Directors.

Total number of proprietary directors	4
Total % of the board	44.44%

EXTERNAL INDEPENDENT DIRECTORS

Individual or company name director	Profile
See description below	Ditto

Director's identity or name: MR. CHRISTOPHER COLE

Profile: Mr. Cole holds a Degree in Environmental Engineering from Borough Polytechnic (University of South Bank) and is an associate engineer in the United Kingdom. Furthermore, Mr. Cole completed an Executive Management Course at INSEAD, France, in 1999. Mr. Cole founded WSP Group Plc, a professional services company that was listed on the London Stock Exchange in 1987. Mr. Cole held the post of Chief Executive Officer (CEO) of the company until it merged with

Genivar, Inc. in 2012, whereupon he was appointed non-executive chairman of the entity resulting from the merger, WSP Global Inc., whose shares were listed on the Toronto Stock Exchange. Currently, Mr. Cole is also non-executive chairman of Ashtead Group Plc, senior independent director of Infinis Energy Plc and non-executive chairman of Tracsis Plc.

Director's identity or name: MR. ERNESTO GERARDO MATA LÓPEZ

Profile: Mr. Mata López holds a Degree in Economics and MA from the University of Geneva and an MBA from IESE (Barcelona). Mr. Mata López has developed extensive experience in the energy and capital markets sectors. He was a director of Unión Fenosa, S.A. (now Gas Natural SDG, S.A.), Unión Fenosa Soluziona, S.A., Compañía Española de Petróleos, S.A. and Abertis Infraestructuras, S.A., where he was the chairman of the audit committee. Currently, Mr. Mata López is a member of the advisory board of Abertis Infraestructuras, S.A., chairman of the board of Pagaralia, S.L., Senior Advisor to Matlin Patterson Global Advisers LLC, member of the board of Factor Energía, S.A., Toro Finance, S.L. and a member of the advisory board of Herbert Smith Freehills LLP (Spain).

Director's identity or name: MR. JOHN DANIEL HOFMEISTER

Profile: Mr. 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. In May 2014 he was awarded an honorary doctorate from Kansas State University. Mr. Hofmeister was the President 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 not for profit membership association, Citizens for Affordable Energy. Mr. Hofmeister is a key member of the US Energy Security Council, a bipartisan not for profit group in Washington, DC that includes several dozen former Presidential Appointees and Fortune 100 CEO's who focus on US national security through energy security. Mr. Hofmeister has also held executive positions at General Electric, Nortel Networks and AlliedSignal (now Honeywell International). Mr. Hofmeister serves as a non-executive director of Hunting plc (London, UK) and CAMAC Energy, Inc. (Houston, Texas).

Director's identity or name: MR. RICHARD CAMPBELL NELSON

Profile: Mr. 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 Limited (an ICT sector company) until he retired in 2006.

Total number of independent directors	4
Total % of the board	44.44%

State whether any director classified as independent receives from the company or its group any amount or benefit for items

other than director remuneration, or maintains or has maintained during the last financial year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director or senior officer of an entity that maintains or has maintained such relationship.

Note: Prior to the listing of the company shares on the stock exchange markets of Madrid, Barcelona, Bilbao and Valencia on 9 May 2014, the services agreements indicated below were terminated and all outstanding remuneration paid. Currently, there is no Independent Director receiving payment for any item other than Director's remuneration.

Individual or company name of the director: Ernesto Mata López
 Description of the relationship: Consultancy Services Agreements
 Reasoned statement: N/A

Individual or company name of the director: Richard Campbell Nelson
 Description of the relationship: Consultancy Services Agreements
 Reasoned statement: N/A

Individual or company name of the director: John Daniel Hofmeister
 Description of the relationship: Consultancy Services Agreements
 Reasoned statement: N/A

If applicable, include a reasoned statement of the director regarding the reasons for which it is believed that such director can carry out the duties thereof as an independent director.

OTHER EXTERNAL DIRECTORS

N/A

Describe the reasons why they cannot be considered proprietary or independent directors as well as their ties, whether with the company, its management, or its shareholders.

N/A

State the changes, if any, in the type of director during the period:

N/A

C.1.4 Complete the following table with information regarding the number of female directors for the last 4 financial years, as well as the type of such female directors:

	Number of female directors				% of total female directors each class			
	Year 2013	Year 2012	Year 2011	Year 2010	Year 2013	Year 2012	Year 2011	Year 2010
Executive	0	0	0	0	0%	0%	0%	0%
Proprietary	0	0	0	0	0%	0%	0%	0%
Independent	0	0	0	0	0%	0%	0%	0%
Other external	0	0	0	0	0%	0%	0%	0%

Total:	0	0	0	0	0%	0%	0%	0%
--------	---	---	---	---	----	----	----	----

C.1.5 Describe any measures adopted to include on the board of directors a number of women that allows for a balanced presence of men and women.

Description of measures
<p>At present, no woman belongs to the Company's Board of Directors. Nevertheless, the Company confirms that:</p> <ul style="list-style-type: none"> a) The selection process for new Company members is free of implicit biases that hinder the selection of women to cover any vacancies. b) The Company will make a concise effort to include women, with the necessary professional qualifications, amongst the candidates applying to join the Board of Directors.

C.1.6 Describe any measures approved by the remuneration in order for selection procedures to be free of implicit biases that hinder the selection of female directors, and in order for the company to deliberately search for women who meet the professional profile that is sought and include them among potential candidates:

Description of measures
<p>The Appointments and Remuneration Committee has been expressly assigned this task, gathered in article 40.3.(a)(viii) of the Regulations of the Board of Directors:</p> <p><i>"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".</i></p>

If there are few or no female directors despite any measures adopted, describe the reasons for such result:

Description of reasons
<p>Since the company's shares were listed on the stock exchange markets of Madrid, Barcelona, Bilbao and Valencia last 9 May 2014, no vacancies have arisen to date on the Board of Directors, which is why no selection process has been carried out. Nevertheless, in any future selection procedures the Appointments and Remuneration Committee will ensure that women meeting the professional profile sought are included amongst the potential candidates, so no implicit biases that hinder the selection of female directors exist in the selection procedures.</p>

C.1.7 Explain the form of representation on the board of shareholders with significant holdings.

Currently, the following Proprietary External Directors are acting on behalf of Azul Holding, S.C.A., indirectly owned by CEP II Participations, S.à r.l. SICAR and CEP III Participations, S.à r.l. SICAR: Mr. Josep Maria Panicello Primé, Mr. Pedro de Esteban Ferrer, Mr. Alex Wagenberg Bondarovschi and Mr. Mario Pardo

Rojo.

C.1.8 Describe, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding interest is less than 5% of share capital.

N/A

State whether there has been no answer to formal petitions for presence on the board received from shareholders whose shareholding interest is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If so, describe the reasons why such petitions have not been answered:

Yes No

C.1.9 State whether any director has withdrawn from the position as such before the expiration of the director's term of office, whether the director has given reasons to the board and by what means, and in the event that the director gave reasons in writing to the full board, describe at least the reasons given thereby:

Name of the director	Reason for withdrawal
Azul Management S.à r.l.	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
The Carlyle Group (Luxembourg), S.à r.l.	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
CEP II Advisor, S.à r.l.	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
CEP III Advisor, S.à r.l.	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
Mr. Carlos Kinder Espinosa	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
Mr. Christopher Finn	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
Mr. Juan Manuel Soler Pujol	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia
Mr. Joaquín Coello Brufau	Listing of the company shares on official markets in Madrid, Barcelona, Bilbao and Valencia

C.1.10 State any powers delegated to the chief executive officer(s):

N/A

[ENGLISH GUIDE TRANSLATION FOR INFORMATION PURPOSES ONLY]

C.1.11 Identify any members of the board who are directors or officers of companies within the listed company's group:

Individual or company name of the director	Company name of the group member	Post
MR. FERNANDO BASABE ARMIJO	IDIADA AUTOMOTIVE TECHNOLOGY, S.A.	DIRECTOR's REPRESENTATIVE
MR. FERNANDO BASABE ARMIJO	APPLUS SERVICIOS TECNOLÓGICOS, S.L.U.	SOLE DIRECTOR's REPRESENTATIVE
MR. FERNANDO BASABE ARMIJO	LGAI TECHNOLOGICAL CENTER, S.A.	DIRECTOR's REPRESENTATIVE
MR. FERNANDO BASABE ARMIJO	APPLUS ITEUVE TECHNOLOGY, S.L.U.	SOLE DIRECTOR's REPRESENTATIVE
MR. FERNANDO BASABE ARMIJO	LIBERTYTOWN USA 1, INC.	CHAIRMAN
MR. FERNANDO BASABE ARMIJO	LIBERTYTOWN USA FINCO, INC	CHAIRMAN
MR. FERNANDO BASABE ARMIJO	APPLUS TECHNOLOGIES, INC.	CHAIRMAN
MR. FERNANDO BASABE ARMIJO	K1 KATSASTAJAT OY	DIRECTOR
MR. FERNANDO BASABE ARMIJO	AZUL HOLDING 2 S.à r.l.	MANAGER
MR. FERNANDO BASABE ARMIJO	VELOSI INTERNATIONAL HOLDING COMPANY B.S.C. CLOSED	DIRECTOR
MR. MARIO PARDO ROJO	IDIADA AUTOMOTIVE TECHNOLOGY, S.A.	DIRECTOR's REPRESENTATIVE
MR. MARIO PARDO ROJO	LGAI TECHNOLOGICAL CENTER, S.A.	DIRECTOR's REPRESENTATIVE

C.1.12 Identify the directors of your company, if any, who are members of the board of directors of other companies listed on official stock exchanges other than those of your group that have been reported to your company:

Individual or company name of the director	Name of listed company	Position
MR. CHRISTOPHER COLE	ASHTREAD GROUP, PLC.	NON-EXECUTIVE CHAIRMAN

MR. CHRISTOPHER COLE	INFINIS ENERGY, PLC.	SENIOR INDEPENDENT DIRECTOR
MR. CHRISTOPHER COLE	WSP GLOBAL, INC	NON-EXECUTIVE CHARIMAN
MR. CHRISTOPHER COLE	TRACSIS, PLC	NON-EXECUTIVE CHAIRMAN
MR. JOHN DANIEL HOFMEISTER	HUNTING, PLC	NON-EXECUTIVE DIRECTOR
MR. JOHN DANIEL HOFMEISTER	CAMAC ENERGY, INC	NON-EXECUTIVE DIRECTOR

C.1.13 State and, if applicable, explain whether the company has established rules regarding the number of boards of which its directors may be members:

Yes No

C.1.14 Indicate the company's general policies and strategies reserved for approval by the full board:

	Yes	No
Investment and financing policy	X	
Design of the structure of the group of companies	X	
Corporate governance policy	X	
Corporate social responsibility policy	X	
Strategic or business plan, as well as management objectives and annual budgets	X	
Policy for the remuneration and evaluation of performance of senior management	X	
Risk control and management policies, as well as the periodic monitoring of the internal information and control systems	X	
Dividend policy, as well the treasury share policy and, especially, the limits thereto	X	

C.1.15 State the overall remuneration of the board of directors:

Remuneration of the board of directors (thousands of euros)	12,210
Amount of total remuneration corresponding to pension rights accumulated by the directors (thousands of euros)	0
Overall remuneration of the board of directors (thousands of euros)	12,210

NOTE: This corresponds to the monetary remuneration and does not include in kind remuneration or RSUs incentives of Chief Executive Officer and Chairman of the Board. The amount of the global remuneration does not include the expense yielded in 2014 nor provisioned in 2013 for the deferred remuneration to be paid from May 2015 onwards of Restricted Stock Units in accordance with incentive plans established with Chief Executive Officer and President.

C.1.16 Identify the members of the company's senior management who are not executive directors and state the total remuneration accruing to them during the financial year:

Individual or company name	Position(s)
MR. JORGE LLUCH ZANON	CORPORATE DEVELOPMENT & COMMUNICATIONS SENIOR VICE PRESIDENT
MR. JOAN AMIGÓ I CASAS	CHIEF FINANCIAL OFFICER
MR. AITOR RETES AGUADO	AUTOMOTIVE EXECUTIVE VICE PRESIDENT
MR. JORDI BRUFAU REDONDO	LABORATORIES EXECUTIVE VICE PRESIDENT
MR. RAMÓN FERÁNDEZ ARMAS	NORCONTROLS ESPAÑA & VELOSI EXECUTIVE VICE PRESIDENT
MR. PABLO SANJUAN SARDE	NORCONTROL LATAM EXECUTIVE VICE PRESIDENT
MR. JOSÉ DELFÍN PÉREZ FERNÁNDEZ	HUMAN RESOURCES SENIOR VICE PRESIDENT
MS. EVA ARGILÉS MALONDA	GENERAL COUNSEL
MR. CARLES GRASAS ALSINA	IDIADA EXECUTIVE VICE PRESIDENT
MR. IAIN LIGHT	RTD EXECUTIVE VICE PRESIDENT
MR. ALEIX RIBAS AGUILERA	INTERNAL AUDIT MANAGER
MR. ARNE WILERSLEV	FORMER AUTOMOTIVE INTERNATIONAL EXECUTIVE VICE PRESIDENT
MR. NABIL ABDUL JALIL	FORMER VELOSI EXECUTIVE VICE PRESIDENT
Total senior management remuneration (in thousands of euros)	17.107

NOTE: All managers which are (or during 2014 were) members of the Executive Committee and also the Internal Audit Manager have been included, as required by the accounting regulations in place and by the Report from the special work group on the Good

[ENGLISH GUIDE TRANSLATION FOR INFORMATION PURPOSES ONLY]

Governance of Listed companies” published by CNMV on 16 may 2006.

This remuneration includes exceptional incentives, such as the ones corresponding to the IPO and those foreseen for the *Executive Vice President* (former CEO) of Velosi, as well as the multiyear incentives yielded on 2014 and the cost for the Company of the in kind benefits of the management team.

NOTA: The annual bonus yielded is an estimation based on the 2014 group results, considering that, as of the date of this report, such evaluation has not been yet approved by the Appointment and Remuneration Committee.

C.1.17 State the identity of the members of the board, if any, who are also members of the board of directors of significant shareholders and/or in entities of their group:

Individual or company name of the director	Company name of the significant shareholder	Position
D. PEDRO DE ESTEBAN FERRER	THE CARLYLE GROUP ESPAÑA, S.L.	PRESIDENTE
D. MARIO PARDO ROJO	TELECABLE CAPITAL HOLDING, S.L	JOINT CHIEF EXECUTIVE OFFICER
D. MARIO PARDO ROJO	TELECABLE DE ASTURIAS, S.A	LEGAL REPRESENTATIVE OF THE CARLYLE GROUP (LUXEMBOURG) S.À R.L
D. ALEX WAGENBERG-BONDAROVSKI	TELECABLE DE ASTURIAS, S.A	LEGAL REPRESENTATIVE OF CEP III INVESTMENT 18 S.À R.L SICAR
D. ALEX WAGENBERG-BONDAROVSKI	TELECABLE CAPITAL HOLDING, S.L	LEGAL REPRESENTATIVE OF CEP III INVESTMENT 18 FINANCE S.À R.L

Describe any significant relationships, other than the ones contemplated in the prior item, of the members of the board of directors linking them to significant shareholders and/or companies within their group:

Individual or company name of the director	Individual or company name of related significant shareholder	Description of relationship
D. PEDRO DE ESTEBAN FERRER	THE CARLYLE GROUP ESPAÑA, S.L	EMPLOYEE
D. ALEX WAGENBERG-BONDAROVSKI	THE CARLYLE GROUP ESPAÑA, S.L	EMPLOYEE
D. MARIO PARDO ROJO	THE CARLYLE GROUP ESPAÑA, S.L	EMPLOYEE

C.1.18 State whether the regulations of the board have been amended during the financial year:

Yes No

Description of amendments
<p>During the financial year, two changes were made to the Regulations of the Board of Directors:</p> <ul style="list-style-type: none">• The first informed by the Audit Committee at its meeting of 28 July 2014 and unanimously approved by the Board of Directors at its meeting likewise held on said date, amended article 38 in order to enable Executive Committee meetings to be held without necessarily requiring that the Board Secretary be also Secretary of the Executive Committee.• The second was informed by the Audit Committee on 30 October 2014 and unanimously approved by the Board of Directors at its meeting likewise held on said date. Article 7 was amended in order to determine, for internal organization purposes, the scope of competences and to define, as necessary, the powers of the Board of Directors, Executive Committee and Chief Executive Officer. <p>Further to article 4.5 of the Regulations of the Board of Directors, the Board of Directors will inform the shareholders of these amendments at the next general meeting.</p>

C.1.19 State the procedures for the selection, appointment, re-election, evaluation, and removal of directors. List the competent bodies, the procedures to be followed, and the criteria applied in each of such procedures.

Appointment

According to article 23 of the company By-laws, the members of the Board of Directors shall be appointed by the General Shareholders' Meeting, notwithstanding the possibility of co-opting members as established in the Spanish Companies Act. It is not necessary to be a shareholder to be elected member of the Board, except in the case of co-option. Individual or legal entities covered by any of the prohibitions established by current legislation for reasons of incapacity or incompatibility shall be disqualified from Board membership.

According to article 14 of the Regulations of the Board of Directors, proposals for the appointment 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 by the Appointments and Remuneration Committee (in the case of executive and proprietary Directors), and subject to a proposal from the Appointments and Remuneration Committee (in the case of independent Directors).

Term of office (article 23.3 of the Company By-laws)

Tenure of office shall be six (6) years as from the date of acceptance, being able to be re-elected one or more times for periods of equal duration. However, it is expected the first General Shareholder's Meeting held in 2015 to approve the amendment, amongst others, of the article of the by-laws regarding the tenure of office, in order to adapt it to a four (4) years term, in accordance with Law 31/2014 of December 3 which amends the Companies Act.

Article 15.2 of the Regulations of the Board of Directors provides that directors appointed by interim appointment shall remain in their posts until the date of the first General Shareholders' Meeting. This period will not be included in calculations for the purposes of point 15.1 above.

Re-appointment (article 16 of the Regulations of the Board of Directors)

Before the reappointment of Directors is proposed to the General Shareholders' Meeting, the Appointments and Remuneration Committee shall issue a report evaluating the work and dedication of the Directors proposed during the previous term in office.

Self-assessment (article 36 of the Regulations of the Board of Directors)

The Board of Directors shall dedicate the first meeting of the year to an assessment of its operation 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. 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 Remuneration Committee, as well as the operation of the Board of Directors Committees, based on their reports.

Removal (article 17 of the Regulations of the Board of Directors)

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 Remuneration Committee. In particular, sufficient grounds will be deemed to exist when the Director has failed to fulfil the duties of its position or is affected by one or more of the circumstances that would have prevented its appointment as an independent Director, in accordance with applicable legal provisions.

C.1.20 State whether the board of directors has performed an evaluation of its activities during the financial year:

Yes No

NOTE: The Board of Directors did not conduct any self-evaluation during the 2014 financial year as this was its first year as a listed company. In accordance with its Regulations, the Board of Directors, at its first meeting in 2015, has conducted a self-evaluation.

If so, explain the extent to which the self-evaluation has given rise to significant changes in its internal organisation and regarding the procedures applicable to its activities:

N/A

C.1.21 State the circumstances under which the resignation of directors is mandatory

According to article 17.2 of the Regulations of the Board of Directors, "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 proprietary Directors, when the shareholder whose interests they represent transfers all of their shares, or that they do it in the corresponding number in case said shareholder reduces its holding in the Company;
- (c) When they are affected by any of the incompatibility or prohibition provisions legally established;
- (d) If they are severely reprimanded by the Board of Directors on the basis of a report by the Appointments and Remuneration Committee as a result of having breached their duties as Directors; or
- (e) When their continuance on the Board of Directors may jeopardize the interests of the company".

C.1.22 State whether the powers of the top executive of the company are vested in the chair of the board. If so, describe the measures that have been taken to mitigate the risks of accumulation of powers in a single person:

Yes No

State and, if applicable, explain whether rules have been established whereby one of the independent directors is authorised to request that a meeting of the board be called or that new items be included on the agenda, to coordinate and hear the concerns of external directors and to direct the evaluation by the board of directors.

Yes No

Description of rules
Article 32.3 of the Regulations of the Board of Directors.- Vice-chairmen. Delegations. "When the Chairman of the Board of Directors is also the Chief Executive Officer of the Company, one (1) independent Director shall be vested by the Board of Directors to request, as it deems appropriate, that a meeting of the Board of Directors shall be convened and that new items be included on the agenda."

C.1.23 Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?

Yes No

If so, describe the differences:

N/A

C.1.24 Explain whether there are specific requirements, other than the requirements relating to directors, to be appointed chairman of the board of directors.

Yes No

N/A

C.1.25 State whether the chairman has a casting vote:

Yes No

N/A

C.1.26 State whether the by-laws or the regulations of the board set forth any age limit for directors:

Yes No

C.1.27 State whether the by-laws or the regulations of the board establish any limit on the term of office for independent directors that is different than the term provided by regulatory provisions:

Yes No

C.1.28 State whether the by-laws or the regulations of the board establish any specific rules for proxy-voting at meetings of the board of directors, the manner of doing so, and particularly the maximum number of proxies that a director may hold, as well as whether proxies must be given to a director of the same class. If so, briefly describe such rules.

Article 27.2 of the company By-laws provides that directors may only be represented at meetings of the Board of Directors by another director. In any case, representation shall be granted by a letter addressed to the chairman or by other means detailed in the Regulations for the Board of Directors.

Article 19 of the Regulations of the Board of Directors provides the obligations that Directors must fulfil when in office. Specifically, article 19.2.(a) establishes that directors shall attend meetings of bodies of which they are part and actively participate in deliberations, so that it can effectively contribute to the decision-making process. Furthermore, said article also provides that if any director cannot be present at sessions to which they have been called to attend, they must instruct the director who they have appointed as representative.

C.1.29 State the number of meetings that the board of directors has held during the financial year. In addition, specify the number of times the board has met, if any, at which the chairman did not attend. Proxies granted with specific instructions shall be counted as attendance.

Number of meetings of the board	10
Number of meetings of the board at which the chairman did not attend	0

State the number of meetings held by the different committees of the board of directors during the financial year:

Number of meetings of the executive committee	5
Number of meetings of the audit committee	2
Number of meetings of the appointments and remuneration committee	3

NOTE: Until the company's shares were listed on the stock exchange markets of Madrid, Barcelona, Bilbao and Valencia, on 9 May 2014, there were no Board committees.

- C.1.30 State the number of meetings that the board of directors has held during the financial year with the attendance of all of its members. Proxies granted with specific instructions shall be counted as attendance:**

Attendance of the directors	10
% in attendance of total votes during the financial year	100%

- C.1.31 State whether the annual individual accounts and the annual consolidated accounts that are submitted to the board for approval are previously certified:**

Yes No

Identify, if applicable, the person/persons that has/have certified the annual individual and consolidated accounts of the company for preparation by the board:

N/A

- C.1.32 Explain the mechanisms, if any, adopted by the board of directors to avoid any qualifications in the audit report on the annual individual and consolidated accounts prepared by the board of directors and submitted to the shareholders at the general shareholders' meeting.**

Article 13.3 of the Regulations of the Board of Directors establishes that: *"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"*.

In accordance with article 39 of the Regulations of the Board of Directors, the Audit Committee is in charge of, amongst others, ensuring the efficiency of the internal audit and reviewing the internal control and risk management systems, as well as discussing with external auditors any significant weak points in the internal control system. .

- C.1.33 Is the secretary of the board a director?**

Yes No

- C.1.34 Describe the procedures for appointment and removal of the secretary of the board, stating whether the appointment and removal thereof have been reported upon by the appointments committee and approved by the full board.**

Procedure for appointment and removal
Pursuant to article 33.4 of the Regulations of the Board of Directors "The appointment and removal of the Secretary shall be subject to a report by the Appointments and Remunerations Committee, and shall be approved by the full Board of Directors".

	Yes	No
Does the appointments committee report on the appointment?	X	
Does the appointments committee report on the removal?	X	
Does the full board approve the appointment?	X	
Does the full board approve the removal?	X	

Is the secretary of the board especially responsible for ensuring compliance with good governance recommendations?

Yes No

Comments
Article 33.3 of the Regulations of the Board of Directors provides that: "The Secretary shall take particular care to ensure that the Board of Directors is duly adjusted to the letter and the spirit of the laws and regulations (including that approved by the regulatory entities); that they conform to the By-laws and the Regulations of the General Meeting and the Board of Directors and any other corporate rules; and take into account the recommendations for good governance accepted by the Company".

C.1.35 State the mechanisms, if any, established by the company to preserve the independence of external auditors, financial analysts, investment banks and rating agencies.

Article 39.7(b) (iii) of the Regulations of the Board of Directors provides that the Audit Committee, will "monitor the independence of the external auditor, to which end, the company shall:

- Notify any change of auditor to the CNMV as a relevant fact, 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 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 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.

- In the event that the external auditor withdraws, the circumstances motivating this withdrawal shall be examined."

C.1.36 State whether the company has changed the external auditor during the financial year. If so, identify the incoming and the outgoing auditor:

Yes No

If there has been any disagreement with the outgoing auditor, provide a description thereof:

N/A

C.1.37 State whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees paid for such work and the percentage they represent of the aggregate fees charged to the company and/or its group:

Yes No

	Company	Group	Total
Amount of other non-audit work (thousands of euros)	180	1,062	1,242
Amount of non-audit work / Aggregate amount billed by the audit firm (%)	59%	36%	42%

NOTE: In 2014, a large part of professional fees for work other than auditing relate to non-recurring work executed in the process to list the company shares on the stock exchange markets of Madrid, Barcelona, Bilbao and Valencia.

C.1.38 State whether the audit report on the annual accounts for the prior financial year has observations or qualifications. If so, state the reasons given by the chair of the audit committee to explain the content and scope of such observations or qualifications.

Yes No

C.1.39 State the consecutive number of years for which the current audit firm has been auditing the annual accounts of the company and/or its group. In addition, state the percentage represented by such number of financial years audited by the current audit firm with respect to the total number of financial years in which the annual accounts have been audited:

	Company	Group
Number of continuous financial years	8	8
Number of years audited by the current audit firm/ Number of years in which the company has been audited (%)	100.00%	100.00%

C.1.40 State whether there is any procedure for directors to hire external advisory services, and if so, describe it:

Yes No

Describe the procedure
<p>Article 26 of the Regulations of the Board of Directors expressly states that <i>“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.</i></p> <p><i>Such engagement shall necessarily address specific problems of certain significance and complexity, arising in the context of the performance of their duties.</i></p> <p>2. <i>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:</i></p> <ul style="list-style-type: none"><i>(a) it is necessary to ensure the effective performance of the duties entrusted to the independent Directors;</i><i>(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</i><i>(c) the technical assistance sought cannot be provided adequately by Company experts and specialists.</i> <p>3. <i>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.”</i></p>

C.1.41 State whether there is any procedure for directors to obtain sufficiently in advance the information required to prepare for meetings of governing bodies and, if so, describe it:

Yes No

Describe the procedure
<p>Article 25 of the Regulations of the Board of Directors provides that <i>“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.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>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.”</i></p> <p>Article 31.3 of the Regulations of the Board of Directors provides that <i>“As the Chairman of the Board of Directors is responsible for</i></p>

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; (...)"

C.1.42 State whether the company has established any rules requiring directors to inform the company—and, if applicable, resign from their position—in cases in which the credit and reputation of the company may be damaged, and if so provide a detailed description:

Yes No

Describe the rules
Article 17.2 of the Regulations of the Board of Directors provides that: "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) ...; (b) ...; (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 Remuneration 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. 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 a relevant fact, the reasons for said removal will be included in the Annual Corporate Governance Report."

C.1.43 State whether any member of the board of directors has informed the company that such member has become subject to an order for further criminal prosecution upon indictment or that an order for the commencement of a bench trial has been issued against such member for the commission of any of the crimes contemplated in section 213 of the Companies Act:

Yes No

State whether the board of directors has analysed the case. If so, provide a duly substantiated explanation of the decision adopted regarding whether or not the director should remain in office or, if applicable, describe the actions taken by the board of directors through the date of this report or that it plans to take.

N/A

C.1.44 Describe the significant agreements entered into by the company that go into effect, are amended, or terminate in the event of a change in control at the company as a result of a takeover bid, and effects thereof.

The Multicurrency Facilities Agreement signed by the Company on 7

May 2014 with certain financial institutions includes early maturity clauses in the event of a change in control, in standard terms for contracts of this kind.

Furthermore, as reflected in the Prospectus for the listing of the Company shares, the plan to deliver restricted stock units ("RSUs") in favour of certain executives of the Company's group (the "RSU Plan") foresees that, in the event of a change in control in the Company's group, all units to which these executives are entitled under said RSU Plan will be delivered in advance.

C.1.45 Identify on an aggregate basis and provide a detailed description of the agreements between the company and its governing bodies, management or employees that provide for indemnities, guarantee or "golden parachute" clauses upon resignation or termination without cause, or if the labour relationship is terminated as a result of a takeover bid or other type of transaction.

Number of beneficiaries: 8

Type of beneficiary

Chief Executive Officer and managers who report to him

Description of agreement

The company has entered into severance payment arrangements ("*blindajes*") with the Chief Executive officer and seven (7) members of the senior management team who report to him. The amounts payable to senior management pursuant to the severance payment arrangements may be determined by reference to one of the three following parameters, as applicable: (i) a compensation equal to twice the gross annual compensation received by the relevant senior manager in the year immediately preceding termination of employment; (ii) a gross compensation equal to twice the net annual monetary compensation received by the relevant senior manager in the year immediately preceding termination of employment after withholding taxes; or (iii) a compensation (net of tax) equal to the greater of (x) twice the net annual monetary compensation received by the relevant senior manager in the year immediately preceding termination of employment, and (y) the amount equal to 45 days of salary received by the relevant senior manager per year of employment with a 42 month limit.

Pursuant to the arrangements entered into by the group, certain senior managers (including the CEO) are entitled to severance payments in case: (i) their employment is terminated by the group at will, except in case of fair disciplinary dismissal ("*despido disciplinario procedente*") declared by a final judgment; in some of the cases (not including the CEO): (ii) in the event they decide to early terminate their employment with the group, except in case of resignation ("*dimisión*").

In addition to these 8 managers, there are others in the company, who do not report directly to the CEO and have severance payment arrangements ("*blindaje*").

State whether such agreements must be reported to and/or approved by the decision-making bodies of the company or its group:

	Board of directors	General shareholders meeting
--	--------------------	------------------------------

[ENGLISH GUIDE TRANSLATION FOR INFORMATION PURPOSES ONLY]

Decision-making body approving the provisions	NO	NO
---	----	----

	YES	NO
Is information about these provisions provided to the shareholders at the general shareholders' meeting?		X

NOTE: In the General Shareholders Meeting to take place in 2015, the severance arrangements (“*blindajes*”) of the CEO will be informed.

C.2 Committees of the board of directors

C.2.1 Describe all of the committees of the board of directors, the members thereof, and the proportion of proprietary and independent directors of which they are comprised:

EXECUTIVE COMMITTEE

Name	Position	Class
MR. CHRISTOPHER COLE	CHAIRMAN	INDEPENDENT
MR. FERNANDO BASABE ARMIJO	MEMBER	EXECUTIVE
MR. ALEX WAGENBERG BONDAROVSKI	MEMBER	PROPRIETARY
MR. PEDRO DE ESTEBAN FERRER	MEMBER	PROPRIETARY

% executive directors	25.00%
% proprietary directors	50.00%
% independent directors	25.00%
% other external	0.00%

AUDIT COMMITTEE

Name	Position	Class
MR. ERNESTO GERARDO MATA LÓPEZ	CHAIRMAN	INDEPENDENT
MR. JOSEP MARÍA PANICELLO PRIMÉ	MEMBER	PROPRIETARY
MR. MARIO PARDO ROJO	MEMBER	PROPRIETARY

% executive directors	0.00%
% proprietary directors	67.00%
% independent directors	33.00%
% other external	0.00%

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Class
MR. JOHN DANIEL HOFMEISTER	CHAIRMAN	INDEPENDENT
MR. RICHARD CAMPBELL NELSON	MEMBER	INDEPENDENT
MR. ALEX WAGENBERG BONDAROVSKI	MEMBER	PROPRIETARY

% executive directors	0.00%
% proprietary directors	33.00%
% independent directors	67.00%
% other external	0.00%

C.2.2 Complete the following table with information regarding the number of female directors comprising the committees of the board of directors for the last four financial years:

Number of female directors

[ENGLISH GUIDE TRANSLATION FOR INFORMATION PURPOSES ONLY]

	Year 2014		Year 2013		Year 2012		Year 2011	
	Number	%	Number	%	Number	%	Number	%
Executive Committee	0	0,00%	0	0,00%	0	0,00%	0	0,00%
Audit Committee	0	0,00%	0	0,00%	0	0,00%	0	0,00%
Appointments and Remuneration Committee	0	0,00%	0	0,00%	0	0,00%	0	0,00%

C.2.3 State whether the audit committee has the following duties:

	Yes	No
Supervise the process of preparation and the integrity of the financial information relating to the company and, if applicable, to the group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles.	X	
Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known.	X	
Ensure the independence and effectiveness of the internal audit area; make proposals regarding the selection, appointment, re-election, and withdrawal of the head of the internal audit area; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports.	X	
Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the company.	X	
Submit to the board proposals for the selection, appointment, re-election, and replacement of the external auditor, as well as the contractual terms under which it should be hired.	X	
Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.	X	
Ensure the independence of the external auditor	X	

C.2.4 Describe the rules of organisation and operation of, and the duties assigned to, each of the board committees.

SUPERVISORY COMMITTEE

It consists of at least three members and no more than five, to be chosen amongst and by the Board of Directors, which may permanently delegate to it all the Board's powers, except for those which according to the law, the By-laws or the Regulations of the

Board of Directors are its exclusive competencies. As an exception, the Supervisory Committee may take decisions in relation to the matters contained in article 7.2 sections (b) and (c) of the Regulations of the Board of Directors, when there are reasons of urgency, and with subsequent ratification by the full Board of Directors.

AUDIT COMMITTEE

The members of the Audit Committee are appointed by the Board of Directors. The Audit Committee will consist of three to five members of the Board of Directors, based on their knowledge and experience in accounting, auditing and risk management matters.

The Audit Committee will be in charge of:

- Informing the General Shareholders meeting on the matters amongst its competence that shareholders may bring up in them.
- Supervising the preparation of annual accounts and management reports, both individual and consolidated, in order to be drawn up by the Board of Directors according to law.
- Informing the Board of Directors, in order to be drawn up according to law, about the accuracy and reliability of the annual accounts and management reports, both individual and consolidated, including any periodic financial data forwarded to the markets.
- Issuing any reports and proposals requested by the Board of Directors or its Chairman, and others deemed pertinent for the adequate performance of its tasks.
- Supervising compliance with all internal codes of conduct and corporate governance rules, particularly the Regulations of the Board of Directors, in the terms provided therein.
- Ensuring that the company and auditor uphold current rules on the provision of non-audit services, limits on the auditor's workload, rules regarding the need for a turnover in the signatory auditor of the auditing report and, in general, all other provisions established to guarantee the auditors' impartiality.
- The Audit Committee will issue a report each year, giving its opinion about the auditors' impartiality. This report, in any case, will refer to the provision of additional services by the auditors to the company or to any other entity directly or indirectly related thereto.

APPOINTMENTS AND REMUNERATION COMMITTEE

It consists of at least three and a maximum of five Directors, appointed by the Board of Directors for a period not exceeding their term as Directors and without prejudice to being re-elected, insofar as they are also Directors. The Board of Directors will designate the members of the Appointments and Remuneration Committee, based on the knowledge, skills and experience of the Directors and the tasks entrusted to the Appointments and Remuneration Committee.

The Appointments and Remuneration Committee will be in charge of:

- Reporting any proposed appointments and re-elections of Executive and Proprietary Directors, making proposals to appoint Independent Directors.
- Reporting any proposed removals of members of the Board of Directors.
- Verifying the nature of each Director, checking that requirements are met to be classified as executive, independent or proprietary.

- Evaluating the competences, knowledge and necessary experience on the Board of Directors, consequently defining the necessary candidate tasks and skills to cover each vacancy, evaluating the necessary time and dedication in order to adequately perform their task.
- Examining or arranging, as deemed adequate, the succession of the Chairman and top executive and, if necessary, making proposals to the Board of Directors in order for this succession to take place in an orderly and well planned manner.
- Annually reporting on performance of tasks by the Chairman of the Board of Directors and top executive of the Company.
- Reporting any appointments and removals of the Secretary of the Board of Directors and senior executives proposed by the top executive to the Board of Directors.
- Providing information to the Board of Directors about any gender diversity matters, ensuring that when new vacancies arise, selection procedures have no implicit biases that hinder the selection of female directors; ensuring that the company deliberately searches for, and includes amongst potential candidates, women who meet the professional profile sought.
- Preparing and keeping a record of situations involving Directors and senior executives of the company, receiving and safeguarding in this register any personal details provided by Directors, as provided in article 29 of the Regulations of the Board of Directors.
- Receiving any information provided by Directors.
- Proposing to the Board of Directors a remuneration policy for Directors and senior executives.
- Proposing to the Board of Directors the individual remuneration of executive Directors and other contractual conditions.
- Proposing to the Board of Directors the basic conditions of senior executive contracts.
- Ensuring that the remuneration policy established by the company is followed.

C.2.5 State, if applicable, the existence of regulations of the board committees, where such regulations may be consulted and the amendments made during the financial year. Also state if any annual report of the activities performed by each committee has been voluntarily prepared.

Rules for Board Committees are included in the Regulations of the Board of Directors, which establish their competences, composition, procedures, etc.; these are available for consultation both on the CNMV website and the www.applus.com corporate website, and may be directly accessed through the following link: <http://www.applus.com/es/InvestorRelations/Corporate-governance>.

See details in section C.1.18 regarding amendments of articles 7 and 38 of the Regulations of the Board of Directors.

C.2.6 State whether the composition of the executive committee reflects the participation of the different directors within the board based on their category:

Yes No

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1. Identify the competent body and describe any procedures for approving related-party and intragroup transactions.

Competent body for approving related-party transactions
The Board of Directors, as per Article 7.2(c) of the Regulations of the Board of Directors.

Procedure for the approval of related-party transactions
<p>Further to article 22.4 of the Regulations of the Board of Directors, “<i>transactions between the Company and Directors, significant shareholders, and shareholders represented on the Board of Directors, or with persons associated with them, must be authorized by the Board of Directors on the basis of a prior report by the Audit Committee. However, the authorization of the Board of Directors and of the report of the Audit Committee will not be necessary for Related-Party transactions that meet the following three conditions:</i></p> <p><i>i</i> <i>n</i> (a) <i>They are carried out under the terms of contracts whose conditions are standardized and applied to a large number of clients;</i></p> <p><i>w</i> <i>h</i> (b) <i>They are implemented at prices or rates generally set by the person supplying the good or service in question; and</i></p> <p><i>t</i> <i>h</i> (c) <i>The value of these transactions does not exceed 1% of the annual turnover of the Company.</i></p> <p><i>r</i> <i>2. The Board of Directors shall decide on Related-Party Transactions on the basis of a prior report by the Audit Committee. In addition to refraining from exercising or delegating their vote, Directors affected by said transactions must leave the meeting room while the Board of Directors deliberates and votes on them.”</i></p>

approval of related-party transactions has been delegated, and if so, state the body or persons to which the delegation has been made.

Article 7.2 of the Regulations of the Board of Directors foresees that the competencies of the Board of Directors set forth paragraphs (b) and (c) of said article, which include related-party transactions, may be adopted in urgent cases by the Supervisory Committee, and subsequently ratified by the full Board of Directors

D.2. Describe those transactions that are significant due to the amount or subject-matter thereof between the company or entities of its group and the company's significant shareholders:

N/A

D.3. Describe those transactions that are significant due to the amount or subject-matter thereof between the company or entities of its group and the company's directors or officers:

N/A

D.4. Report the significant transactions made by the company with other entities belonging to the same group, provided they are not eliminated in the preparation of the consolidated accounts and they are not part of the ordinary course of business of the company as to their purpose and conditions.

In any case, report any intragroup transaction with entities established in countries or territories considered to be tax havens:

N/A

D.5. State the amount of transactions with other related parties.

0 (thousands of Euros)

D.6. Describe the mechanisms used to detect, determine, and resolve potential conflicts of interest between the company and/or its group, and its directors, officers, or significant shareholders.

Article 22 of the Regulations of the Board of Directors specifically regulates conflicts of interest:

“1. Directors must abstain from attending and intervening in deliberations in relation to issues in which they have a personal interest, and from voting the corresponding resolutions.

2. A Director will be considered to have a personal interest when the issue affects the Director itself or:

(a) The spouse of the Director or a person related to the Director up to fourth (4th) degree of kinship, inclusive; or

(b) A company in which it has a significant shareholding. A shareholding will be considered significant when the Director, either in its own name, or jointly with persons with whom it has a relationship such as that described in (a) above, holds more than five per cent (5%) of voting or economic rights or in which, while not meeting this requirement, can appoint at least one member of their management body.

3. The Director must provide the Board of Directors with due notice of any situation that could constitute a conflict of interest with the interests of the Company or of other companies from the Applus+ Group.

4. Transactions between the Company and Directors, significant shareholders, and shareholders represented on the Board of Directors, or with persons associated with them, must be authorized by the Board of Directors on the basis of a prior report by the Audit Committee. However, the authorization of the Board of Directors and of the report of the Audit Committee will not be necessary for Related-Party Transactions that 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.

5. The Board of Directors shall decide on Related-Party Transactions on the basis of a prior report by the Audit Committee. In addition to refraining from exercising or delegating their vote, Directors affected by said transactions must leave the meeting room while the Board of Directors deliberates and votes on them.

6. In any event, relevant transactions of any nature between a Director of the Company and of companies within the Applus+ Group must be recorded in the Annual Corporate Governance Report. This requirement also applies to relevant transactions between the Company and its significant shareholders. The notes to the annual accounts must also include transactions conducted by Directors with the Company and companies within the Applus+ Group when said transactions are not

related to the ordinary course of business of the Company, or do not take place under normal market conditions.”

D.7. Is more than one company of the group listed in Spain?

Yes No

Identify the subsidiaries listed in Spain: N/A

Listed subsidiary

Identify if each activity areas and eventual business relationships have ben public and accurately, as well as those of the listed subsidiary with the other companies of the group:

Define the business relationships between listed parent Company and listed subsidiary, and between the latter and other companies of the group.

Identify the mechanisms foreseen to resolve potential interest conflicts between the listed subsidiary and other companies of the group:

Mechanisms foreseen to resolve potential interest conflicts

E. RISK CONTROL AND MANAGEMENT SYSTEMS

E.1 Explain the scope of the company's Risk Management System.

The company has a Corporate Risk Map, where critical risks which from a strategic, governance, compliance and financing reporting point of view may affect the achievement of strategic objectives have been identified.

This risk map has incorporated critical factors, based on the group's lines of activity, geographical areas where it operates and business divisions as well as the risks factors considered as critical in connection with the scope of the support functions, such as finance, human resources and legal services.

Critical risks have been identified by prioritizing matters based on the volume of business affected, the possibility of stopping transactions due to risk materialization and potential reputational damage in the event of an incident.

The Board of Directors is assisted by the Audit Committee which periodically reviews the internal control systems and risk management and supervises and informs on the adequacy of the system to evaluate and internally control relevant risks.

E.2 Identify the decision-making bodies of the company responsible for preparing and implementing the Risk Management System.

In accordance with article 7.2 (vii) of its Regulations, the Board of Directors of the company is the responsible of defining risk strategy and control policy, as well as periodic monitoring of the internal information and control systems, by optimizing a cost-benefit ratio, in order to:

- Reach medium-term strategic objectives
- Safeguard shareholders value
- Guarantee the group's results and reputation
- Defend the interests of company shareholders and interest groups

The Audit Committee, in accordance with article 39.7 (a) of the Regulations of the Board of Directors, is responsible of periodically reviewing the internal control systems and to manage the risks, so main risks are identified, processed and informed appropriately as well as discussing with auditors the significant weak points of the internal control system outlined during the audit process. To that purpose, the Commission relies on the supervision tasks carried out by the company's Internal Audit Management. Supervision of the risk control systems includes approval of a model and a periodic follow-up, which will depend on criticality and importance.

Risk management is made by the Chief Executive Officer, the heads of the corporate functional areas, and the Executive Vice President of each business division in accordance with their scope of activity, according to acceptable risk levels for the Company.

The Internal Audit Management is in charge of supervising compliance with risk tolerance levels, the effectiveness of control measures associated to critical risks and supervised implementation of the necessary action/response plans, which will be monitored as applicable initially at a corporate level by the affected functions.

E.3 Point out the principal risks that could affect the achievement of business goals.

The risk map of the company contemplates those risks that can have a significant impact on the results of the company and its group, to their best knowledge. The risks referred to in said risk map can be grouped in different types:

1. risks arising from the group's organizational model
2. risks which are inherent to business activities
3. risks related to regulatory compliance in the countries where the group operates (scope: legal, tax and human resources, etc).
4. financial risks

With regards to the first one, the main risk arising from the particular group 's organizational model would be the risk of non-compliance by the responsible of the group's subsidiaries with the Delegation of Authority internal Policy (predefined scope for decision-making)

With regards to the second one, the main business risks group would be:

- Adequate monitoring of businesses entered into by the group based on long-term contracts such as concessions in the business of vehicle inspection in Spain, Europe and America.
- Adequate supervision of formal and quality standards of the service, when provided according to approved qualifications. In this sense, group has defined an insurance strategy, which includes coverage of third-party damages arising as a consequence of the services rendered by the group in all sectors in which it operates.
- Risks related to economic, social and political situation in

the geographical areas in which the Company operates and the main macroeconomic indicators that may impact in the future short and medium term in the results of the group, particularly considering its wide geographical implementation.

- Retention of key staff for the group.

In respect of financials, the Company manages and monitors risks that may impact the results of the group.

- Liquidity risk and leverage of the group.
- Risk of overvaluing certain significant assets of the group, such as goodwill, intangible assets generated by inorganic growth and tax assets.
- Exchange rate risk derived from relevant international activity.
- Interest rate risk (which could increase the cost of its debt).

E.4 Identify whether the entity has a risk tolerance level.

Tolerance levels are defined in the risk valuation matrix, constituting the starting point to assess risks qualified as inherent and residual.

Tolerance levels are defined according to the following parameters :

- Sustained quality standards for the group
- Business volume affected and potential impact on business sustainability
- Impact on reputation and business continuity
- Compliance with applicable law
- Probable materialization

For risks considered as critical, given the impact of their potential materialization on the achievement of the group's objectives, specific tolerance levels are defined indicating action guidelines, achievement timeframe, managers, follow-up indicators; furthermore, the frequency and content are defined of the information provided to the governing bodies for supervision and decision-making.

E.5 State what risks have materialize during the financial year.

The risks which have materialized during year 2014 and resulted in a significant impact on the group's results are:

- As a result of completing in 2014 certain contracts in the oil & gas sector, along with a slow-down in certain client investments and a fall in the Brent barrel price, income and profit growth in divisions focusing on the oil & gas sector (RTD and Velosi) has been affected.
- In the year 2014, the accreditation in Spain for environment, quality and management systems certification has been temporarily suspended. Suspension does not allow issuance of new certificates, meaning certificates to new clients or existing clients who need to renew their certificates (duration is of three years). Consequently, the monitoring activities have continued and the impact in the turnover of the group has not been significant. It is foreseen that said accreditation will be recovered during the first four month period of the

year 2015.

Events occurred in 2014 related to risks covered by the group which have not had a significant impact on the group's results are:

- The group was considering the risk involved in the succession of the Executive Vice President of the Velosi Division, who had announced plans for retirement. Ramón Fernández Armas, Executive Vice President of Norcontrol, also became the senior manager of Velosi's business. Mr. Fernández, with more than 20 years in the group, will guarantee this succession.
- Given the economic scenario in Spain, the group, as in previous years, has continued to implement action plans aimed at cost optimization. However, the weight of group's business in Spain is currently no longer as relevant as in the past, as it does not represent more than 16% of the group's total turnover figure.
- The Company performed impairment tests for all cash generating units in relation to goodwill and intangibles assets concluding that the record of additional impairment was not necessary in 2014.

The group has not been immersed in further litigation that could have a significant impact on its results and still open litigations have not led to events which could have forced to modify previous fiscal years' accounting estimates.

E.6 Describe the plans for responding to and supervising the entity's main risks.

The group has an updated risk map that foresees relevant risks from a strategic, governance, compliance and financial reporting point of view that may affect the achievement of strategic objectives, including the risk of fraud.

To this end, the Applus group has implemented mitigating measures to said risks, in order to try to minimize its potential impact. Furthermore, for all other risks not yet covered an action plan has been designed, assigning managers of each initiative and an execution timetable, in order to start up the necessary measures to reduce any potential impact should they materialize.

These measures are generally executed by the group's Management. The Audit Committee and company's Board of Directors, eventually, are the bodies in charge of supervising and approving the measures conducted.

In addition, the Company has defined an appropriate insurance strategy, which includes coverage of third-party damages arising as a consequence of the services rendered by the Company and its subsidiaries in sectors in which they operate.

F. INTERNAL RISK CONTROL AND MANAGEMENT SYSTEMS IN CONNECTION WITH THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFR)

F.1.1 What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective internal control system over financial reporting (ICFR); (ii) the implementation thereof; and (iii) oversight thereof.

The Internal Control System over Financial Reporting ("ICFR") of the company and its group is part of its general internal control

system and is configured as the set of processes that the Board of Directors, Audit Committee, Management and group staff carry out to provide reasonable security as regards the reliability of financial information published by the markets.

The company has implemented an internal control and risk management tool (GRC Applus+) to enable the continuous monitoring and supervision of the action plans and incidents identified when drawing up and reviewing this financial information.

Supervision of the ICFR is within the functions of the Audit Committee and is carried out through supervision actions conducted by the Corporate Internal Audit Management. Since 2011, an Internal Control Model over financial reporting is being developed in order to guarantee its reliability.

The Corporate Financial Management of the company carries out the following tasks in relation to Internal Control over financial reporting:

- To review and approve accounting Policies and Manuals incorporated into the group's Financial Management intranet.
- To establish and provide information on the necessary procedures to ensure an adequate internal control of financial reporting.
- To establish and maintain internal controls over financial reporting, in order to guarantee its reliability and ensure that all reports, facts, transactions or other relevant items are communicated in due time and form.

The internal control model for financial information of the group has three separate areas of control: (i) self-evaluation of the persons in charge of critical processes and control measures, (ii) review of the financial evaluation process by the Financial Managements in each division and by the Corporate Financial Management in the consolidation process, and (iii) evaluation of the efficiency and effectiveness of risk control and identification measures by the Corporate Internal Audit Management.

F.1.2. Whether any of the following are in place, particularly as regards the financial information preparation process:

- **Departments and/or mechanisms in charge of: (i) the design and revision of the organisational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of work and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination thereof at the entity.**

Initially the Company's Chief Executive Officer and the Corporate Financial Management are in charge of designing and reviewing the organisational structure for the presentation of financial information; the Management will be responsible for changing such information if deemed appropriate.

Likewise, the lines of authority and responsibility of its relevant processes have been defined by formalizing a Standard Model for Authority and Responsibility Delegation, which includes all of the group's critical decisions that may eventually affect the drafting and review of financial information. Furthermore, the Corporate Financial Management has a functional flowchart of the Financial Management to cover all of the group's business divisions.

As regards the process to prepare financial information, instructions are issued by the Corporate Financial Management, establishing specific guidelines and responsibilities for each financial closing, as

well as closing procedures reflected in the Internal IFRS Manual, covering a description and accounting plan of the company's financial reporting system.

- **Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of transactions and the preparation of financial information are specifically mentioned), body in charge of reviewing breaches and of proposing corrective actions and penalties.**

The company has a Code of Ethics and an Anti-Corruption Policy, approved by the Board of Directors, which specifically refers to the registration of operations and drawing up of financial information, as well as compliance with the law and accounting policies of the group, inter alia. Both have been signed by the Management, intermediate managers and practically all of the group's employees.

Furthermore, the Code of Ethics includes a commitment to strictly comply with the obligation to provide reliable financial information, prepared according to applicable regulations, as well as the responsibility binding employees and officers, to ensure that this is so, both by adequately executing their tasks and by informing the governing bodies of any circumstance that may affect this commitment.

All employees are aware of the Code of Ethics through periodical training sessions.

On 2012 the Group Ethics Committee (GEC) was created, which meets every quarter and, amongst other matters, manages and processes any reports received through the whistleblowing channel, including any other incident related to ethical matters. It is the body in charge of analysing infringements of the mentioned regulations and proposing where applicable corrective actions and disciplinary sanctions. Furthermore, in 2014 a Chief Compliance Officer has been appointed, effective 1st January 2015, to reinforce the correct implementation of the Code of Ethics within the group and the commitments of the GEC.

- **Whistleblowing channel that makes it possible to report any irregularities of a financial or accounting nature to the Audit Committee, as well as any possible breach of the code of conduct and irregular activities at the organisation, specifying, if appropriate, whether it is confidential.**

The company has established an internal whistleblowing channel which allows employees or third parties to report any facts that may be contrary to integrity and professional ethics, covered by the principles of the Code of Ethics.

All communications are received, analysed and followed through by the Group Ethics Committee (GEC) and by the Chief Compliance Officer. All reports and their processing are handled on a confidential basis. There is a unique whistleblowing channel for the entire group and is available on the corporate Intranet.

- **Regular training and update programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of the internal control system over financial reporting, covering at least accounting standards, auditing, internal control and risk management.**

In order to periodically recycle and train the staff involved in the preparation and review of financial information, continuous correspondence is held with external auditors and other

independent professionals (advisors) on relevant matters in corporate terms (basically accounting regulations and the preparation of financial information, as well as tax laws).

Any training needs detected and provided at a corporate level are extended to all other Chief Financial Officers in the group's subsidiaries, through the Finance Community Meeting held each year, where training is a key point of the agenda; individual meetings are also held with local financial representatives if deemed appropriate.

F.2 Risk assessment of financial information indicates at least the following:

F.2.1. What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with respect to:

• Whether the process exists and is documented.

The group has developed risk matrixes and control measures for relevant business processes (sales, purchases, fixed assets, treasury, human resources and payrolls, etc.), specifically for each subsidiary, which are relevant for the consolidated statements of the group. In particular, this has been carried out for subsidiaries which, in aggregate, represent more than 80% of the sales of the group.

• Whether the process covers all the objectives of financial information (existence and occurrence; completeness; assessment; presentation, breakdown and comparability, and rights and obligations), whether it is updated and how often.

The methodology used to select the risks to be taken into account is COSO (Committee of Sponsoring Organizations for the Treadway Commission).

The criteria used to locate the most relevant processes are quantitative (materiality) and qualitative (business risk and visibility amongst third parties), based on the most relevant accounting items and notes included in the Annual Report. All identified risks are prioritized in the professional's opinion, following a series of variables (level of process automation, whether the process is known and/or whether it is necessary to use judgments and estimates). The risk of fraud is indirectly identified insofar as material errors may arise in the financial information.

Once the most relevant risks are selected, the necessary control measures are selected and designed for their mitigation of management, and the necessary action plans are established to improve control surroundings; critical control measures are systematically supervised and reviewed by the Corporate Internal Audit Department.

Any risks classified as relevant are reviewed at least once a year, further to the certification/evaluation of effective internal control carried out by the persons in charge. This review intends to adjust the risks to changing circumstances in which the group is operating, particularly if there are changes in the organisation, computer systems, regulations, products or the market situation.

• The existence of a process for the identification of the scope of consolidation, taking into account, among other matters, the possible existence of complex corporate structures, holding entities or special purpose entities.

Furthermore, at the last corporate instance, the possibility is contemplated of errors in certain processes not connected to specific types of transactions with impact on a subsidiary, which may be relevant when preparing financial information, such as the closing process in each subsidiary and, particularly, in consolidated statements. In the consolidation process, the group has considered all inherent risks, ensuring that the process is adequately configured and executed, as well as an adequate definition of the consolidation perimeter.

• Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.) to the extent that they affect the financial statements.

The process to locate possible errors in financial information takes into account the effects of other risk typologies, which are evaluated and managed by various corporate units. Nevertheless, in order to identify financial information risks these other typologies are not expressly identified.

• What corporate governance body of the entity supervises the process.

The Management Body that supervises the ICFR is the Audit Committee, which is supported by the Internal Audit Management when executing its tasks.

The group has implemented the Applus GRC tool for internal control management at various levels. The following advantages are provided by this tool in SCIIF matters:

- Availability, in centralized form, of all ICFR documentation and management for the group, in a homogenous manner.
- Internal Control system over financial reporting is integrated into business and corporate processes, enabling each organizational unit in charge to periodically evaluate its control, to provide the necessary evidence and to annually execute the ICFR internal certification process.
- Automatic workflows are used to manage control activities and to execute action plans.
- It constitutes a back-up tool for the ICFR supervision and testing process carried out by the Internal Audit Department.
- It allows the necessary information for ICFR reporting to be obtained and supported.

F.3 Control activities

Indicate whether at least the following are in place and describe their main features:

F.3.1 Procedures for review and authorisation of financial information, and description of the internal financial information control system to be published in the securities market, indicating the persons or divisions responsible therefor, as well as documentation describing the flows of activities and controls (including those relating to risk of fraud) of the various types of transactions that could materially affect the financial statements, including the closing process and the specific review of significant judgements, estimates, assessments, and projections.

At first instance, responsibility for preparing monthly, quarterly, six-monthly and annual financial information is entrusted to the Chief Financial Officer in each Applus group subsidiary.

The persons in charge of reviewing and authorising the financial information are the Financial Management in each Division and the Corporate Consolidation Management.

The Audit Committee, with support from the Internal Audit Management, supervises the ICFR internal control model and forwards to the Board of Directors the conclusions obtained in this process.

ICFR documentation and evidence of execution and supervision, as well as significant facts and action plans, are managed through an internal control and risk management tool of the Applus group (Applus GRC). As indicated in F.2.1 above, in each subsidiary the activity and control directly related to transactions that may have a material effect on the financial statements are provided with a description of implemented control measures. Control matrixes by process document the foregoing, and information is provided on the control activity, the risk covered, the person in charge of execution and the frequency of control. These matrixes are managed through a corporate tool (Applus GRC) which enables an annual certification that the control matrix is still being updated, as well as a periodic evaluation by the persons in charge of executing the control measures on their execution and effectiveness.

In each subsidiary, the following information is available for critical processes in relation to each control activity:

- Description of the process and sub-process
- Description of financial information risks associated to various processes, sub-processes and control objectives
- Definition of control activities designed to mitigate the risks identified
- Description of the process managers, risks and control activities
- Classification of control activities already implemented or outstanding (action plans)
- Level of automation of control activities (manual or automatic)
- Classification of control activities distinguishing between preventive or detective.
- Definition of control execution frequency
- Definition of evaluation frequency by the Internal Audit Department
- Definition of the evidence required

Each one of the closing processes carried out in the various divisions is treated as a single process. The same applies to all the closing activities conducted within the corporation, in relation to the consolidation process and drafting of annual accounts.

A specific review of any judgments, estimates, valuations, provisions and projections that are relevant to quantify certain assets, liabilities revenues and expenses itemized in the annual accounts involves the continuous supervision of the Corporate Financial Management of the Applus group.

The control measures used to mitigate or manage possible risks in financial information include some related to the most relevant computer applications, such as control over user access permits or the integrity of information when it is transferred from one application to another.

F.3.2 Policies and procedures of internal control of information systems (including, among others, security of access, control of changes, operation thereof, operational continuity and segregation of duties) that provide support for the significant processes of the entity in connection with the preparation and publication of financial information.

The group uses SAP BPC as a common consolidation and reporting system. This software is being used by all group subsidiaries, irrespective of the degree to which each subsidiary uses SAP R3 as a financial system, or uses another system.

When identifying the risk of material errors in financial information two control levels apply: (i) in each subsidiary, as part of the ICFR, control measures are used to ensure that all information reported through SAP BPC is consistent with local information systems, if different from SAP; (ii) in corporate terms, there are automatic and manual measures to control the main application in order to generate financial information in SAP BPC, guaranteeing that the consolidation process is correct.

In addition, as regards the security of information, the Corporate Systems Management has established policies to operate information and data security systems (including availability parameters due to their impact on business continuity and data integrity), containing minimum requirements to be met by any Applus group system.

The following security policies have been established by the group: i) Classification of information; ii) Management of system access; iii) Prevention of Data Leaks; iv) Identification and maintenance of critical applications; v) Back-Up Copies; vi) Restrictions on Internet and e-mail use; vii) Data encryption; viii) Agreements with third parties; ix) Protection of equipment; x) Legal compliance; xi) Notification of incidents; and xii) Infrastructure licences and use.

These policies have enabled Applus to implement a Data Security Policy.

In operating continuity terms, the group has improved the already high level of availability of its central data systems, held in a Main Datacenter in Madrid, with a Disaster Recovery (DR) solution. This DR is hosted in a Secondary Datacenter in Barcelona, which is connected through a high-speed line to the Main Datacenter. Thanks to a constant replica of data, the DR may provide, in a matter of hours, the most critical applications for the business, in the unlikely case of an event of force majeure (fire, flood, earthquake, etc.) that renders the Main Datacenter inoperative.

Additionally, a series of key supplementary control measures are defined and executed by members of the consolidation team, in order to strengthen the trust in the data systems used to generate financial information.

The group has a plan to improve and monitor information systems as regards the segregation of functions, as well as to incorporate in the Audit Plan the supervision of these internal control systems as regards the segregation of functions in financial information systems.

F.3.3 Internal control policies and procedures designed to supervise the management of activities outsourced to third parties, as well as those aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the accounts.

In the group, third party activities that may be relevant to the information generation process basically reside in the business conducted in Spain. The group has outsourced its administration and back-office tasks for its Spanish subsidiaries (except for the IDIADA division subsidiaries). In order to supervise outsourced activities, it has appointed a manager in the Corporate Financial Management. In this contractual relationship service level agreements (SLA's) are defined to evaluate service quality and integrity. Furthermore, the corporate accounting department in charge of Spain has been assigned monthly tasks to review the financial statements of any subsidiaries operating in Spain.

In the rest of the group, outsourced activities are sporadic or highly centralized in very specific processes or sub-processes, such as payroll preparation. These factors are considered a risk in the ICFR model for these companies, for which there is efficient and effective associated control.

Whenever necessary, the group hires reports from independent experts in order to obtain greater trust in matters that may have a significant effect on the financial statements, such as Purchase Price Allocation reports related to wide-ranging acquisitions, the valuation of financial instruments and advice in impairment tests conducted on goodwill and intangible assets, which the group has entered as assets. In all these cases, when hiring these services, the group determines as part of the selection criteria the absence of any doubt as to the supplier's competence, qualifications, reputation and independence.

F.4 Information and communication

Indicate whether at least the following are in place and describe their main features:

F.4.1 A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from the interpretation thereof, maintaining fluid communications with those responsible for operations at the organisation, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.

The Corporate Financial Management is in charge of defining, updating and disseminating accounting policies in order to draw up financial information under IFRS-EU, and resolve any interpretation doubts or conflicts. It keeps a communication flow with the managers of operations and financial representatives in its various divisions and subsidiaries.

The accounting Manual is updated each year and is published on the Financial Management intranet, accessible by all the staff involved in the drafting and review of financial information. Furthermore, at meetings held with corporate Chief Financial Officers, division and subsidiary managers, training sessions are

provided on the interpretation and application of any novelties. Finally, the Corporate Financial Management, through the consolidation department, is entrusted with handling any doubts the subsidiaries may have when applying their account reporting rules, IFRS-EU.

In addition, the group's external auditor, both of consolidated statements and of the most representative subsidiaries of the consolidated statements, will request that the financial information reported by these subsidiaries be reviewed further to the principles gathered in the group's Accounting Manual, i.e. IFRS-EU, both in the 12-month audit and the limited six-monthly review.

F.4.2. Mechanisms to capture and prepare financial information with standardised formats, to be applied and used by all units of the entity or the group, supporting the principal accounts and the notes thereto, as well as the information provided on the internal control system over financial reporting.

The capture and preparation of information backing up the main financial statements of the Applus group uses the SAP-BPC consolidation tool, which is integrated into transactional systems of each subsidiary through automatic and occasionally manual systems for capture and validation. There is a single monthly reporting, based on a homogenous accounting plan for all companies. In addition, monthly reporting incorporates other information necessary for the management of the Applus group, also necessary to draw up notes on the consolidated Financial Statements issued at the closing of the financial year and at the end of the first six months. Consequently, the monthly reporting of all subsidiaries in SAP-BPC already automatically controls the validation of financial statements reported and any additional details requested.

The ICFR internal control system, as already indicated, incorporates an evaluation of control activities both in the closing process designed for each subsidiary, and control activities related to the closing process conducted by the Consolidation Department of the group.

F.5 Supervision of the operation of the system

Indicate and describe the main features of at least the following:

F.5.1. The activities of supervision of the internal control system over financial reporting performed by the audit committee, as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including the internal control system over financial reporting. Information is also to be provided concerning the scope of the assessment of the internal control system over financial reporting performed during the financial year and on the procedure whereby the person or division charged with performing the assessment reports the results thereof, whether the entity has an action plan in place describing possible corrective measures, and whether the impact thereof on financial information has been considered.

The Audit Committee has approved the ICFR design criteria for the group. At least once a quarter it supervises the outcome of all ICFR reviews conducted by the Internal Audit Department and, each year, by the external auditor. Ultimately, it reviews ICFR information gathered by the group in the Annual Corporate Governance Report.

In the Applus group, the Audit Committee uses the Internet Audit function to supervise adequate operation of the internal control system, including the ICFR, and ensures its independence.

The Internal Audit Management permanently supervises the action plans agreed with various subsidiaries to remedy any defects detected and to jointly agree on suggestions for improvement. All reviews, including on-site audits, enable the Internal Audit function to evaluate the internal control system- both in terms of design and operation- and to issue an opinion on the effectiveness of internal control measures in order to guarantee the reliability of financial information; this is forwarded to the Audit Committee further to the meetings that are periodically held.

The Internal Audit Management periodically informs the Financial Management and Audit Committee of any significant weaknesses in internal control discovered during ICFR reviews and in internal audits of processes carried out over the year, as well as the level of implementation of action plans and any mitigation measures established.

Any future weaknesses in internal control identified in internal audit reviews are catalogued according to criticality as high, medium or low, based on the effect they may have if an error materializes in the financial statements. These weaknesses are managed through the Applus GRC application, for which a manager and timeframe are established in order to implement an action plan, as well as follow-up plans by the Internal Audit Department.

F.5.2. Whether it has a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the internal audit function, and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall also be provided on whether it has an action plan to seek to correct or mitigate the weaknesses found.

The Audit Committee meets at least one a quarter and, in order to fulfil its responsibilities, it convenes at least the following persons:

- Group's Chief Financial Officer: the senior manager in charge of drafting financial information to explain the performance of the main financial magnitudes occurring in the period in question, transactions and most relevant impact in the period and communication of the main estimates made.
- Internal Audit Department, in charge of supervising the internal control model, including the ICFR, provides information on the state of any future weaknesses located as well as the outcome of any reviews conducted according to the planning approved by the Audit Committee for the ongoing year.
- External Auditors, in order to understand and share auditing planning or a review, to be carried out in the ongoing year, over consolidated and six-monthly annual accounts. If control weaknesses are identified and not considered by the Internal Audit Department these will also be communicated, as well as any other matter deemed appropriate for the Audit Committee.

In turn, the group, both from the Corporate Finance Department and the Audit Committee, represented by the Internal Audit Department, encourages full collaboration and coordination with the external accounts auditors. Consequently, the external accounts auditor of the group may directly access the Management, holding periodic meetings both to obtain the necessary information to carry out its task and to communicate any control weaknesses identified further to its auditing work.

F.6 Other significant information

There is no other significant information regarding the Internal Control System applicable to the Company's financial information.

F.7 External audit report

Report on:

F.7.1 Whether the information on the internal control system over financial reporting has been reviewed by the external auditor, in which case the entity should include the respective report as an exhibit. Otherwise, it should provide the reasons therefor.

Furthermore, the group has presented the ICFR information included in this 2014 Corporate Governance Report to the external auditor, for its review. To this end, the scope of the auditor's review procedures has followed Circular E14/2013, of 19 July 2013, issued by the Spanish Institute of Chartered Accountants, which publishes the Action Guide and standard auditor's report, regarding information on the internal control system over financial reporting (ICFR) used by listed companies in Spain.

Attached as an annex is a copy of the external auditor's report.

G. DEGREE OF COMPLIANCE WITH CORPORATE GOVERNANCE RECOMMENDATIONS

State the company's degree of compliance with the recommendations of the Unified Code on corporate governance.

If the company does not comply with a recommendation or does it partially, a detailed explanation of the reasons should be given so that shareholders, investors and the market in general have sufficient information to assess the company's course of action. Generalised explanations will not be acceptable.

- 1. The by-Laws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the company by means of the acquisition of its shares on the market.**

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Complies x Explain

- 2. When both the parent company and a company controlled by it are listed companies, they both provide detailed public disclosure on:**

- a) Their respective areas of activity, and any business dealings between them, as well as between the controlled listed company and other companies belonging to the group;**
- b) The mechanisms in place to resolve any conflicts of interest that may arise.**

Complies Complies in part Explain Not applicable x

- 3. Even if not expressly required under applicable commercial laws, transactions**

involving a structural change of the company and, in particular, the following, are submitted for general shareholders' meeting approval:

- a) The transformation of listed companies into holding companies through "subsidiarisation", i.e. reallocating to controlled entities core activities that were previously carried out by the company itself, even if the latter retains full ownership of the former;
- b) The acquisition or disposal of key operating assets, when it involves an actual change in the object of the company;
- c) Transactions whose effect is tantamount to the liquidation of the company.

See section: B.6

Complies x Complies in part Explain

4. Detailed proposals of the resolutions to be adopted at the general shareholders' meeting, including the information to which recommendation 27 refers, are made public at the time of publication of the announcement of the call to the general shareholders' meeting.

Complies x Explain

5. Matters that are substantially independent are voted on separately at the general shareholders' meeting, in order to allow the shareholders to express their voting preferences separately. This rule applies, in particular:

- a) To the appointment or ratification of directors, which shall be voted on individually;
- b) In the event of amendments of the By-Laws, to each article or group of articles that are substantially independent of one another.

Complies x Explain

6. Companies allow split votes so financial intermediaries who are recorded as having shareholder status but act for the account of different clients can divide their votes in accordance with the instructions given by such clients.

Complies x Explain

7. The board performs its duties with a unity of purpose and independent judgement, affording equal treatment to all shareholders in furtherance of the corporate interest, which shall be understood to mean the optimisation, in a sustained fashion, of the financial value of the company.

It likewise ensures that in its dealings with groups of interest (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 industries and territories in which it carries on its business, and upholds any other social responsibility standards to which it has voluntarily adhered.

Complies x Complies in part Explain

8. The board assumes responsibility, as its core mission, for approving the company's strategy and the organisation required to put it into practice, and to ensure that Management meets the objectives set while pursuing the company's interest and the object of the company. As such, the full Board reserves for itself the right to approve:

- a) The company's policies and general lines of strategy, and in particular:
 - (i) Strategic or business plan, as well as management objectives and annual budgets;

- (ii) Investment and financing policy;
- (iii) Definition of the structure of the group of companies;
- (iv) Corporate governance policy;
- (v) Corporate social responsibility policy;
- (vi) Policy regarding remuneration and evaluation of performance of senior management;
- (vii) Risk control and management policy, as well as the periodic monitoring of the internal information and control systems.
- (viii) Dividend policy, as well the treasury share policy and, especially, the limits thereto.

See sections: C.1.14, C.1.16 and E.2

- b) The following decisions:
- i. At the proposal of the company's top manager, the appointment and, if applicable, the removal of senior officers, as well as their severance provisions.
 - ii. The remuneration of directors and, in the case of executive directors, the additional remuneration for their executive duties and other terms and conditions that must be included in their contracts.
 - iii. The financial information that the company must periodically make public due to its status as listed company.
 - iv. Investments or transactions of all kinds which are strategic in nature due to the large amount or special characteristics thereof, unless approval thereof falls upon the shareholders at the general shareholders' meeting.
 - v. The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.
- c) Transactions made by the company with directors, with significant shareholders or shareholders with Board representation, or with other persons related thereto ("related-party transactions").

However, board authorisations need not be required in connection with related-party transactions that simultaneously meet the following three conditions:

- 1^o. They are governed by standard-form agreements applied on an across-the-board basis to a large number of clients;
- 2^o. They are conducted at prices or rates generally set by the party acting as supplier of the goods or services in question;
- 3^o. The amount thereof is no more than 1% of the company's annual revenues.

It is recommended that related-party transactions only be approved by the board upon a prior favourable report of the audit committee or such other committee handling the same function; and that the directors affected thereby should neither exercise nor delegate their votes, and should

withdraw from the meeting room while the board deliberates and votes on the transaction.

It is recommended that the powers granted herein to the board are conferred without the power of delegation, except for those mentioned under b) and c) above, which may, for urgent reasons, be adopted by the executive committee subject to subsequent ratification by the full board.

See sections: D.1 and D.6

Complies x Complies in part Explain

- 9. In order to operate effectively and in a participatory manner, the board ideally is comprised of no fewer than five and no more than fifteen members.**

See section: C.1.2

Complies x Explain

- 10. External directors, proprietary and independent, occupy an ample majority of the board and the number of executive directors is the minimum necessary number, bearing in mind the complexity of the corporate group and the percentage interest held by the executive directors in the company's share capital.**

See sections: A.3 and C.1.3

Complies x Complies in part Explain

- 11. Among external directors, the relation between the number of proprietary directors and independent directors reflects the proportion existing between the share capital of the company represented by proprietary directors and the rest of its capital.**

This strict proportionality standard can be relaxed so that the weight of proprietary directors is greater than would correspond to the total percentage of the share capital that they represent:

- 1º. In large cap companies where few or no equity stakes attain the legal threshold as significant, but there are shareholders holding interests with a high absolute value.**
- 2º. In companies with a plurality of unrelated shareholders represented on the board.**

See sections: A.2, A.3 and C.1.3

Complies Explain x

NOTE: To the extent the Board of Directors is a small operating model (9 members), it is impossible in practice for the number of Proprietary and Independent Directors to reflect the proportion existing in the Company's share capital. However, the proportion of Independent Directors (44.44%) exceeds Recommendation 12 of the Unified Code for Corporate Governance, which recommends that independent directors represent a third.

- 12. The number of independent directors represents at least one-third of the total number of directors.**

See section: C.1.3

Complies x Explain

- 13. The status of each director is explained by the board at the general shareholders' meeting at which the shareholders are to make or ratify their appointment and such status is confirmed or reviewed, as the case may be, annually in the Annual Corporate Governance Report, after verification by the appointments committee. Said report also discloses the reasons for the appointment of proprietary directors at the proposal of shareholders controlling less than 5% of the share**

capital, as well as the reasons for not having accommodated formal petitions, if any, for presence on the board from shareholders whose equity stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.

See sections: C.1.3 and C.1.8

Complies x Complies in part Explain

14. When the number of female director is scant or nil, the appointments committee takes steps to ensure that when new vacancies are filled:

- a) **Selection procedures do not have an implied bias that hinders the selection of female directors;**
- b) **The company deliberately looks for women with the target professional profile and includes them among the potential candidates.**

See sections: C.1.5, C.1.6, C.2.2. and C.2.4

Complies X Complies in part Explain

15. The Chairman, as the person responsible for the effective operation of the board, ensures that directors receive adequate information in advance of board meetings; promotes debate and the active involvement of directors during board meetings; safeguards their rights to freely take a position and express their opinion; and, working with the chairs of the appropriate committees, organises and coordinates regular evaluations of the Board and, where appropriate, the chief executive officer or top manager.

See sections: C.1.19 and C.1.41

Complies x Complies in part Explain

16. When the Chairman of the Board is also the chief executive or top manager of the company, one of the independent directors is authorised to request the call to a board meeting or the inclusion of new business on the agenda; to coordinate and hear the concerns of external directors; and to lead the board's evaluation of the chair.

See section: C.1.22

Complies Complies in part Explain Not applicable x

17. The Secretary of the Board takes particular care to ensure that the board's actions:

- a) **Adhere to the letter and the spirit of laws and their implementing regulations, including those approved by the regulatory authorities;**
- b) **Comply with the company's By-Laws and the Regulations for the general shareholders' meeting, the Regulations of the board and other regulations of the company;**
- c) **Are informed by those corporate governance recommendations included in this Unified Code as the company has subscribed to.**

And, in order to safeguard the independence, impartiality and professionalism of the Secretary, the appointment and removal thereof are reported by the appointments committee and approved by the full board; and that such appointment and removal procedures are set forth in the regulations of the board.

See section: C.1.34

Complies x Complies in part Explain

18. The Board meets with the frequency required to perform its duties efficiently, in accordance with the calendar and agendas set at the beginning of the financial year, and each director is entitled to propose items of the agenda that were not originally included therein.

See section: C.1.29

Complies x Complies in part Explain

19. Directors' absences are limited to unavoidable cases and quantified in the Annual Corporate Governance Report. And when there is no choice but to grant a proxy, it is granted with instructions.

See sections: C.1.28, C.1.29 and C.1.30

Complies x Complies in part Explain

20. When Directors or the Secretary express concerns about a proposal or, in the case of the directors, regarding the running of the company, and such concerns have not been resolved at a board meeting, such concerns are recorded in the minutes at the request of the person expressing them.

Complies x Complies in part Explains Not applicable

21. The full Board evaluates the following on a yearly basis:

- a) The quality and efficiency of the Board's operation;
- b) On the basis of a report submitted to it by the appointments committee, the performance of the Chairman of the Board and the top manager duties;
- c) The performance of its committees, on the basis of the reports furnished by them.

See sections: C.1.19 and C.1.20

Complies x Complies in part Explain

22. All Directors are able to exercise the right to request any additional information they require on matters within the board's purview. Unless the By-laws or the regulations of the board provide otherwise, such requests are addressed to the Chairman or the Secretary of the Board.

See section: C.1.41

Complies x Explain

23. All Directors are entitled to ask the company for the advice they need to carry out their duties. The company provides suitable channels for the exercise of this right, which, in special circumstances, may include external advice at the company's expense.

See section: C.1.40

Complies x Explain

24. Companies organise induction programmes for new directors to rapidly and adequately acquaint them with the company and its corporate governance rules. Directors are also offered refresher training programmes when circumstances so advise.

Complies x Complies in part Explain

25. Companies require that Directors devote sufficient time and effort to perform their duties efficiently, and, as such:

- a) **Directors apprise the appointments committee of their other professional duties, in case they might detract from the necessary dedication;**
- b) **Companies lay down rules about the number of boards on which their directors may sit.**

See sections: C.1.12, C.1.13 and C.1.17

Complies Complies in part X Explain

NOTE: The Company has no rules about the number of boards of directors to which its directors belong; this information is not deemed relevant to appraise their dedication. In any case, the Appointments and Remuneration Committee of the Company is entrusted with ensuring that directors are suitable, qualified and available to adequately fulfil their duties.

26. The proposal for the appointment or re-election of directors that the board submits to the shareholders at the general shareholders' meeting, as well as the interim appointment of directors to fill vacancies, are approved by the board:

- a) **At the proposal of the appointments committee, in the case of independent directors.**
- b) **Subject to a prior report from the appointments committee, in the case of other directors.**

See section: C.1.3

Complies x Complies in part Explain

27. Companies post the following information regarding its Directors on their websites, and keep such information updated:

- a) **Professional and biographical profile;**
- b) **Other boards of directors of listed or unlisted companies on which they sit;**
- c) **Other boards of director's classification, specifying, for proprietary directors, the shareholder they represent or to whom they are related.**
- d) **Date of their first and subsequent appointments as a company director; and**
- e) **Shares held in the company and options thereon held by them.**

Complies x Complies in part Explain

NOTE: Apart from being included on the Company website, all this information is included, at 25 April 2014, in the Prospectus for the listing of Applus shares, approved by the CNMV on this date.

28. Proprietary directors tender their resignation when the shareholder they represent sells its entire shareholding interest and also, an appropriate number of them, when such shareholder reduces its interest to a level that requires a reduction in the number of its proprietary directors.

See section: C.1.3

Complies x Complies in part Explain

29. The Board of Directors does not propose the removal of any independent director prior to the expiration of the term set by the by-laws for which such director was appointed, except where good cause is found by the Board upon a prior report of the Appointments Committee. In particular, good cause shall be deemed to exist whenever the director has failed to perform the duties inherent in the position

held thereby or comes under any of the circumstances causing the director to no longer be independent pursuant to the provisions of Order ECC/461/2013.

The removal of independent directors may also be proposed as a result of takeover bids, mergers or other similar corporate transactions that entail a change in the equity structure of the company, when such changes in the structure of the board follow from the proportionality standard mentioned in Recommendation 11.

See section: C.1.2, C.1.9, C.1.19 and C.1.27

Complies Explain x

NOTE: Directors were removed during the 2014 financial year, in the context of listing its shares on the stock exchange markets of Madrid, Barcelona, Bilbao and Valencia, in order to reduce the number of Directors and render the Board of Directors more operative, as well as to include a new Chairman on the Board, acting as Independent Director.

30. Companies establish rules obliging directors to report and, if appropriate, to resign in those instances as a result of which the credit and reputation of the company might be damaged and, in particular, they require that such directors report to the Board any criminal charges brought against them, and the progress of any subsequent proceedings.

If a director is indicted or tried for any of the crimes described in section 213 of the Companies Act, the board examines the matter as soon as practicable and, in view of the particular circumstances thereof, decides whether or not it is appropriate for the director to continue to hold office. And the board provides a substantiated account thereof in the Annual Corporate Governance Report.

See sections: C.1.42 and C.1.43

Complies x Complies in part Explain

31. All directors clearly express their opposition when they feel that any proposed resolution submitted to the board might be contrary to the best interests of the company. And in particular, independent directors and the other directors not affected by the potential conflict of interest do likewise in the case of decisions that could be detrimental to the shareholders lacking Board representation.

When the Board adopts material or reiterated resolutions about which a director has expressed serious reservations, such director draws the pertinent conclusions and, if such director chooses to resign, sets out the reasons in the letter referred to in the next recommendation.

This Recommendation also applies to the Secretary of the Board, even if the Secretary is not a director.

Complies x Complies in part Explain Not applicable

32. Directors who give up their position before their tenure expires, through resignation or otherwise, explain the reasons in a letter sent to all members of the board. Without prejudice to such withdrawal being communicated as a significant event, the reason for the withdrawal is explained in the Annual Corporate Governance Report.

See section: C.1.9

NOTE: The letters of resignation provided by Directors who were removed during 2014 are a consequence of a prior agreement with the Company, which is why this recommendation is not applicable. However, in the future it is expected that any Directors giving up their post will explain the relevant reasons in their respective letters of resignation.

Complies Complies in part Explain Not applicable x

- 33. Remuneration paid by means of delivery of shares in the company or companies that are members of the group, share options or instruments indexed to the price of the shares, and variable remuneration linked to the company's performance or pension schemes is confined to executive directors.**

This recommendation shall not apply to the delivery of shares when such delivery is subjected to the condition that the directors hold the shares until they cease to hold office as directors.

Complies Explain x

NOTE: As part of the remuneration package assigned to the Chairman of the company's Board of Directors, who acts as an Independent External Director, on 7 May 2014 the General Shareholders Meeting agreed, on an exceptional and non-recurring basis, to grant RSUs for an amount of 100,000 euros.

- 34. The remuneration of external directors is such as is necessary to compensate them for the dedication, qualifications, and responsibility required by their position, but is not so high as to compromise their independence.**

Complies x Explain

- 35. The remuneration linked to company earnings takes into account any qualifications included in the external audit report that reduce such earnings.**

Complies x Explain Not applicable

- 36. In the case of variable remuneration, remuneration policies include technical limits and safeguards required to ensure that such remuneration reflects the professional performance of the beneficiaries thereof and not simply the general performance of the markets or of the industry in which the company does business or circumstances of this kind.**

Complies x Explain Not applicable

- 37. When there is an executive committee (hereinafter, "Executive Committee"), the breakdown of its members by director category is similar to that of the board, and its secretary is the secretary of the board.**

See sections: C.2.1 and C.2.6

Complies Complies in part x Explain Not applicable

NOTE: Article 38 of the Regulations of the Company's Board of Directors allows the possibility of the Board Secretary not necessarily belonging to the Executive Committee.

- 38. The board is always kept informed of the matters dealt with and the resolutions adopted by the executive committee, and all members of the Board receive a copy of the minutes of the meetings of the executive committee.**

Complies x Explain Not applicable

- 39. In addition to the audit committee mandatory under the Securities Market Act, the board of directors forms a single appointments and remuneration committee as a separate committee of the board, or an appointments committee and a remuneration committee.**

The rules governing the make-up and operation of the audit committee and the appointments and remuneration committee or committees are set forth in the regulations of the board, and include the following:

- a) The board appoints the members of such committees, taking into account the background knowledge, qualifications, and experience of the directors and the responsibilities of each committee, discusses its proposals and reports, and receives a report, at the first meeting of the

full board following the meetings of such committees, on their activities and the work done.

- b) These committees are formed exclusively of external directors and have a minimum of three members. The foregoing is without prejudice to the attendance of executive directors or senior officers, when expressly resolved by the members of the committee.
- c) Committee chairs are independent directors.
- d) They may receive external advice, whenever they feel this is necessary for the discharge of their duties.
- e) Minutes are prepared of their meetings, and a copy is sent to all board members.

See sections: C.2.1 and C.2.4

Complies x Complies in part Explain

40. Supervising compliance with internal codes of conduct and corporate governance rules is entrusted to the audit committee, the appointments committee or, if they exist separately, to the compliance or corporate governance committee.

See sections: C.2.3 and C.2.4

Complies x Explain

41. The members of the audit committee and, particularly, the chair thereof, are appointed taking into account their background knowledge and experience in accounting, auditing, and risk management matters.

Complies x Explain

42. Listed companies have an internal audit function which, under the supervision of the audit committee, ensures the smooth operation of the information and internal control systems.

See section: C.2.3

Complies x Explain

43. The head of internal audit presents an annual work plan to the audit committee; reports to it directly on any issues arising in the execution of such plan; and submits an activities report to it at the end of each financial year.

Complies x Complies in part Explain

44. The risk control and management policy specifies at least:

- a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the company is exposed to, including contingent liabilities and other off-balance sheet risks among financial or economic risks;
- b) The determination of the risk level the company sees as acceptable;
- c) The measures planned in order to mitigate the impact of identified risks in the event that they materialise;
- d) The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.

See section E

Complies x Complies in part Explain

45. The audit committee's role is to:

- 1° With respect to the internal control and reporting systems:**
- a) Properly manage and disclose the main risks, if any, identified as a result of supervising the effectiveness of the internal control of the company and internal auditing.**
 - b) Ensure the independence and effectiveness of the internal audit area; make proposals regarding the selection, appointment, re-election, and withdrawal of the head of the internal audit area; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports.**
 - c) Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the company.**
- 2° With respect to the external auditor:**
- a) Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.**
 - b) Ensure the independence of the external auditor, to which end:
 - i. The company reports a change of auditor to the CNMV as a significant event, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the same.**
 - ii. In the event of resignation of the external auditor, the committee investigates the circumstances that may have given rise thereto.****

See sections: C.1.36, C.2.3, C.2.4 and E.2

Complies x Complies in part Explain

46. The audit committee may cause any company employee or officer to appear before it, and even order their appearance without the presence of any other officer.

Complies x Explain

47. The audit committee reports to the board, prior to the adoption thereby of the corresponding decisions, on the following matters specified in Recommendation 8:

- a) The financial information that the company must periodically make public due to its status as listed company. The committee should ensure that interim accounts are prepared under the same accounting standards as the annual accounts and, to this end, consider whether a limited review by the external auditor is appropriate.**
- b) The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.**
- c) Related-party transactions, unless such prior reporting duty has been assigned to another supervision and control committee.**

See sections: C.2.3 and C.2.4

Complies x Complies in part Explain

- 48. The board of directors seeks to present the accounts to the shareholders at the general shareholders' meeting without reservations or qualifications in the audit report and, in the exceptional instances where they do exist, both the chair of the audit committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.**

See section: C.1.38

Complies x Complies in part Explain

- 49. The majority of the members of the appointments committee -or of the appointments and remuneration committee, if one and the same- are independent directors.**

See section: C.2.1

Complies x Explain Not applicable

- 50. The appointments committee has the following duties, in addition to those stated in the preceding recommendations:**

- a) To assess the qualifications, background knowledge and experience necessary to sit on the Board, defining, accordingly, the duties and qualifications required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.
- b) To examine or organise, in the manner it deems appropriate, the succession of the chair and the chief executive and, if appropriate, make proposals to the board for such succession to take place in an orderly and well-planned manner.
- c) To report on senior officer appointments and removals that the chief executive proposes to the board.
- d) To report to the board on the gender diversity issues discussed in Recommendation 14 of this Code.

See section: C.2.4

Complies x Complies in part Explain Not applicable

- 51. The appointments committee consults with the company's president and the chief executive, especially on matters relating to executive directors.**

And that any board member may request that the appointments committee consider possible candidates to fill vacancies for the position of director, if it finds them suitably qualified.

Complies x Complies in part Explain Not applicable

- 52. The remuneration committee is responsible for the following duties, in addition to those set forth in the earlier recommendations:**

- a) To propose to the board of directors:
 - i. The remuneration policy for directors and senior officers;
 - ii. The individual remuneration of executive directors and other terms of their contracts.
 - iii. The basic terms and conditions of the contracts with senior officers.

b) **To ensure compliance with the remuneration policy set by the company.**

See section: C.2.4

Complies x Complies in part Explain Not applicable

53. The remuneration committee consults with the Chairman and the top manager of the company, especially on matters relating to executive directors and senior officers.

Complies x Not comply

H. OTHER INFORMATION OF INTEREST

1. **If there are any significant aspects regarding corporate governance at the company or at entities of the group that is not included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices at the entity or its group, briefly describe them.**
2. **In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report to the extent they are relevant and not repetitive.**

Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

3. **The company may also state whether it has voluntarily adhered to other international, industrial or other codes of ethical principles or good practices. If so, identify the code in question and the date of adherence thereto.**

N/A

This annual corporate governance report was approved by the Board of Directors of the company at its meeting 24/02/2015.

State whether any directors voted against or abstained in connection with the approval of this Report.

Yes No

Apples Services, S.A. and Subsidiaries

Auditor's report on the system of Internal
Control over Financial Reporting (ICFR) of
the Applus Group for 2014.

*Translation of a report originally issued in Spanish. In the
event of a discrepancy, the Spanish-language version
prevails*

Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails

AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF THE APPLUS GROUP FOR 2014

To the Directors of
Applus Services, S.A.:

As requested by the Board of Directors of Applus Services, S.A. and Subsidiaries ("the Applus Group") and in accordance with our proposal-letter of 12 January 2015, we have applied certain procedures to the information relating to the ICFR system included in section F of the accompanying Annual Corporate Governance Report ("ACGR") of the Applus Group for 2014, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the information relating to the ICFR system included in section F of the accompanying ACGR.

It should be noted in this regard, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Applus Group in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Applus Group was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Applus Group's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the regulated annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Applus Group's annual financial reporting for 2014 described in the information relating to the ICFR system included in section F of the accompanying ACGR. Therefore, had we applied procedures additional to those described below or performed an audit or a review of the internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Applus Group in relation to the ICFR system - disclosure information included in the directors' report- and assessment of whether this information addresses all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model ACGR established in CNMV Circular no. 5/2013, of 12 June 2013.
2. Questioning of personnel responsible for the drawing up of the information detailed in point 1 above: (i) to obtain an understanding of the process that goes into drawing up the information; (ii) to obtain information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning at the Applus Group.
3. Review of the explanatory supporting documentation for the information detailed in point 1 above, including the documentation furnished directly to the personnel in charge of preparing the ICFR system descriptive information. In this regard, the aforementioned documents include reports prepared for the Audit and Control Committee by internal audit, senior management and other internal or external specialists.
4. Comparison of the information detailed in point 1 above with the knowledge on the Applus Group's ICFR system obtained through the procedures applied during the financial statement audit work.
5. Reading of the minutes taken at meetings of the Board of Directors, Audit and Control Committee and other committees of the Applus Group to evaluate the consistency between the ICFR business transacted and the information detailed in point 1 above.
6. Obtainment of the representation letter in connection with the work performed, signed by those responsible for preparing and formulating the information detailed in point 1 above.

The procedures applied to the information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the information.

This report has been prepared exclusively in the context of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and by CNMV Circular no. 5/2013, of 12 June, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Ana María Gibert

25 February 2015