

## SCHEDULE 1

### ANNUAL REPORT ON THE REMUNERATIONS OF DIRECTORS OF LISTED COMPANIES

#### ISSUER'S IDENTIFICATION DETAILS

<b>END OF REFERENCE FINANCIAL YEAR</b>	31/12/2014
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<b>TAX REGISTRATION NUMBER (C.I.F)</b>	A-64622970
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#### **REGISTERED NAME:**

APPLUS SERVICES, S.A.

#### **REGISTERED OFFICE**

Campus de la Universidad Aut3noma de Barcelona,  
Ronda de la Font del Carme, s/n,  
Bellaterra, Cerdanyola del Vall3s (Barcelona)

## ANNUAL REPORT ON THE REMUNERATIONS OF DIRECTORS OF LISTED COMPANIES

### **A** REMUNERATION POLICY OF THE COMPANY FOR THE CURRENT FINANCIAL YEAR

**A.1** Explain the company's remuneration policy. This section will include information regarding:

- General principles and foundations of the remuneration policy.
- Most significant changes made to the remuneration policy from the policy applied during the prior financial year, as well as changes made during the year or the terms for exercising options already granted.
- Standards used to establish the company's remuneration policy.
- Relative significance of the variable remuneration components as compared to fixed components and standards used to determine the various components of the director remuneration package (remunerative mix).

The general principles and foundations of the remuneration policy of Applus Services, S.A. (the "Company" or "Applus") are aimed to remunerate the directors accordingly to the compensation practices of other similar companies, so the Company is able to attract, retain and motivate the necessary talented people suitable for the characteristics of its sector and the countries where the Company is present, thus satisfying the business needs and meeting the shareholders' expectations.

As of the date of this report, the Company has not approved any material variations during 2015 regarding the basic principles of the directors' remuneration policy described herein and applied during the prior year.

Notwithstanding the foregoing, the Appointment and Compensation Committee (the "ACC") is analysing the advisability of implementing a long-term incentive plan for the executive director. As of the date of approval of this report, no decisions have been made.

According to the provisions of article 25 of the Applus bylaws, the position of Director of the Company is remunerated and, on a general basis, the remuneration consists of a fixed annual allocation and attendance allowances for each meeting of the Board of Directors of the Company or its Committees, according to the following details:

- (i) The fixed annual allocation shall consist of an amount for each of the directors to be determined by the General Shareholders' Meeting. If not established by the General Shareholders' Meeting, its amount shall be that the same as for the previous year, increased by the rise in the Spanish consumer price index or such index as may replace it in future.

- (ii) Attendance allowances for each meeting of the Board of Directors or its committees shall be equivalent to an amount per director and meeting that will also be determined by the General Shareholders' Meeting. If not established by the General Shareholders' Meeting, its amount shall be that the same as for the previous year, increased by the rise in the consumer price index or such index as may replace it in future.

Notwithstanding the foregoing and, as detailed in section B.1 below, the Board of Directors unanimously agreed on 28 July 2014 to submit to the consideration of the next General Shareholders' Meeting the amendment of article 25 of the by-laws of Applus to provide that Non-Executive Nominee Directors do not receive any remuneration for the performance of their position. The proposal amendment intends that the different remuneration scheme of the Non-Executive Nominee Directors will be retroactively applied for the financial year ending 31 December 2014.

Additionally, it may be established additional remuneration systems linked to the share value, or which include the granting of shares or stock options. Such remuneration systems must be approved by the General Shareholders' Meeting, which shall establish the value of the shares that will be taken as a reference, the number of shares to be granted, the share option exercise price, the duration of this remuneration scheme, and such other conditions as may be deemed appropriate.

In any event, all remunerations described in the previous paragraphs, shall be compatible and independent from salaries, remuneration, indemnification, pensions, contributions to social security systems, life insurance or compensation of any kind, whether fixed or variable, annual or multiannual, established on a general basis or individually for those directors performing executive functions, regardless of the nature of their relationship with the Company, whether it is labour relationship (ordinary or special senior management relationship), commercial relationship or as a service provider, which shall be compatible with the office of director, observing in each case the applicable regulations.

Since the effective admission to listing of the shares of the Company on the Stock Exchanges of Barcelona, Bilbao, Valencia and Madrid (i.e., on 9 May 2014) the executive director and the Chairman of the Board of Directors are the only directors who have been granted with any remuneration through the delivery of shares of the Company or any of its Subsidiaries, stock options or other share-based instruments, or variable remunerations linked to the Company's performance or pension schemes. The remuneration linked to the Company's performance, may take into account the qualifications stated in the external auditor's report which may reduce the results. Likewise, the non-executive independent directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities necessary for the exercise of their duties, but should not be so high as to compromise their independence.

By way of an exception, the Chairman of the Board of Directors received in 2014 part of his remuneration through stock options.

In order to adopt any agreement within the scope of their responsibilities and competences the ACC and the Board of Directors have taken into account the compensation received by the directors and senior management team of other companies of similar size, features, significance and activity to Applus. Based on the above analysis, the ACC believes that directors' remuneration is within a reasonable market range.

Since only the Chairman of the Board of Directors and the executive director receive variable remuneration, the relevance of the variable remuneration components regarding the fixed components is limited.

**A.2** Information regarding preparatory work and the decision-making process followed to determine the remuneration policy, and any role played by the Remuneration Committee and other control bodies in the configuration of the remuneration policy. This information shall include any mandate of the Remuneration Committee, the composition thereof, and the identity of external advisors whose services have been used to determine the remuneration policy. There shall also be a statement of the nature of any directors who have participated in the remuneration policy determination.

The ACC assists the Board of Directors with the compensation policy for Directors and senior managers, according to the competences that have been assigned to it by the Regulations of the Board of Directors of the Company.

The ACC was created on 9 May 2014 and in its first meeting, held on 28 July 2014, established the compensation policy for Directors to be applied since the effective admission to listing of the shares of the Company. In compliance with the provisions of article 40.3.b) of the Regulations of the Board of Directors of the Company, the ACC submitted such compensation policy to the Board of Directors, which approved it.

According to the above-mentioned article 40.3.b) of the Regulations of the Board of Directors, the ACC shall perform the following functions regarding the remunerations of the directors:

- To propose to the Board of Directors the remuneration policy for Directors and senior executives;
- To propose to the Board of Directors the individual remuneration of executive Directors and other conditions of their contracts;
- To propose to the Board of Directors the basic terms and conditions of contracts for senior executives; and
- Oversee the compliance with the compensation policy set by the Company.

Once a year, the ACC shall prepare an annual action and submit it to the Board of Directors.

The article 40 of the Regulations of the Board of Directors provides that the ACC shall be composed by a minimum of three Directors and a maximum of five Directors, who shall be Non-Executive Directors and, at least the majority of them will have to be Independent Directors. All of them shall be appointed by the Board of Directors considering their knowledge, skills and experience, as well as the commitments of the ACC.

The ACC designates a Chairman from among its members. It also designates a Secretary, who may not be a member of the ACC and who assists the Chairman and cooperates for the good functioning of the ACC, taking care that the minutes duly reflect the progress of its meetings and the content of the deliberations..

Since its constitution, the ACC was set to be comprised by three directors. The composition of the ACC has not changed during the year 2014 and it is as follows:

- 1) Mr. John Daniel Hofmeister (Chairman) is a Non-Executive Independent Director of Applus since 1 July 2013.
- 2) Mr. Richard Campbell Nelson (member) is a Non-Executive Independent Director of Applus since 1 October 2009.
- 3) Mr. Alex Wagenberg Bondarovschi (member) is a Non-Executive Nominee Director, representing Applus controlling shareholder, Azul Holding, S.C.A., since 4 April 2014. Notwithstanding the foregoing, Mr. Alex Wagenberg Bondarovschi has been the individual representative of the director Azul Holding, S.C.A. at Applus' Board of Directors since 27 September 2007 until 4 April 2014.

The Secretary of the ACC is Mr. José Luis Blanco Ruiz, secretary non-director of the Board of Directors since 27 September 2007.

Accordingly, the composition of the ACC complies with the provisions of the Regulations of the Board of Directors being composed by a sufficient number of Independent Directors to ensure impartiality and objectivity of their judgment.

The Regulations of the Board of Directors also provide that, for the best performance of its functions, the ACC may seek advisory services from external professionals. The ACC relies on external advice in order to define the compensation policy of the Company's Executive Director.

**A.3** State the amount and nature of the fixed components, with a breakdown, if applicable, of remuneration for the performance by executive directors of senior management duties, of additional remuneration as chair or member of a committee of the board, of attendance fees for participation on the Board and the committees thereof or other fixed remuneration as director, and an estimate of the annual fixed remuneration to which they give rise. Identify other benefits that are not paid in cash and the basic parameters upon which such benefits are provided.

It is expected to be submitted for the approval the next General Shareholders' Meeting, the following proposal of fixed remuneration for members of the Board of Directors is expected to be submitted to; such proposal is entirely in line with the existing policy since 9 May 2014 (without prejudice to increases that might occur in case of appointment of new directors):

- The Chairman of the Board of Directors receives an annual fixed remuneration of €200,000 based on the position held on the Board of Directors and for being a member of the Delegate Supervisory Committee. In addition, he receives €30,000 for being the Chairman of the Group Ethics Committee.
- The Chairman of the Audit Committee receives an annual remuneration of €30,000 for being the Chairman of the Audit Committee and, receives the amount of €60,000 for being a member of the Board of Directors.
- The Chairman of the ACC receives an annual fixed remuneration of €30,000 for being the Chairman of the ACC and, receives the amount of €60,000 for being a member of the Board of Directors.
- A member of the Board of Directors receives an annual fixed remuneration of €60,000 for being a member of the Board of Directors, €20,000 for being a member of the ACC and an additional amount of €20,000 for being a member of the Group Ethics Committee.
- The executive Director receives an annual fixed remuneration established in his senior management contract, which amounts to €650,000 per year.

As detailed in section B.1 below, it is stated that Non-Executive Nominee Directors do not receive any remuneration based on the position held on the Board of Directors or for belonging to any Committee thereof.

Aside from the foregoing, the Company's directors do not receive allowance fees. However, they receive reimbursement for travel and other expenses related to the attendance to meetings of the Board of Directors and the Committees thereof, provided that they are duly justified.

**A.4 Explain the amount, nature and main features of the variable components of the remuneration systems.**

In particular:

- Identify each remuneration plan of which directors are beneficiaries, their scope, date of approval and implementation and date of effectiveness, as well as the main features thereof. In the case of share option plans and other financial instruments, general features of the plan shall include information on the conditions for the exercise of such options or financial instruments for each plan
- State any remuneration received under profit-sharing or bonus schemes, and the reason for the accrual thereof;
- Explain any annual bonus plan fundamental and rationale parameters.
- The classes of directors (executive directors, non-executive nominee directors, non-executive independent directors or other non-executive directors) that are beneficiaries of remuneration systems or plans that include variable remuneration.
- Rationale for such remuneration systems or plans, the chosen standards for evaluating performance, and components and methods of evaluation to determine whether or not such evaluation standards have been met, and an estimate of the absolute amount of variable remuneration to which the current remuneration plan would give rise, based on the level of compliance with assumption or goals used as benchmark.
- If applicable, information shall be provided regarding any payment deferral periods that have been established and/or periods for retaining shares or other financial instruments, if any.

**Only the executive director and the Chairman of the Board of Directors are beneficiaries of remuneration systems that include variable remuneration.**

**As for the executive director, the variable remuneration consists of a target value of €325,000 (the maximum being 250% of such target value) and it has been linked, during prior years, to the achievement of certain targets (EBITDA and Group's operating cash-flow). Particularly, in order to achieve this amount, it is necessary to reach 150% in the achievement of targets, which during prior years were the EBITDA or the Group's operating *cash-flow*.**

**Besides, the executive director benefits from a remuneration system known as "Economic Incentive Plan". This remuneration system consists of: (i) the "Cash Economic Incentive", paid in 2014 (see section C.1); and (ii) the "Equity Incentive in RSUs", which entails the granting, free of charge, of restricted stock units ("RSUs").**

**Regarding the Equity Incentive in RSUs, when the remuneration system agreement was signed (i.e., on 9 May 2014), the executive director was granted with restricted stock units, exchangeable for Company's shares according to the vesting schedule agreed with the beneficiary of the incentive plan. The RSUs confer no rights over the Company (neither economic nor political) and they are non-transferable. Each RSU shall be exchangeable, free of charge, for one ordinary share of the Company at the provided vesting date, in accordance with the terms and conditions of the Economic Incentive Plan. The value of the economic incentive shall depend on the market value of the shares at the vesting period of the RSUs and their subsequent exchange for Company's shares.**

The executive director has received 1,178,968 RSUs under the Economic Incentive Plan, which, in case of exchange for Company's shares as of the date of this report, would represent 0.91% of the voting rights of the Company.

In particular, the RSUs granted to the executive director under the Economic Incentive Plan should be exchangeable for Company's shares according to the following vesting periods:

- 392,989 RSUs on 9 May 2015;
- 392,989 RSUs on 9 May 2016; and
- 392,990 RSUs on 9 May 2017.

The right of the beneficiary to exchange his RSUs for Company's shares pursuant to the Economic Incentive Plan shall be in force as long as he remains in office at the moment of vesting the RSUs, subject to early vesting events (decease, permanent disability, change of control) and the bad-leaver and good-leaver clauses provided for in the agreement.

If the delivery of Company's shares is not possible on the RSUs' vesting date, due to reasons attributable to the Company, the beneficiary shall be entitled to receive a cash payment in lieu of the delivery of shares for an amount equivalent to (i) the average listing price of the shares at the closing of all sessions of the past quarter prior to the date on which the Company's shares should have been granted; multiplied by (ii) the number of shares that should have been delivered according to the relevant Economic Incentive Scheme.

As for the Chairman of the Board of Directors, he benefits from a compensation scheme called the RSU Award Agreement.

The compensation system consists of the granting, free of charge, of 6,897 RSUs in favour of the Chairman of the Board of Directors, effective upon the signature of the RSU Award Agreement (i.e., on 9 May 2014). The RSUs confer no rights over the Company (neither economic nor political) and they are non-transferable. Each RSU shall be exchangeable, free of charge, for one ordinary share of the Company at the provided vesting date, in accordance with the RSU Award Agreement terms and conditions. The value of the remuneration system shall depend on the market value of shares at the vesting date of the RSUs and their subsequent exchange for Company's shares.

The Chairman of the Board of Directors has been granted with 6,897 RSUs under the RSU Award Agreement, which, in case they are exchanged for Company's shares on the date of this report, would represent 0.005% of the Company's voting rights.

The vesting of the RSUs shall occur within one year from the signature of the RSU Award Agreement. The right of the Chairman of the Board of Directors to exchange his RSUs for Company's shares under the *RSU Award Agreement* shall be in force as long as he remains in office at the moment of vesting the RSUs, subject to the early vesting events provided in the RSU Award Agreement (decease or permanent disability).

**A.5** Explain the main features of the long-term saving systems, including retirement and any other survival benefit, either wholly or partially financed by the company, and whether funded internally or externally, with an estimate of the equivalent annual amount or cost thereof, stating the type of plan, whether it is a defined-contribution or -benefit plan, the conditions for the vesting of economic rights in favour of the directors, and the compatibility thereof with any kind of indemnity for advanced or early termination of the labour relationship between the company and the director. Also state the contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans.

**As of the date of this report, there are no long-term saving systems, neither retirement nor any other survivor benefit, in favour of the directors.**

**Currently, the Company has no prior commitments, neither contributions nor defined-benefit plans, with any director's retirement or long-term saving system.**

**Pursuant to article 25.4 of the by-laws, the Company has entered into a civil liability insurance policy for covering its directors.**

**A.6** State any termination benefits agreed to or paid in case of termination of duties as a director.

**Mr. Joaquim Coello, Chairman of the Board of Directors until 7 May 2014, received on 26 May 2014 the amount of €830,000, out of which the amount of €350,000 corresponds as a severance payment for the termination of his professional and labour relationship with the Applus Group, and the amount of €480,000 due to the payment of the economic incentive he was entitled to pursuant to the agreement entered into with the shareholders of Applus.**

**See section A.7 of this report regarding the termination benefits agreed to with the Company's sole executive director to this date.**

**A.7** State the terms and conditions that must be included in the agreements of executive directors performing senior management duties. Include information regarding, among other things, the term, limits on termination benefit amounts, continuance in office clauses, prior notice periods, and payment in lieu of prior notice, and any other clauses relating to hiring bonuses, as well as benefits or golden parachutes due to advanced or early termination of the contractual relationship between the company and the executive director. Include, among other things, any post-contractual clauses or agreements on non-competition, exclusivity, continuance in office or loyalty, and non-competition.

**Essential terms and conditions of the executive director's agreement are, in addition to those concerning his financial compensation, those indicated below:**

- a) Term: indefinite**
- b) Exclusivity: as long as he performs senior management duties, the executive director shall not participate neither directly nor indirectly in any other business or activity that might represent a conflict of interests with regard to his obligations and responsibilities towards the Company or the activities of the Company and the Applus Group.**
- c) Termination: the executive director's senior agreement states that the agreement can be terminated at any point by the executive director or the Company, provided that the**



other party is notified in writing and notice is given six months in advance in case of voluntary termination by the executive director or three months in advance, in case of termination by the Company. If either the executive director or the Company failed wholly or partially to provide a notice, the other party would be entitled to an amount equivalent to the executive director's fixed remuneration for the non-observed term of notice.

The termination of or withdrawal from the agreement by the Company (for any cause, other than dismissal on disciplinary grounds held to be justified in a final judgement rendered by the labour Courts), the executive director shall be entitled to receive a compensation equal to twice his annual fixed remuneration plus the variable remuneration accrued for the preceding year, with a minimum amount of €1,640,000 but without a maximum amount. This compensation right replaces any legal compensation that could arise from any applicable law.

- d) **Post-contractual agreement on non-competition:** the executive director shall not engage, for a twelve month period following the termination of his employment agreement, in competition with the Company or any company of the Applus Group, either on his own account, for a third party or on behalf of other people or entities; or by providing services or advice; or by representing companies, people or entities whose activities compete with the business carried out by the Company or by any company of the Applus Group at the termination date of the agreement, specifically including the prohibition to participate either directly or indirectly in such companies or entities. In addition, the executive director shall not hire nor take part in the recruitment (for himself or on behalf of the entity he represents or works for) of employees who, at the time of the termination of the agreement or in the twelve month prior to the termination of the agreement, are or have been part of the staff of the Company or any company of the Applus Group.

The annual fixed remuneration in cash that the executive director receives for the term of the agreement includes the appropriate compensation for the obligations of the post-contractual agreement on non-competition. Thus, 30% of the annual fixed remuneration in cash is paid as an adequate compensation in consideration of said obligations. Such compensation is reflected in the executive director's remuneration statements. For the sake of clarity, the executive director does not have a right to compensation for post-contractual non-competition obligations once this agreement has expired. If the executive director was to breach this obligation and compete with the Company or with any company of the Applus Group, he shall return the amounts paid by the Company in compensation for the agreement on non-competition.

**A.8** Explain any supplemental remuneration accrued by the directors in consideration of services provided other than those inherent in their position.

As of the date of this report, no director provides services other than those inherent to their position and, therefore, there is no supplemental remuneration accrued for such items.

**A.9** State any remuneration in the form of advances, loans or guarantees provided, with an indication of the interest rate, main features, and amounts potentially returned, as well as the obligations assumed on their behalf as a guarantee.

**As of 31 December 2013, a member of the Board of Directors of Applus had been granted with mortgage secured loans for a total amount of 1,100 thousand euros bearing an interest rate of Euribor (3 months) plus 0.15 percentage points, payable at maturity. Such loans have been early repaid during 2014 and, therefore, as of 31 December 2014 there are no advances, loans or guarantees granted to any member of the Board of Directors.**

**A.10** Explain the main features of remunerations in kind.

**Remunerations in kind of the members of the Board of Directors are insignificant, since they do not exceed €45,000 and are accrued by a single director.**

**The Company's executive director receives as remuneration in kind the use of a Company's vehicle, including fuel expenses, a medical insurance for him and his family (which includes an annual check-up for him and his wife), and a life insurance premium (with a compensation for €150,000 in case of death or permanent disability and for €300,000 in case of death by accident).**

**A.11** State the remuneration accrued by the director by virtue of payments made by the listed company to a third party to which the director provides services, if such payments are intended to provide remuneration for the services thereof in the company.

**As of the date of this report, no payments of such nature have been made.**

**A.12** Any item of remuneration other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the making thereof detracts from a true and fair view of the total remuneration accrued by the director.

**There are no items of remuneration other than those listed above.**

**A.13** Explain actions taken by the company regarding remuneration system in order to reduce exposure to excessive risk and align it with the long-term goals, values, and interests of the company, including any reference to: measures provided to ensure that the remuneration policy takes into account the long-term results of the company, measures establishing an appropriate balance between the fixed and variable components of remuneration, measures adopted with respect to those categories of personnel whose professional activities have a significant impact on the entity's risk profile, recovery formulas or clauses to be able to demand the return of the variable components of remuneration based on results if such components have been paid based on data that is later clearly shown to be inaccurate, and measures provided to avoid any conflicts of interest.

**As stated by the Appointment and Remuneration Committee, the non-executive independent directors' remuneration should be for the necessary amount so as to remunerate the dedication, qualification and responsibility demanded by the position, but, at the same time, it should not be as high as to compromise their independence.**

For the opinion of the ACC, the non-executive independent directors' remuneration is commensurate with market standards and rewards sufficiently their services and commitments, without compromising, in any case, their independence.

The remuneration based on the of Company shares, stock options or any other instrument referenced to the share value and to variable remunerations linked to the Company's performance are limited to the Company's executive director. In this sense, in order to reduce the risk exposure and to adjust to the Company's long-term objectives, values and interests, the following is considered:

- i. remuneration relating to the Company's results shall take into account any possible qualifications indicated in the external audit report which may reduce those results; and
- ii. remuneration policies concerning variable remuneration shall incorporate precautionary techniques, which shall specifically ensure that such remuneration maintains a relation with the professional performance of the beneficiaries and does not derive simply from the general evolution of markets, or the sector in which the Company operates, or any other similar circumstances.

In particular, the annual bonus system establishes a maximum limit due to which no one can be paid more than 250% of the amount of the target value. In particular, in order to reach this amount, it is necessary to reach a 150% of achievement of targets, which have been operating EBITDA or *cash-flow* of the Group in prior financial years.

The executive director's variable remuneration amounts to a target value of €325,000 (with the maximum possible amount being 250% of the target value) and it has been indexed in prior financial years to the achievement of targets (operating EBITDA and cash-flow of the Group).

Regarding potential situations of conflict of interest, the Regulations of the Board of Directors provides that conflict of interest situations shall be reported to the Board by the affected parties, with due notice. In addition, the director shall abstain from attending and intervening in deliberations in relation to issues in which they have a personal interest, and from voting in the corresponding resolutions.

## **B** REMUNERATION POLICY FOR FUTURE FINANCIAL YEARS

**B.1** Provide a general forecast of the remuneration policy for future financial years that describes such policy with respect to: fixed components and attendance fees and remuneration of a variable nature, relationship between remuneration and results, benefits systems, terms of the agreements of executive directors, and outlook for more significant changes in remuneration policy as compared to prior financial years.

Whilst no resolutions have been adopted in this regard as of the date of this report, it is expected that Applus' Director Remuneration Policy for future years will maintain the standards and structure applied in recent financial years, unless Applus' corporate bodies approve its modification. Notwithstanding the foregoing, the ACC is considering the benefits of implementing a long-term bonus plan for executive directors. As of the date of this report, no decision has been made yet.

In addition, the Company's Board of Directors approved, in their meeting held on July 28, 2014, to issue an explanatory report in order to modify article 25 of Applus' by-laws for its submission to the General Shareholders' Meeting. The aim of the by-laws amendment proposal is to provide that Non-Executive Nominee Directors do not receive any compensation for the performance of their duties as members of the Board of Directors.

**B.2** Explain the decision-making process for configuring the remuneration policy for future financial years, and any role played by the remuneration committee.

The decision-making process corresponds to that referred to in section A.2 of this report, however, appropriate adjustments will be made to comply with the new requirements introduced by Spanish Corporate Act on this matter.

In accordance with the recent modifications regarding compensation policy, it is foreseen that the Board of Directors will be the corporate body in charge of approving the remuneration policy, at the proposal of the ACC. Subsequently, the Board of Directors will submit to the General Shareholders' Meeting a proposal motivated and supported by a report from the ACC. This documentation will be made available to the shareholders at the time the general meeting is convened. The approval of the compensation policy by the General Shareholders' Meeting shall be adopted, as a separate item on the Agenda and with binding capacity, at least every three years. In addition, any modification or amendment to the compensation policy will be subject to prior approval by the Shareholders' at a General Meeting and, in case the Annual Remuneration Report is not approved with consultative vote, the compensation policy shall be approved, prior to its implementation, by the General Shareholders' Meeting for the following financial year (although the aforementioned period of three years had not expired).

On the other hand, the Board of Directors, within the framework of the remuneration policy agreed upon by the General Shareholders' Meeting, shall be in charge of determining the specific compensation for each director in their capacity as such, taking into consideration the functions and responsibilities awarded to each director, the positions held on Board Committees and any other objective circumstances that are considered relevant, as well as of determining the remuneration of directors for carrying out executive functions and for the terms of their agreements.

**B.3** Explain the incentives created by the company in the remuneration system to reduce excessive risks and to align them with the long-term goals, values and interests of the company.

See section A.13. of this report.

As of the date of this report, the Company is not planning to modify the incentives created which are described in section A.13. of this report.

## **C OVERALL SUMMARY OF THE REMUNERATION POLICY APPLICATION DURING FINANCIAL YEAR ENDED**

**C.1** Summarize the main features of structure and items of remuneration from the remuneration policy applied during the financial year ended, which give rise to the breakdown of individual remuneration accrued by each of the directors as reflected in section D of this report, as well as a summary of the decisions made by the board to apply such items.

The structure and items of remuneration from the remuneration policy applied during the financial year 2014, since the date of admission to listing of the Company's shares on the Barcelona, Bilbao, Valencia and Madrid stock exchanges (i.e., May 9, 2014), were the following:

- The Chairman of the Board of Directors receives an annual fixed remuneration of €200,000 based on the position held on the Board of Directors and for being a member of the Delegate Supervisory Committee. In addition, he receives €30,000 for being the Chairman of the Group Ethics Committee.
- The Chairman of the Audit Committee receives an annual remuneration of €30,000 for being the Chairman of the Audit Committee and, receives the amount of €60,000 for being a member of the Board of Directors.
- The Chairman of the ACC receives an annual fixed remuneration of €30,000 for being the Chairman of the ACC and, receives the amount of €60,000 for being a member of the Board of Directors.
- A member of the Board of Directors receives an annual fixed remuneration of €60,000 for being a member of the Board of Directors, €20,000 for being a member of the ACC and an additional amount of €20,000 for being a member of the Group Ethics Committee.
- The executive Director receives an annual fixed remuneration established in his senior management contract, which amounts to €650,000 per year.

As detailed in section B.1 above, it is stated that Non-Executive Nominee Directors do not receive any remuneration based on the position held on the Board of Directors or for belonging to any Committee thereof.

Aside from the foregoing, the Company's directors do not receive allowance fees. However, they receive reimbursement for travel and other expenses related to the attendance to meetings of the Board of Directors and the Committees thereof, provided that they are duly justified.

As detailed in section B.1 below, it is stated that external proprietary Directors do not receive any remuneration based on the position held on the Board of Directors or for belonging to any Committee thereof.

Aside from the foregoing, the Company's directors do not receive attendance fees. However, they receive reimbursement for travel and other expenses related to the attendance to meetings of the Board of Directors and the Committees thereof, provided that they are duly justified.

Due to the fact that the Committees of the Board of Directors were constituted subsequent to the effective admission to listing of the shares of the Company on the Stock Exchanges of Madrid, Barcelona, Bilbao, and Valencia (i.e., May 9, 2014), the directors' effective remuneration for the financial year 2014 does not coincide with the aforementioned. The amount they received for sitting at the committees is proportional to the period of the financial year in which they were in office.

The structure and items of the remuneration from the compensation policy applied during the financial year 2014 up to the date of effective admission to listing of the shares of the Company on the Stock Exchanges of Madrid, Barcelona, Bilbao, and Valencia (i.e., May 9, 2014) are those indicated in the prospectus for the initial public offering and subscription of shares of the Company.

In addition, the executive director was the beneficiary of a remuneration plan called "Financial Cash Incentive", due to which, after the initial public offering (i.e., May 9, 2014), the Company paid him in cash, by bank transfer, the gross amount of €9,950,000. The executive director also received the same remunerations in kind described in section A.10 above, which amount to a total of approximately €44,000 for the financial year 2014. Lastly, the executive director also received, as variable remuneration accrued for the financial year 2013, €471,542, which represents a 145.09% of the target value, which amounts to €325,000. The estimate of the bonus accrued for the financial year 2014, pending approval of the Annual Accounts and of the assessment of said bonus by the ACC, is of €328,000.

On the other hand, Mr. Joaquim Coello, Chairman of the Board of Directors until 7 May 2014, received on 26 May 2014 the amount of €830,000, out of which the amount of €350,000 as a severance payment for the termination of his professional and employment relationship with the Applus Group, and the amount of €480,000 due to the payment of the economic incentive he was entitled to pursuant to the agreement entered into with the shareholders of Applus.

**D BREAKDOWN OF INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS**

Name	Class	Accrual period – Financial Year 2014
Mr. Christopher Cole	Non-Executive Independent Director	From 07/05/2014 to 31/12/2014.
Mr. Fernando Basabe Armijo	Executive Director	From 01/01/2014 to 31/12/2014.
Mr. Richard Campbell Nelson	Non-Executive Independent Director	From 01/01/2014 to 31/12/2014.
Mr. Pedro de Esteban Ferrer	Non-Executive Nominee Directors	From 01/01/2014 to 31/12/2014.
Mr. John Daniel Hofmeister	Non-Executive Independent Director	From 01/01/2014 to 31/12/2014.
Mr. Ernesto Mata López	Non-Executive Independent Director	From 01/01/2014 to 31/12/2014.
Mr. Josep María Panicello Prime	Non-Executive Nominee Directors	From 01/01/2014 to 31/12/2014.
Mr. Mario Pardo Rojo	Non-Executive Nominee Directors	From 01/01/2014 to 31/12/2014.
Mr. Alex Wagenberg Bondarovschi	Non-Executive Nominee Directors	From 01/01/2014 to 31/12/2014.
Mr. Joaquín Coello Brufau	Other Non-Executive Director	From 01/01/2014 to 07/05/2014.

<b>Name</b>	<b>Class</b>	<b>Accrual period – Financial Year 2014</b>
Mr. Juan Manuel Soler Pujol	Other Non-Executive	From 01/01/2014 to 04/04/2014.
Mr. Carlos Kinder Espinosa	Other Non-Executive Director	From 01/01/2014 to 04/04/2014.
Mr. Christopher Finn	Other Non-Executive Director	From 01/01/2014 to 04/04/2014.

**D.1** Complete the following tables regarding the individualized remuneration of each of the directors (including the remuneration for the financial year for executive duties) accrued during the financial year.

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a) Accrued remuneration at the company covered by this report:

i) Cash remuneration (in thousands of €)

Name	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board Committees	Termination benefits	Other items	Total 2014	Total 2013
Mr. Christopher Cole	0	129	0	0	0	19	0	0	148	0
Mr. Fernando Basabe Armijo	650	0	0	328	0	0	0	9,959	10,937	1,129
Mr. Richard Campbell Nelson	0	60	0	0	0	26	0		86	60
Mr. Pedro de Esteban Ferrer	0	0	0	0	0	0	0	0	0	0
Mr. John Daniel Hofmeister	0	60	0	0	0	19	0		79	30
Mr. Ernesto Mata López	0	57	0	0	0	19	0	0	76	50
Mr. Josep María Panicello Prime	0	0	0	0	0	0	0	0	0	0
Mr. Mario Pardo Rojo	0	0	0	0	0	0	0	0	0	0
Mr. Alex Wagenberg Bondarowschi	0	0	0	0	0	0	0	0	0	0



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Name	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board Committees	Termination benefits	Other items	Total 2014	Total 2013
Mr. Joaquín Coello Brufau	0	54	0	0	0	0	350	480	884	150
Mr. Juan Manuel Soler Pujol	0	0	0	0	0	0	0	0	0	0
Mr. Carlos Kinder Espinosa	0	0	0	0	0	0	0	0	0	0
Mr. Christopher Finn	0	0	0	0	0	0	0	0	0	0

ii) Share-based remuneration systems

<b>Mr. Fernando Basabe Armijo Economic Incentive Plan</b>									
Date of implementation	Ownership of options at beginning of financial year 2014				Options allocated during financial year 2014				
	No. of options	No. of shares affected	Exercise price (€)	Exercise period	No. of options	No. of shares affected	Exercise price (€)	Exercise period	
04/05/2014	0	0	0	0	1,178,968	0	0	0	
Terms: 0									
Shares delivered during financial year 2014		Options exercised in 2014			Options expired and	Options at end of financial year 2014			

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No. of shares	Price	Amount	Exercise price (€)	No. of options	No. of shares affected	Gross Profit (m€)	No. of options	No. of options	No. of shares affected	Exercise price (€)	Exercise period
0	0	0	0	0	0	0	0	1,178,968	0	0	0
Terms: 0											

<b>Mr. Christopher Cole RSU Award Agreement</b>												
Date of implementation	Ownership of options at beginning of financial year 2014						Options allocated during financial year 2014					
	No. of options	No. of shares affected	Exercise price (€)	Exercise period			No. of options	No. of shares affected	Exercise price (€)	Exercise period		
01/05/2014	0	0	0	0			6,897	0	0	0		
Terms: 0												
Shares delivered during financial year 2014			Options exercised during 2014				Options expired and not exercised	Options at end of financial year 2014				
No. of shares	Price	Amount	Exercise price (€)	No. of options	No. of shares affected	Gross Profit (m€)	No. of options	No. of options	No. of shares affected	Exercise price (€)	Exercise period	
0	0	0	0	0	0	0	0	6,897	0	0	0	
Terms: 0												

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iii) Long-term savings systems

iv) Other benefits (in thousands of €)

<b>Fernando Basabe Armijo</b>	
Remuneration in the form of advances, loans	
0	
Interest rate for the transaction	
0	
Life insurance premiums	
Financial year 2013	Financial year 2014
0.7	0.7

b) Remuneration accrued by directors of the company for belonging to boards at other companies of the group:

i) Cash remuneration (in thousands of €)

<b>Name</b>	<b>Salary</b>	<b>Fixed remuneration</b>	<b>Attendance fees</b>	<b>Short-term variable remuneration</b>	<b>Long-term variable remuneration</b>	<b>Remuneration for belonging to committees of the Board</b>	<b>Termination benefits</b>	<b>Other items</b>	<b>Total 2014</b>	<b>Total 2013</b>
CHRISTOPHER COLE	0	0	0	0	0	0	0	0	0	0

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Name	Salary	Fixed remuneration	Attendance fees	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to committees of the Board	Termination benefits	Other items	Total 2014	Total 2013
FERNANDO BASABE ARMIJO	0	0	0	0	0	0	0	0	0	0
PEDRO DE ESTEBAN FERRER	0	0	0	0	0	0	0	0	0	0
JOHN DANIEL HOFMEISTER	0	0	0	0	0	0	0	0	0	0
ERNESTO GERARDO MATA LOPEZ	0	0	0	0	0	0	0	0	0	0
JOSEP MARIA PANICELLO PRIME	0	0	0	0	0	0	0	0	0	0
MARIO PARDO ROJO	0	0	0	0	0	0	0	0	0	0
ALEX WAGENBERG BONDAROVSKI	0	0	0	0	0	0	0	0	0	0
JOAQUIM COELLO BRUFAU	0	0	0	0	0	0	0	0	0	0
JUAN MANUEL SOLER PUJOL	0	0	0	0	0	0	0	0	0	0
CARLOS KINDER ESPINOSA	0	0	0	0	0	0	0	0	0	0
CHRISTOPHER FINN	0	0	0	0	0	0	0	0	0	0
RICHARD CAMPBELL NELSON	0	0	0	0	0	0	0	0	0	0

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ii) Share-based remuneration systems

iii) Long-term savings systems

c) Summary of remuneration (in thousands of €):

The summary must include the amounts for all items of remuneration included in this report that have been accrued by the director, in thousands of euros.

In the case of long-term saving systems, the summary must include contributions or funding for these types of systems:

Name	Accrued remuneration at the Company				Accrued remuneration at other companies of the group				Totals		
	Total cash remuneration	Amount of shares granted	Gross profit on options exercised	Total contribution for the year by the Company for financial year 2014	Total cash remuneration	Amount of shares granted	Gross profit on options exercised	Total by the group for financial year 2014	Total financial year 2014	Total financial year 2013	Contribution to savings systems during the year
Mr. Christopher Cole	148	0	0	148	0	0	0	0	148	0	0
Mr. Fernando Basabe Armijo	10,937	0	0	10,937	0	0	0	0	10,937	1,129	0
Mr. Richard Campbell Nelson	86	0	0	86	0	0	0	0	86	60	0
Mr. Pedro de Esteban Ferrer	0	0	0	0	0	0	0	0	0	0	0
Mr. John Daniel Hofmeister	79	0	0	79	0	0	0	0	79	30	0
Mr. Ernesto Mata López	76	0	0	76	0	0	0	0	76	50	0
Mr. Josep María Panicello	0	0	0	0	0	0	0	0	0	0	0

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Name	Accrued remuneration at the Company				Accrued remuneration at other companies of the group				Totals		
Prime											
Mr. Mario Pardo Rojo	0	0	0	0	0	0	0	0	0	0	0
Mr. Alex Wagenberg Bondarovschi	0	0	0	0	0	0	0	0	0	0	0
Mr. Joaquín Coello Brufau	884	0	0	884	0	0	0	0	884	150	0
Mr. Juan Manuel Soler Pujol	0	0	0	0	0	0	0	0	0	0	0
Mr. Carlos Kinder Espinosa	0	0	0	0	0	0	0	0	0	0	0
Mr. Christopher Finn	0	0	0	0	0	0	0	0	0	0	0
TOTAL	12,210			12,210					12,210	1,419	0

**D.2** Report the relationship between the remuneration obtained by directors and the results or other measures of entity's performance, explaining how any changes in company's performance may have influenced changes in directors' remuneration.

The executive director's variable remuneration amounts to a target value of €325,000 (with the maximum possible amount being 250% of the target value) and it has been linked to the achievement of certain goals (marked by EBITDA and cash-flow operations of the Group).

The target amount and the executive director's maximum variable remuneration have remained unchanged from the financial year 2011 to the financial year just ended, on December 31, 2014.

**D.3** Report the results of consultative vote of the General Shareholders' Meeting on the annual remuneration report for the preceding financial year, indicating the number of votes against, if any:

	Number	% of total
Votes cast		

	Number	% of total
Votes against		
Votes in favour		
Abstentions		

## **E.** OTHER INFORMATION OF INTEREST

If there are any significant aspects regarding director remuneration that could not be included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the remuneration structure and practices of the company with respect to its directors, briefly describe them.

**In section D.3 above the results of consultative vote of the General Shareholders' Meeting on the Annual Remuneration Report for the preceding financial year has not been included because, during said financial year, the Company had no obligation to issue this report.**

This Annual Remuneration Report was approved by the Board of Directors of the Company in its meeting held on 24 February 2015.

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

Yes

No