Applus Services, S.A. and Subsidiaries

Annual Remuneration Report

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

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ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

A THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR

A.1.1 Explain the director remuneration policy in effect for the current financial year. Where relevant information can be incorporated by reference to the remuneration policy approved by the shareholders at the general shareholders' meeting, provided that the incorporation is clear, specific and concrete.

The specific provisions established for the current financial year must be described in terms of both remuneration of directors in their capacity as such and remuneration for the performance of executive duties that the board has performed under the terms of contracts signed with the executive directors and with the remuneration policy approved at the general meeting.

In any case, at least the following aspects must be reported on:

a) Description of the company's procedures and decision-making bodies involved in the determination, approval and implementation of the remuneration policy and its terms.

b) Statement and, if applicable, explanation of whether comparable companies have been taken into account to establish the company's remuneration policy.

c) Information on whether any external advisor has participated and, if applicable, the identity thereof.

d) Procedures under the existing remuneration policy for directors to apply for temporary exemptions to such policy, the conditions under which such exceptions may be applied for and the components that may be subject to exceptions under the policy.

2021

The Annual General Shareholders' Meeting held in 2019 approved the Remuneration Policy for financial years 2019, 2020 and 2021. The principles and grounds of the Remuneration Policy revolve around remuneration based on market practices, capable of attracting, retaining and motivating the necessary talent in accordance with the features of its industry and of the countries in which the Company operates, to satisfy the needs of the business and shareholders' expectations and independent directors shall receive the remuneration necessary to reward the dedication, qualification and responsibility that the position requires, though it should not be so high as to compromise their independence.

The director remuneration established in the Remuneration Policy is reasonably proportionate to the importance of the Company, its financial situation and the market standards of comparable companies and it is aimed at promoting the long-term profitability and sustainability of the Company and it incorporates the necessary caution to prevent the excessive assumption of risks or the rewarding of unfavourable results.

The position of director of the Company is remunerated. The remuneration of directors in their capacity as such is composed of a fixed annual amount and the maximum amount of the directors as a whole in their capacity as such was set by the General Shareholders' Meeting on 30 May 2019 and will remain in form until amended by the General Shareholder's meeting. Unless otherwise determined by the General Shareholder's Meeting, the Board will determine the remuneration of each director, taking into account the duties and responsibilities allocated to each director, membership of Board Committees and any other objective circumstances that are deemed relevant. Proprietary and executive directors will not receive any remuneration for their membership of the Board or of any of its Committees. The total maximum amount of directors' annual remuneration in their capacity as such is EUR 1,500,000 until amended by the General Shareholders' Meeting.

Directors will also be reimbursed for duly justified expenses relating to travel and accommodation to attend meetings and the Company has also contracted civil liability insurance for its directors on market conditions.

The only directors performing said duties on the date of this report are the CEO, Mr Fernando Basabe Armijo, and the CFO, Mr Joan Amigó i Casas (the "**Executive Directors**").

2022

However, a new Remuneration Policy for financial years 2022, 2023 and 2024 will be submitted to the General Meeting in 2022, unless the General Shareholders' Meeting resolves to amend or replace it during such period, as described in section A.2. This new Policy, in addition to the principles set out above, establishes that long-term sustainability and diversity are strategic priorities and therefore, links the variable remuneration of the Executive Directors, to the achievement of ESG. The Policy also links annual variable compensation to adjusted operating profit and adjusted operating cash flow, reflecting operating profitability and cash flow generation priorities, and links the incentive plan to total shareholder return, earnings per share and average return on capital expenditures, reflecting sustainable shareholder value creation priorities. In setting the Policy, the compensation and employment conditions of the Company's employees have been taken into account.

Under the new Policy, the maximum amount of annual remuneration for all directors in their capacity as such is the approved by the General Meeting on 30 May 2019. The Board shall determine the amount within the above limit and the remuneration of each director taking into account the duties and responsibilities attributed to each director, the time commitment required and appropriate market conditions. The remaining provisions regarding the remuneration of directors in their capacity as such and the total maximum annual amount thereof are described in the new Policy in similar terms to the previous one. The remuneration of each director agreed for 2022 is set out in section A.1.3. Under the new Policy the remuneration of the Executive Directors is described under section A.1.2.

The new Remuneration Policy that the Board will propose to the 2022 General Meeting has been proposed by the Appointments and Remuneration Committee (the "**ARC**"). The ARC has also prepared a reasoned report on such Policy, which will be made available to shareholders at the registered office and will be published continuously on the corporate website from the publication of the announcement of the call to the General Shareholders' Meeting until the Meeting is held.

The Board, following a report or proposal from the ARC, applies the Policy in its own terms and within the framework of the remuneration system provided for in the by-laws (and in the agreements with the Executive Directors). The ARC assists the Board of Directors in the determination and implementation of the Remuneration Policy under the powers assigned to it by the Board Regulations. Furthermore, article 39.4 of such Regulations provides that the ARC may seek external advisory services. The new Policy has been prepared by the Company with the support of Mercer Consulting, which prepared on behalf of Applus during 2021 various benchmark studies, national and international, regarding the remuneration status of Directors. Based on this study, the ARC submitted its proposal for a new Policy to the Board in 2022.

No procedures for any temporary exceptions to the Policy are provided for.

A.1.2 Relative importance of variable remuneration items in comparison to fixed items (remunerative mix) and which criteria and targets have been taken into account in the determination thereof and to ensure an appropriate balance between the fixed and variable remuneration components. In particular, state the actions taken by the company about the remuneration system to reduce exposure to excessive risks and align it with the company's long-term objectives, values and interests, which will include (where applicable) a reference to measures established to ensure that the remuneration policy takes into account the company's long-term results, the measures adopted concerning those categories of staff whose professional activities have a material impact on the entity's risk profile and any measures established to avoid conflicts of interest.

Also state whether the company has established any accrual or consolidation period for certain variable remuneration items, in cash, shares or other financial instruments, a deferral period in the payment of sums or delivery of financial instruments already accrued and consolidated, or whether any clause has been agreed for the reduction of deferred remuneration not yet consolidated or obliging the director to return remuneration received when said remuneration has been based on information whose inaccuracy has subsequently been clearly established.

2022

Variable remuneration items are only established for the remuneration of Applus' Executive Directors. To determine the remuneration mix set out below, Applus has relied on the aforementioned Mercer Consulting study, the need to retain and motivate Executive Directors and the new strategic objectives added to the long-term incentive plan.

Firstly, the fixed annual remuneration of the CEO is maintained and the fixed annual remuneration of the CFO is increased from EUR 267,343 to EUR 360,000, to be updated based on the Spanish CPI unless the Board resolves otherwise. It is established that executive directors will receive other benefits with a maximum cost equal to 15% of their fixed remuneration and a contribution to the pension plan for an amount equal to the difference between such 15% and the cost of the benefits actually received. The Executive Director will choose each year, on the one hand, the amount to be allocated to each benefit, always within the maximum cost equal to 15% of their fixed remuneration and, on the other hand, whether to reduce his fixed remuneration to invest the amount of the reduction in a pension plan, all in line with that established for Senior Management.

The annual variable remuneration of the Executive Directors is modified so that:

(a) it is linked to the achievement of certain targets (55% to the adjusted operating profit, 30% to the Group's adjusted operating cash-flow and 15% to four ESG targets), which will be communicated (as well as their results) *ex post* in the Annual Remuneration Report (except for the ESG targets which will be communicated in February of each year after approval by the Board);

(b) the system is assimilated to that foreseen for Senior Management and the target base of the annual variable remuneration for the CFO is decreased from 70.6% to 70% of his fixed remuneration, the rule that for each 1% increase on the targets, the annual variable remuneration shall be increased by 2% with a maximum of 150% of the target base is retained (this maximum amount is reduced for the CFO vs. the previous 200%) but the possibility is mantained for the targets to result in a payment of 200% and for the CFO 37.5% of the variable remuneration (compared to 50% previously) will be payable in RSUs (as defined below) and the remainder in cash (62.5% vs. 50% previously);

(c) if the Participant's termination of services is due to any of the following events (i) *mortis causa*, (ii) permanent disability, (iii) good leaver (defined as (a) retirement; (b) the Participant's position or employment being with a company which ceases to be a member of the Group or relating to a business or part of a business which is transferred to a person who is not a member of the Group; and (c) any whatsoever termination carried out by the Company except in the event of a disciplinary dismissal classified as fair by a court in a definitive judgement or not challenged by the Participant; or (iv) change of control (being (i) a merger, consolidation, acquisition or other transaction as a result of which securities carrying more than 50% of the total combined voting power of the outstanding securities of the Company are transferred to a person or persons other than the persons who held such securities immediately prior to such transaction; (ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company in complete liquidation or dissolution of the Company; (iii) the acquisition by a third party (individual or legal entity), either individually or together with others acting in concert, of a controlling interest in the Company under article 4 of Royal Decree 1066/2007 of 27 July 2007 on the initial public offering regime), then all RSUs granted under the RSU Plan which have not vested on the date on which the event takes effect shall automatically vest on the date on which the event takes effect (the settlement of the vested RSUs in the event of a change of control will be paid in cash on the date of the change of control event),

(d) the clawback clause is amended whereby if inaccuracies in the information on which the variable cash remuneration and the RSUs were granted are established by an auditor recognised and approved by the Board of Directors, the Company shall be entitled, for a period of three years after the payment of the variable cash remuneration and RSUs, or the redemption of the RSUs, respectively, to claim back the amount (net of any withholding tax or levy) of the variable cash remuneration, the net amount of the RSUs and the net amount of the shares vested under the RSUs, as applicable, actually received by each Executive Director as a result of such misstatements, and

(e) the Board, prior a favourable proposal from the ARC, may increase the result of the mathematical calculation of the annual variable remuneration of the Executive Directors if (i) it is duly justified, (ii) the increase does not exceed 50% of the target base (in cash and RSUs), and (iii) the final total amount of the annual variable remuneration, after the increase if applicable, will not exceed the target base (in cash and RSUs). This decision will be disclosed ex post annualy in the Annual Remuneration Report.

The long-term incentive plan for the Executive Directors is amended to:

(a) update the objectives of the long-term incentive plan following its review, taking into account the strategic objectives and challenges of the 2022-2024 strategic plan, the feedback provided by investors and advisors and ESG commitments, as well as the Mercer Consulting study, taking into account the salary benchmark, the need to retain and motivate executive directors and the new strategic targets established for the purposes of the incentive (such targets will be the same as those applicable to the Senior Management benefiting from the plan);

(b) increase the PSUs target to be earned in principle by the CEO, equivalent to 90% of his fixed remuneration (vs. 60% before) and by the CFO, equivalent to 50% of his fixed remuneration (vs. EUR 58,333 before);

(c) the number of PSUs to be earned will be valued between 0% and 150% of the target number of PSUs, depending on the degree of achievement of the targets, but each target may result in a pay-out of between 0% and 200% (but always within the range from 0% to 135% of fixed remuneration for the CEO and from 0% to 75% of fixed remuneration for the CFO);

(d) for the purpose of calculating the TSR target (as defined herein) which shall represent 30% of the total PSUs awarded each year, Applus' TSR shall be compared to a group of eight comparable companies (SGS, Bureau Veritas, Intertek, Eurofins Scientific, Core Laboratories, ALS, Team Industrial Services, Mistras), which may be modified by the Board prior to the award of the PSUs, and the index will be the result of calculating the annualised TSR of the average TSR of the comparable companies;

(e) the TSR assessment is performed by an external firm which will report to the ARC (each year the name of this firm will be disclosed in the Annual Remuneration Report);

(f) the EPS target (as defined herein) will represent 50% of the total PSUs awarded each year, and the Board of Directors will set the threshold for this target above which PSUs will vest (if performance is below the threshold entitling 50% of PSUs to vest, no PSUs will vest in respect of this benchmark);

(g) a new target for the average return on capital employed (ROCE, as defined herein) for the three-year period -representing 10% of total PSUs granted each year, and with the Board setting the threshold for this target above which PSUs will vest (if performance is below the threshold entitling 50% of PSUs to vest, no PSUs will vest in respect of this benchmark)- is introduced;

(h) a new target is introduced for four ESG targets, representing 10% of total PSUs granted each year, and with the Board setting the threshold for this target above which PSUs will vest (if performance is below the threshold entitling 50% of PSUs to vest, no PSUs will vest in respect of this benchmark);

(i) ESG targets and results will be calculated based on the perimeter as at 1 January of the first year of each three-year period, excluding acquisitions;

(j) ESG targets for each year will be approved and announced by the Board of Directors annually in February;

(k) the EPS and ROCE targets will be published *ex post* in the Annual Remuneration Report, as well as the results of the assessment of all targets;

(l) the clawback clause is amended whereby if accredited inaccuracies in the information upon which the PSUs or the shares pursuant to a vesting of PSUs were granted are reported by an accredited auditor and approved by the Board of Directors, the Company shall be entitled, for a period of three years following the award of the PSUs or the vesting of the PSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of PSUs and net amount of shares pursuant to a vesting of PSUs, as applicable, which has been effectively received by each executive director because of those inaccuracies;

(m) if the Participant ceases in his contractual link with the Group by reason of any of the events contemplated for RSUs except for the change of control event; then the ARC shall determine the number of Shares vesting by (aa) the performance conditions will be understood as fulfilled at 100%; and (bb) applying a pro-rata reduction to the number of shares determined by reference to the period of time after the grant date and ending on the date of termination in relation to the 3-year period.

(n) Moreover, in the event of a change of control (being the same events as for the RSUs), the ARC shall notify the Participant, as soon as practicable after it becomes aware of such event or a proposed event, that all PSUs will automatically vest in advance on the date on which such event occurs, if they have not yet vested. The settlement of the vested PSUs in the event of a change of control will be paid in cash on the date of the change of control event. PSUs that are to vest will not be reduced in any proportion to the time elapsed since the vesting date, and the performance conditions will be considered to have been achieved at 100%. If a PSU vests under the change of control rule and the Participant is no longer a director or employee of the Group, then the change of control rule shall prevail.

Under the new Policy to be submitted to the 2022 Annual General Meeting of Shareholders of the Company, the non-variable components of the remuneration of the CEO and the CFO consist of a fixed annual remuneration of EUR 750,000 and EUR 360,000, respectively and other benefits as described below with a maximum total cost equivalent to 15% of such fixed remuneration and a contribution to the pension plan for the difference between the cost of the benefits actually received and the aforementioned 15%. The aggregate value of the fixed components (in cash and in kind) of their remuneration, therefore, amounts to EUR 862,500 and EUR 414,000, respectively (to be reviewed based on the CPI).

The variable remuneration components of the remuneration of the CEO and the CFO consist of: (i) an annual variable remuneration for a maximum amount of 150% of the target base set as 80% and 70%, respectively, of the fixed remuneration (i.e. a maximum amount of EUR 900,000 and EUR 378,000, respectively) and (ii) a long-term incentive plan for a maximum annual amount equivalent to 135% and 75%, respectively, of their fixed remuneration (i.e. a maximum annual amount of EUR 1,012,500 and EUR 270,000, respectively). These remuneration items are described in detail below.

As a result, the maximum variable remuneration items of the CEO could represent up to approximately 222% of his fixed (in cash and in kind) items (percentage of the sum of EUR 900,000 and EUR 1,012,500 of variable items, divided by EUR 862,500 of fixed (in cash and in kind) items) if all the respective targets were met. Likewise, the maximum variable remuneration items of the CFO could represent up to approximately 157% of his fixed (in cash and in kind) items (percentage of the sum of EUR 378,000 and EUR 270,000 of variable items, divided by EUR 414,000 of fixed (in cash and in kind) items) if the respective targets were met in full.

In short, the relative importance of variable items vs. fixed items has been improved, the average share price of the Applus share continues to be considered in the equation of the annual variable remuneration system and long-term incentive plan for the Executive Directors, and provides for a deferral period in the receipt by the Executive Directors of 37.5% of their annual variable remuneration. Given the above, the ARC considers that, following these amendments, the remuneration mix of the Executive Directors is in line with market conditions for listed companies, while taking into account the performance and leadership of the Executive Directors.

Additionally, to reduce exposure to excessive risks and align the remuneration system with the Company's long-term objectives, values and interests, 55% of the amount of the Executive Director's variable annual remuneration is linked to achieving adjusted operating profit targets, 30% is linked to the Group's adjusted operating cashflow and 15% is linked to achieving four ESG targets, meaning that certain targets are set for each of these parameters and any increase or decrease with relation thereto is directly reflected in the variable remuneration amount, with a maximum and minimum limit of, respectively, 150% and 0% of the base target. In addition to the strategic priorities of long-term sustainability and diversity, this reflects the Company's priorities in relation to its operating profitability and cash flow generation. Further, if inaccuracies in the information on which the variable cash remuneration and the RSUs were granted are established by an accredited auditor and approved by the Board of Directors, the Company shall have the right, for three years after the payment of the variable cash remuneration and the RSUs, or the vesting of the RSUs, respectively, to claim back the amount net (of any withholding tax or levy) of the variable cash remuneration, the net amount of the RSUs and the net amount of the shares vested of the RSUs, as applicable, actually received by each Executive Director as a result of such misstatements.

Furthermore, the long-term incentive plan approved for the Executive Directors takes into account quantitative parameters (relative total shareholder return, adjusted earnings per share, return on capital employed target and four ESG targets) calculated for a three-year period, which allows the Company's long-term results to be taken into account, long-term sustainability and diversity, which are strategic priorities for Applus (it recognises the commitment to maintain the minimum percentage of female directors of 40% already achieved in 2021), as well as sustainable value creation for the shareholders. In addition, a minimum threshold below which the plan shall not vest and maximum limits to the amount of the plan are established, and it is provided that if accredited inaccuracies in the information upon which the PSUs or the shares pursuant to a vesting of PSUs were granted are reported by an accredited auditor and approved by the Board of Directors, the Company shall be entitled, for a period of three years following the award of the PSUs or the vesting of the PSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of PSUs and net amount of shares pursuant to a vesting of PSUs, as applicable, which has been effectively received by each executive director because of those inaccuracies.

The Regulations of the Board impose an obligation on directors to notify the other directors and the Board of any situation of conflict that they or persons related thereto may have with the Company's interest, and the director subject to the conflict must refrain from attending, intervening and voting on the corresponding decisions.

A.1.3 Amount and nature of the fixed components to be accrued during the financial year by directors in their capacity as such.

2022

The fixed annual remuneration to be received in financial year 2022 by the members of the Board of Directors in their capacity as such is expected to be the same as the remuneration received in financial year 2021, and specifically as follows:

- Chair of the Board of Directors: EUR 250,000.
- Members of the Board of Directors other than the Chair: EUR 60,000.
- Chair of any Board Committee: EUR 30,000 per Committee.
- Members of any Board Committee other than the Chairs thereof: EUR 20,000 per Committee.

With the composition of the Board and the Committees as of the date of this report, assuming all Board members whose appointment or reelection is submitted to the 2022 Annual General Meeting, are ratified or reelected, and the appointment of Ms Marie-Françoise Damesin as Chair of the ARC on 1 June 2022 is approved, the fixed remuneration to be received by the directors in their capacity as such in the financial year 2022 would amount to EUR 896,000. The appointment of Ms Marie-Françoise Damesin and Mr Brendan Connolly as independent directors to fill the general vacancies left by Mr John D Hofmeister and Mr Richard C Nelson will be proposed to the shareholders at the 2022 Annual General Meeting and the re-election of Mr Christopher Cole, Mr Ernesto Mata and Mr Fernando Basabe will also be proposed to such Meeting. In the event that such appointments and re-elections take place, the fixed remuneration to be received by the directors in their capacity as such in fiscal year 2022 would amount to EUR 920,000.

It is stated for the record that neither proprietary directors, of whom there are currently none and who there are no plans to appoint, nor Executive Directors will receive any remuneration for their position on the Board of Directors or for membership of any of its Committees.

The Company will also pay the premiums for the civil liability insurance signed to cover its directors and managers on market conditions, which are expected to amount to EUR 155,592 in the financial year 2022.

Finally, the directors will be reimbursed for travel and accommodation expenses incurred due to attendance at meetings of the Board of Directors and its Committees, provided they are duly justified.

A.1.4 Amount and nature of fixed components that will be accrued during the financial year for the performance of senior management duties by executive directors.

2022

Under the Remuneration Policy to be submitted to the General Shareholders' Meeting for approval in 2022, the non variable remuneration to be accrued in 2022 for the performance of executive duties by the CEO is expected to be as follows: (i) a fixed annual remuneration of EUR 750,000 (adjustable in line with the CPI, unless the Board of Directors decides not to apply this increase) in cash; (ii) other benefits in kind with a maximum cost equal to 15% of his fixed remuneration (which will include the cash payment linked to these benefits described in section B.16); and (iii) a contribution to the pension plan for an amount equal to the difference between the aforementioned 15% and the cost of the benefits actually received. The CEO may decide each year, on the one hand, the amount to be allocated to each benefit, always keeping the maximum cost equal to 15% of his fixed remuneration in cash, and, on the other hand, whether he wishes to have his fixed remuneration reduced to have the amount of such reduction invested in a pension plan. It is noted that the re-election of the CEO will be proposed to the Ordinary General Meeting of Shareholders in 2022.

Under the Remuneration Policy to be submitted to the General Shareholders' Meeting for approval in 2022, the non variable remuneration to be accrued in 2022 for the performance of executive duties by the CFO is expected to be as follows: (i) a fixed annual remuneration of EUR 360,000 (adjustable in line with the CPI, unless the Board of Directors decides not to apply this increase) in cash; (ii) other benefits in kind with a maximum cost equal to 15% of his fixed remuneration (which will include the cash payment linked to these benefits described in section B.16); and (iii) a contribution to the pension plan of his choice, in an amount equal to the difference between the aforementioned 15% and the cost of the benefits actually received. The CFO may decide each year, on the one hand, the amount to be allocated to each benefit, always keeping the maximum cost equal to 15% of his fixed remuneration in cash, and, on the other hand, whether he wishes to have his fixed remuneration reduced to have the amount of such reduction invested in a pension plan.

2021

The non variable components for the performance of senior management duties of the Executive Directors under the Remuneration Policy approved in 2019 and accrued in the financial year 2021 are equivalent for the CEO, although the maximum cost of other benefits was 10% of his fixed remuneration. For the CFO, the fixed cash remuneration under the Remuneration Policy approved in 2019 and accrued in the financial year 2021 is EUR 267,343, the maximum cost of benefits was EUR 35,080 and he received a fixed remuneration in RSUs equivalent to EUR 58,333. For the calculation of the number of RSUs to be granted, the average Applus share price in the 30 days prior to the date of grant of the RSUs is taken into account. RSUs are granted each year immediately following the date on which the Board of Directors approves Applus' annual results. Accordingly, 7,099 RSUs were awarded in February 2022 to the CFO, resulting from dividing EUR 58,333 by the average value of the Applus share in the 30 days prior to the date of grant (EUR 8.216 per share). Each RSU will be vested for one Applus share on the third anniversary of the date of grant. However, subject to the approval of the new Remuneration Policy at the 2022 Annual General Meeting, the previous remuneration awarded in February 2022 will be adjusted to the content of the new Policy.

The RSUs awarded in 2019 to the then CFO (i.e., 5,838 RSUs) have been vested into shares in February 2022.

A.1.5. Amount and nature of any component of remuneration in kind that will be accrued during the financial year, including but not limited to insurance premiums paid on behalf of the director.

2022

Remuneration in kind is only paid in favour of the Executive Directors. According to the provisions of the Remuneration Policy to be submitted to the General Shareholders' Meeting for approval in 2022, the CEO will receive other benefits at a maximum cost equal to 15% of fixed annual remuneration in cash. The Company will also annually contribute to the CEO's pension scheme an amount equal to the difference between the aforementioned 15% of his fixed remuneration and the cost of the benefits actually received by the CEO during said year. The CEO may decide each year, on the one hand, the amount to be allocated to each benefit, always keeping the maximum cost equal to 15% of his fixed remuneration in cash, and, on the other hand, whether he wishes to reduce his fixed remuneration to invest the amount of such reduction in a pension plan.

In terms similar to financial year 2021, the CEO is expected to receive benefits consisting of the use of a company vehicle and fuel, medical insurance for him and his family (including an annual check-up for him and his wife) and life insurance. Medical insurance premiums and life insurance premiums (without prejudice to the civil liability insurance premium referred to above) will be paid by the Company for the benefit of the CEO during the financial year 2022. In terms similar to financial year 2021, the Company is expected to contribute in the financial year 2022 to the pension plan of the CEO.

Under the Remuneration Policy to be submitted for approval at the General Shareholders' Meeting in 2022, the CFO shall receive other benefits with a maximum cost equal to 15% of the annual fixed remuneration in cash, which may include, among other items, a contribution to the pension plan at the director's choice. The CFO may decide each year, on the one hand, the amount to be allocated to each benefit, always keeping the maximum cost equal to 15% of his fixed remuneration in cash and, on the other hand, whether he wishes to reduce his fixed remuneration to invest the amount of such reduction in a pension plan.

In terms similar to financial year 2021, the Chief Financial Officer is expected to receive benefits consisting of the use of a company vehicle and fuel, medical insurance for him and his family (including an annual check-up for him and his wife), life insurance, membership and professional association fees. Medical insurance premiums and life insurance premiums (without prejudice to the civil liability insurance premium referred to above) will be paid by the Company for the benefit of the CFO during the financial year 2022. In terms similar to financial year 2021, the Company is expected to contribute in the financial year 2022 to the pension plan of the CFO.

2021

The remuneration in kind of the Executive Directors under the Remuneration Policy approved in 2019 is described in section B.14.

A.1.6 Amount and nature of variable components, differentiating between short and long term. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration in the current year, describing the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, necessary period and the techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year.

State the range in monetary terms of the different variable components, based on the level of achievement of established targets and parameters, and whether there is any absolute maximum monetary amount.

<u>2022</u>

According to the provisions of the Remuneration Policy to be submitted for approval by the 2022 Company's General Shareholders' Meeting for financial years 2022, 2023 and 2024, unless the General Shareholders' Meeting resolves to amend or replace it during such period, the variable remuneration components for the Executive Directors are as follows.

The actual amount of the annual variable remuneration of the Executive Directors is determined by the Board of Directors at the proposal of the ARC, which is responsible for assessing in detail the degree of compliance with the targets following verification thereof. For such verification, the annual accounts of Applus shall be considered following submission thereof and review and issuance of the report by the Company's auditor.

(i) <u>Variable annual remuneration</u>:

The variable annual remuneration of the Executive Directors consists of a variable annual amount payable in cash and via the award of rights over Applus shares known as restricted stock units ("**RSUs**"), linked to the achievement of Group targets (55% linked to the adjusted operating profit or "**AOP**", 30% linked to the adjusted operating cashflow or "**AOCF**" of the Group, and 15% to four ESG targets).

All targets will be reported (as well as their results) *ex post* in the Annual Remuneration Report (except for ESG targets which will be reported in February each year after approval by the Board).

In the case of the CEO, the variable amount, which is set as 80% of the fixed remuneration, will increase by 2% for each 1% increase over targets, up to a maximum amount of 150% of the target base (although each target can result in an evaluation of 200%). On the other hand, the variable remuneration will decrease by 5% for every 1% decrease on targets. 62.5% of the variable remuneration to be received by the CEO would be paid in cash and 37.5% by award of RSUs. The same system is established for Senior Management.

In the case of the CFO, the variable amount, which is set as 70% of the fixed remuneration in cash, will be increased by 2% for each 1% increase over targets, up to a maximum amount of 150% of the target base (although each target can achieve an evaluation of 200%). On the other hand, the variable remuneration will decrease by 5% for each 1% decrease on targets. 62.5% of the variable remuneration to be received by the CFO would be paid in cash and 37.5% by award of RSUs. The same system is established for Senior Management.

The average listing value of the Applus shares during the 60 days prior to the date of award of the RSUs will be taken into account to calculate the number of RSUs to be awarded in both cases.

The RSUs will be awarded every year on the date that the Board of Directors approves Applus' annual results and the amount of each Executive Director's variable annual remuneration.

Each RSU will be vested for one Applus share for 30%, 30% and 40% after one, two and three years, respectively, provided that the Executive Director is still employed on the date of vesting.

If the Participant's services cease due to any of the following events, i.e.: (i) *mortis causa*, (ii) permanent disability, (iii) good leaver (being (a) retirement; (b) the Participant's position or employment is with a company which ceases to be a member of the Group or relates to a business or part of a business which is transferred to a person who is not a member of the Group; and (c) any whatsoever termination carried out by the Company except in the event of a disciplinary dismissal classified as fair by a court in a definitive judgement or not challenged by the Participant; or (iv) change of control (being (i) a merger, consolidation, acquisition or other transaction as a result of which securities carrying more than 50% of the total combined voting power of the outstanding securities of the Company are transferred to a person or persons other than the persons who held such securities immediately prior to such transaction; (ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company in complete liquidation or dissolution of the Company; (iii) the acquisition by a third party (individual or legal entity), either individually or together with others acting in concert, of a controlling interest in the Company under article 4 of Royal Decree 1066/2007 of 27 July 2007 on the initial public offering regime), then all RSUs granted under the RSU Plan which have not vested on the date on which the event takes effect will automatically vest on the date on which the event occurs. The settlement of the vested RSUs in the event of a change of control will be paid in cash on the date of the change of control event.

If accredited inaccuracies in the information upon which the cash bonus and the RSUs were granted are reported by an accredited auditor and approved by the Board of Directors, the Company shall be entitled, for a period of three years following the payment of the cash bonus and the RSUs or the vesting of the RSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of cash bonus, net amount of RSUs, and net amount of shares pursuant to a vesting of RSUs, as applicable, which has been effectively received by each executive director because of those inaccuracies.

The Board, prior a favourable proposal from the ARC, may increase the result of the mathematical calculation of the annual variable remuneration of the Executive Directors if (i) it is duly justified, (ii) the increase does not exceed 50% of the target base (in cash and RSUs), and (iii) the final total amount of the annual variable remuneration, after the increase if applicable, will not exceed the target base (in cash and RSUs). This decision will be disclosed annualy ex post in the Annual Remuneration Report.

(ii) Long-term incentive plan:

The long-term incentive plan (which started in 2016 under the Remuneration Policy in effect at that time) involves the annual receipt by the Executive Directors of performance stock units ("**PSUs**"), each one vested for one share of the Company three years after the date on which they were awarded, depending on the level of achievement of certain parameters.

The targets proposed in the long-term incentive plan have been reviewed and updated, taking into account the strategic objectives and challenges of the 2022-2024 strategic plan (communicated last year), feedback from investors and proxy advisors and Applus' ESG commitments. The amount of the long-term incentive for Executive Directors has also been updated based on the Mercer Consulting study described in section A.1.1, taking into account the salary benchmark, the need to retain and motivate executive directors and the new strategic targets considered for the incentive (the targets will be the same as those applicable to the Senior Management beneficiaries of the plan).

Each Executive Director will receive the following number of PSUs: (a) the CEO will receive annually equivalent in principle to 90% of his fixed remuneration, and (b) the CFO will annually receive PSUs equivalent in principle to 50% of his fixed remuneration.

However, depending on the level of achievement of the parameters indicated below, these amounts may fluctuate. The number of PSUs that will vest will range from 0% to 150% of the target number of PSUs, depending on the degree of achievement of the targets, although each target in the plan may achieve an evaluation of between 0% and 200%.

The value of each PSU will be equivalent to the average listing value of the Company's shares during the 60 days prior to the date of award of the PSUs.

PSUs will be awarded each year on the day the Board of Directors approves Applus' annual results. The number of PSUs to be awarded to the Executive Directors may be adjusted during each financial year in case their fixed remuneration is modified. However, the day on which the Board of Directors approves the results of the relevant year shall be considered as the day on which the additional PSUs are awarded.

The PSUs granted in each financial year will be redeemed as shares within three years from the date of award thereof if the targets described below are achieved. The number of PSUs that will be redeemed will have a value of between 0% and 135% of the fixed remuneration of the CEO and between 0% and 75% of the fixed remuneration of the CFO, depending on the level of achievement of said targets during the three years prior to the redemption, meaning that said redemption corresponds to the professional performance of the Executive Directors during each three-year period.

The following quantitative targets will be taken into account for the conversion of the PSUs:

(a) A target based on the relative total shareholder return (*Relative Total Shareholder Return* or "**TSR**") over a three-year period, where the Company's TSR will be compared to an unweighted index composed of a group of eight comparable companies within the inspection and certification industry. These companies are SGS S.A., Bureau Veritas S.A., Intertek Group PLC, Eurofins Scientific S.E., Core Laboratories, Inc., ALS Limited, TEAM Industrial Services, Inc. and Mistras Group, Inc.

    The Board of Directors may change the group of companies to be used for the plan if the changes are decided and disclosed prior to the grant of the PSUs. The index is the result of calculating the annualised TSR of the average TSR of the eight peer companies.

    This benchmark will represent 30% of the total number of PSUs granted each year.

    Within this 30%, 50% of the PSUs will be converted into shares if the annualised Applus TSR performance value is equal to the index, while 200% of the PSUs will be redeemed as shares if the annualised Applus TSR performance value is 5% higher than the index on an annual accumulative basis. Between the index value and the TSR value creating an entitlement to a 200% PSU-to-share redemption, redemption shall take place according to a linear interpolation between said two values. As a result, 100% of the PSUs will vest if the annualised Applus TSR performance value is 1.67% higher than the index on an annual accumulative basis.

    If the TSR value is below the index, no PSUs will vest in respect of this parameter. The maximum number of PSUs that will vest is 200% of the target PSUs. The TSR assessment is performed by an external firm which submits a report to the Remuneration and Nomination Committee. Each year the name of this firm will be disclosed in the Annual Directors' Remuneration Report. From 2016 until 2021, the firm responsible for this report has been PWC.

(b) A target relating to adjusted earnings per share ("**EPS**") reported by Applus, accumulated within three years. Said target will be published ex-post at the end of each three-year period.

    This parameter will represent 50% of the total of PSUs granted each year.

    The Board of Directors will establish a specific threshold for this EPS target at which target PSUs will be converted into shares. The maximum number of PSUs that can be converted into shares is 200% of the target PSUs.

    If the EPS result is below the threshold creating an entitlement to a 50% PSU-to-share redemption, no PSUs will vest under this parameter.

(c) A target Return on Capital Employed ("**ROCE**") for the three years.

    This target will represent 10% of the total number of PSUs granted each year.

    The Board of Directors will establish a specific threshold for this ROCE target above which PSUs will vest. The maximum number of PSUs that will vest will be 200% of the target PSUs. If the ROCE performance is below the specific threshold entitling to vest 50% of the PSUs, no PSUs shall vest in respect of this parameter.

(d) A target relating to four ESG targets for the three years.

    This target will represent 10% of the total PSUs granted each year.

    The maximum number of PSUs that will vest will be 200% of the target PSUs. If performance is below the specific threshold entitling 50% of the PSUs to vest, no PSUs will vest in respect of this parameter.

    ESG targets and results are calculated considering the perimeter as of 1 January of the first year of each three-year period and will not include acquisitions. However, the Company is committed to implementing the Group's policies on new acquisitions and therefore such acquisitions shall be considered for the targets/metrics for the next strategic plan.

    ESG targets will be approved and disclosed by the Board of Directors in February each year and EPS and ROCE targets will be published *ex-post* in the Annual Remuneration Report.

An assessment of all incentive plan targets will be included in the Annual Remuneration Report.

If accredited inaccuracies in the information upon which the PSUs or the shares pursuant to a vesting of PSUs were granted are reported by an accredited auditor and approved by the Board of Directors, the Company shall be entitled, for a period of three years following the award of the PSUs or the vesting of the PSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of PSUs and net amount of shares pursuant to a vesting of PSUs, as applicable, which has been effectively received by each executive director because of those inaccuracies.

If the Participant ceases in his contractual link with the Group by reason of any the same events as for RSUs except for the change of control event; then the ARC shall determine the number of Shares vesting by (aa) the performance conditions will be understood as fulfilled at 100%; and (bb) applying a pro-rata reduction to the number of shares determined by reference to the period of time after the grant date and ending on the date of termination in relation to the 3-year period.

Moreover, in the event of a change of control (being the same as for the RSUs), the ARC shall notify the Participant, as soon as practicable after it becomes aware of such event or a proposed event, that all PSUs will automatically vest in advance on the date on which such event occurs, if they have not yet vested. The settlement of the vested PSUs in the event of a change of control will be paid in cash on the date of the change of control event. PSUs that are to vest will not be reduced in any proportion to the time elapsed since the vesting date, and the performance conditions will be considered to have been achieved at 100%. If a PSU vests under the change of control rule and the Participant is no longer a director or employee of the Group, then the change of control rule shall prevail.

2021

The amount and nature of the variable items making up the Executive Directors' remuneration under the Remuneration Policy approved in 2019 is described in section B.3. The RSUs for the financial year 2021 were granted in February 2022. RSUs granted in previous years to the CEO (19,909 RSUs) and to the CFO (8,013 RSUs) were vested into shares in February 2022. In February 2022, the CEO was awarded 54,770 PSUs, which is the number resulting from dividing 60% of his fixed remuneration (EUR 450,000) by the referred average Applus share price (EUR 8.216 per share), while the CFO has been awarded 7,099 PSUs, which is the number resulting from dividing EUR 58,333 by the referred average Applus share price (EUR 8.216 per share). In addition, 54,043 PSUs calculated as 120% of the PSUs granted in 2019 to the CEO and 7,006 PSUs calculated as 120% of the PSUs granted in 2019 to the CFO have been vested into shares in February 2022, taking into account a fullfilment of 200% of the EPS and a non-compliance of the TSR. However, subject to the approval by the 2022 Shareholders' Meeting of the new Remuneration Policy, the previous remuneration awarded in February 2022 will be adjusted to the content of the new Policy.

A.1.7 Main features of long-term savings schemes. Among other information, state the contingencies covered under the schemes, whether they are defined-contribution or defined-benefit, the annual contribution to be made to defined-contribution schemes, the benefit to which beneficiaries are entitled in the case of defined-benefit schemes, the conditions for vesting of economic rights in favour of directors, and the compatibility thereof with any class of payment or indemnity for early termination or cessation or arising from the termination of the contractual relationship on the terms established between the company and the director.

Also state whether the accrual or vesting of any of the long-term savings plans is linked to the achievement of certain targets or parameters related to the director's short- and long-term performance.

2022

Under the provisions of the Remuneration Policy to be submitted to the approval of the General Shareholders' Meeting in 2022, the Company's CEO is entitled to receive an annual pension scheme contribution. The pension plan is structured as a defined-contribution scheme whose annual amount is the difference between 15% of the director's fixed annual remuneration in cash and the amount in benefits actually received by the CEO during the financial year. It should also be noted that the CEO may choose each year, on the one hand, the amount to be allocated to each benefit, always keeping the maximum cost equal to 15% of his fixed remuneration in cash, and, on the other hand, whether he wishes to reduce his fixed remuneration to invest the amount of such reduction in a pension plan.

In terms similar to financial year 2021, the Company is expected to contribute to the CEO's pension scheme during the financial year 2022.

The only limitation or restrictive condition relating to the executive director's enjoyment of the pension scheme is that its enjoyment shall be executed in accordance with what is set forth in the Spanish applicable regulations. The plan is compatible with the payments arising from the termination of the contractual relationship between the executive director and Applus.

Also under the provisions of the Remuneration Policy to be submitted to the approval of the General Shareholders' Meeting in 2022, the Company's CFO may choose to receive an annual contribution to his pension plan during the financial year, which will have a maximum total cost equal to 15% of his fixed remuneration. He/she may also decide each year, on the one hand, the amount to be allocated to each advantage, including the aforementioned pension plan, always keeping the maximum cost equal to 15% of his fixed remuneration in cash and, on the other hand, whether he wishes to reduce his fixed remuneration to invest the amount of the reduction in a pension plan.

In terms similar to financial year 2021, the Company is expected to contribute to the CFO's pension scheme during the financial year 2022.

The pension plan is structured as a defined-contribution scheme and the only limitation or restrictive condition relating to the executive director's enjoyment of the pension scheme is that its enjoyment shall be executed in accordance with what is set forth in the Spanish applicable regulations. The plan is compatible with the payments arising from the termination of the contractual relationship between the executive director and Applus.

2021

The long-term savings schemes under the Remuneration Policy approved in 2019 are described in section B.9.

A.1.8 Any class of payment or indemnity for early termination or cessation or arising from the termination of the contractual relationship on the terms established between the company and the director, whether the cessation is at the will of the company or the director, as well as any class of agreement entered into, such as exclusivity, post-contractual non-compete, continuance in office or loyalty agreements, that entitle the director to any payment.

2022

Applus has committed to the following payments, indemnities and covenants vis-à-vis the Executive Directors, which will become effective in the event of approval of the amendment to the Remuneration Policy to be proposed at the 2022 Annual General Meeting::

(i) Exclusivity: Executive Directors have an exclusivity obligation vis-à-vis the Company on the terms described in the following sub-section, which is not specifically remunerated.

(ii) Termination: Executive Directors are not entitled to any consideration as a result of the mere termination of their agreement, except as provided for in the post-contractual non-compete agreement.

However, if one of the Executive Directors or the Company fails to comply with the six months' notice period in whole or in part, the other party would be entitled to compensation equivalent to the fixed remuneration of the Executive Director concerned for the duration of the breached notice period.

(iii) Post-contractual non-compete: The Executive Directors are not to compete against the Company or any company of the Applus group. The Executive Director's non-compete undertaking will have a duration of two years from the termination of his agreement. In consideration thereof, the Executive Director shall be entitled to receive an amount equal to twice the annual fixed cash remuneration received in the last year before termination of the agreement, to be paid during the 24 months following such termination in equal monthly instalments. This amount shall be reduced by the amount if any, that the Company must pay to the Executive Director as statutory indemnity -which may arise from the application of the relevant statute- for the termination of the agreement, so that the total amount to be received by the Executive Director after the termination of the agreement does not exceed, in any case, twice the annual fixed remuneration received in the last year before the termination of the agreement. If the Executive Director breaches this covenant and competes with the Company or any group company, he must repay the amounts paid by the Company in compensation for the agreement. Executive Directors' termination payments comply with the provisions of the Corporate Governance Code for listed companies and protect the Group through a two-year post-contractual non-competition covenant.

Other than as stated above, Applus has not agreed to any other payments or indemnities for termination or early termination or arising from the termination of the contractual relationship with its directors, or any agreements such as exclusivity, post-contractual non-compete, continuance in office or loyalty agreements entitling its directors to any payment whatsoever.

2021

All payments, indemnities and covenants vis-à-vis the Executive Directors undertaken by Applus under the Remuneration Policy approved in 2019 are described in section B.10.

A.1.9 State the terms and conditions that must be included in the contracts of executive directors performing senior management duties. Include information regarding, among others, the term, limits on termination compensation amounts, continuance in office clauses, notice periods, and payment *in lieu* of the aforementioned notice periods, and any other clauses relating to hiring bonuses, as well as compensation or golden parachutes due to early termination of the contractual relationship between the company and the executive director. Include among other things any non-compete, exclusivity, continuance in office or loyalty, and post-contractual non-compete clauses or agreements, unless they have been explained in the preceding sub-section.

2022

The essential terms and conditions of the agreements with the Executive Directors are, in addition to those relating to their remuneration, as set out below. They will come into effect in the event of approval of the amendment to the Remuneration Policy to be proposed at the 2022 Annual General Meeting:

(i) Term: The agreements with the Executive Directors are for an indefinite term, but may be terminated for any reason at any time without any compensation for termination. The reason for this is that the statutory amount payable on termination, if any, will be deducted from the non-competition payment thus keeping this undertaking in full force and effect. This clause has been agreed in the non-competition provisions entered into between the Company and the Executive Directors.

(ii) Exclusivity: While they are performing executive duties, the Executive Directors must not hold any direct or indirect interest in any other business or activity that could represent a conflict of interests concerning their obligations and responsibilities in the Company or concerning the activity thereof and of the Applus group.

(iii) Termination: The contracts of the Executive Directors may be terminated at any time at the will of the relevant Executive Director or the Company, provided that it is notified in writing to the other party with six months' notice. If this notice period is breached, the breaching party must pay the other the compensation described in the preceding sub-section.

(iv) Post-contractual non-compete: See preceding sub-section. Additionally, the provision of any kind of service, whether on his behalf or for a third party, or in an executive or merely advisory capacity, or the direct or indirect promotion of the creation of companies or entities that will carry on a competing business, as well as shareholding participation in such companies or entities, shall be deemed to be competition. Any activity that at the time of termination of the Executive Director's agreement is being carried on by any company of the group or is expected to be started in the following 12 months shall be deemed to be a competing business. Moreover, the Executive Director is not to hire or participate in the hiring of employees who are or have been part of the workforce of the Company or any company of the group at the time of termination of his agreement or in the preceding 12 months. Such non-competition covenant is binding so that neither the Company can waive the payment commitments nor the Executive Director can compete and waive his right to be paid.

(v) Shareholding retention: Executive Directors will hold 1/3 of the net number of shares received by them each year, by way of vesting of all RSUs and PSUs, until they accumulate a number of shares whose value (calculated at the value of the shares on the day of grant) is equal at least to twice their net fixed remuneration. Thereafter, they shall hold shares with a value corresponding at least to twice their net fixed remuneration. This commitment shall cease in the event of termination of their services to the Group or upon a change of control.

(vi) Supplementary pension or early retirement systems: Executive Directors shall not have supplementary pension or early retirement systems, but shall be entitled to the contributions to pension plans by the Company under the terms described in section A.1.1.

2021

The essential terms and conditions of the Executive Directors' agreements under the Remuneration Policy approved in 2019 are described in section B.11.

A.1.10 Explain the nature and estimated amount of any other supplementary remuneration that will be accrued by the directors during the current financial year as consideration for services provided other than those inherent to their position.

2022

No directors have provided or are expected to provide services other than those inherent to their position during the current financial year, for which reason they have not accrued and are not expected to accrue any supplementary remuneration for said items.

A.1.11 Other remuneration items such as any deriving from the company granting the director advances, loans, guarantees or other remuneration.

2022

As at the date of this report, the Company has not granted its directors any other remuneration items such as any deriving from advances, loans, guarantees or other remuneration.

A.1.12 Explain the nature and estimated amount of any other scheduled supplementary remuneration not included in the preceding sub-sections, whether paid by the entity or another entity of the group, that will be accrued by the directors during the current financial year.

2022

No supplementary remuneration of this nature has accrued or is expected to accrue during the current financial year.

A.2 Explain any significant changes in the remuneration policy applicable to the current financial year arising from:

a) A new policy or an amendment to the policy previously approved by the shareholders at the General Meeting.

b) Significant changes in the specific determinations established by the board for the current financial year for the current remuneration policy, in comparison with those applied in the preceding financial year.

c) Proposals that the board of directors has resolved to present to the shareholders at the general shareholders' meeting to which it will submit this annual report and which are proposed to be applied to the current financial year.

2022

The ARC annually reviews the Remuneration Policy to ensure that it is aligned with the entity's situation and short-, medium- and long-term strategy and with market conditions and to assess whether it contributes to the creation of long-term value and to adequate risk control and management, amending it if necessary as has been the case in previous years. In preparation for this review, each January the Chair of the ARC conducts a formal dialogue process with the main investors and proxy advisors involving the review of the existing policy and a request for assessments and opinions concerning the improvement thereof.

A new Remuneration Policy for the financial years 2022, 2023 and 2024 is expected to be proposed to the next General Meeting of Shareholders to be held in 2022, unless the General Meeting resolves to amend or replace it during such period, on the terms set out in sections A.1.1, A.1.2, A.1.8 and A.1.9.

A.3 Provide a direct link to the document featuring the company's current remuneration policy, which must be made available on the company's website.

https://www.applus.com/en/dam/jcr:9082bb58-3750-4bb4-9b03-84642d3b3320/191204-Applus+_Remuneration%20Policy%20Directors.pdf

A.4 Taking into account the information provided in section B.4, explain how the shareholders' votes at the general meeting at which the annual remuneration report for the previous financial year was submitted for a consultative vote have been taken into account.

The consultative vote of the shareholders at the General Shareholders' Meeting held in 2021 in relation to the Annual Report on Director Remuneration for the previous financial year was very positive (80.61% of votes in favour, 16.60% against, 0% of blank votes and 2.80% abstentions), so that the new Remuneration Policy to be submitted to the 2022 General Shareholders' Meeting maintains in equivalent terms the remuneration regime provided for in the Remuneration Policy approved in 2019.

B OVERALL SUMMARY OF THE APPLICATION OF THE REMUNERATION POLICY DURING THE LAST FINANCIAL YEAR

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration outlined in section C of this report. This information will include the role of the remuneration committee, the decisions taken by the board of directors and, if applicable, the identity and role of external advisors whose services have been used in the process of applying the remuneration policy during the last financial year.

2021

The ARC is the body that assists the Board concerning the remuneration policy under the authority granted to it for such purpose by the Regulations of the Board. The ARC submitted to the Board, for approval at its meeting of 20 February 2019, the proposal to amend the Policy applicable during the financial year ended. Such policy was approved by the Meeting in 2019, upon the advice of Mercer Consulting.

Likewise, under the provisions of section 529 *septdecies* of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) and article 25.1 of the Regulations of the Board, it is for the Board to determine the distribution of the overall sum approved by the shareholders at the General Meeting among the directors, taking into consideration the duties and responsibilities allocated to each director.

Thus, under the terms of the Policy for years 2019, 2020 and 2021, the Board applied the Policy as described in section C upon a proposal from the ARC.

Proprietary and executive directors shall not receive remuneration for their position on the Board or its Committees. The maximum total annual amount of remuneration for directors in their capacity as such is EUR1,500,000. The remuneration of each director agreed for 2021 by the Board was EUR 60,000 for members other than the Chairperson, EUR 250,000 for the Chairperson, EUR 20,000 per committee for members of any Committee other than its Chairperson, and EUR 30,000 per committee for the Chairperson of any Committee.

As regards the remuneration of the Executive Directors for the performance of his executive duties, their fixed remuneration in cash for the financial year 2021 is as described in the Policy, and their actual variable remuneration has been determined by the Board upon a proposal from the ARC (process described in detail in section B.7).

The CEO's remuneration for the performance of his executive duties has also been aligned with the provisions of the Policy, so that he has received a fixed remuneration in cash corresponding to the amount established (EUR 750,000.00), benefits actually received at a total cost of approximately EUR 31,834,28 (of which EUR 10,810.08 correspond to a cash payment linked to the benefits to bring the currently received benefits into line with the agreement reached with the CEO at the time he was hired), a contribution to his pension scheme in the approximate gross amount of EUR 43,165.72 (being the difference between 10% of his fixed remuneration in cash and the total cost of benefits actually received), variable annual remuneration accrued in 2021 and payable in 2022 of EUR 617,400 (EUR 385,875 in cash and EUR 231,525 in RSUs which were consolidated), calculated in accordance with the Policy, and 51,291 PSUs granted under the long-term incentive (60% of his fixed remuneration of EUR 450,000 divided by the referred average Applus share price of EUR 8.7735 per share) and which will be converted into shares, in February 2024. 28,179 RSUs have been granted to the CEO, which is the target base (EUR 600,000) times the level of Applus' performance in 2021 measured according to the parameters (102.9%) and by the percentage of the remuneration payable in RSUs (37.5%) and dividing the result by the average value of the share in the 30 days before the date of grant (EUR 8.216 per share). In addition, 0 PSUs were vested into shares out of the 39,805 PSUs granted in 2018 under the incentive plan (as the targets were not met during the period described above). The RSUs granted in previous years (13,970 RSUs) were vested into shares in February 2021, but were awarded net of tax, i.e. 7,594 shares

The CFO's remuneration for the performance of his executive duties has been aligned with the provisions of the Policy, meaning that he has received a fixed remuneration in cash corresponding to the amount established in said Policy (EUR 267,343), benefits actually received with a total cost of approximately EUR 33,080.00 (of which EUR 12,335.95 correspond to a cash payment linked to the benefits to bring the currently received benefits into line with the agreement reached with the CFO at the time he was hired), a contribution to his pension scheme in the amount of EUR 2,000 gross approximately (which is the difference between the EUR 35,080 total maximum cost of other benefits and the cost of the benefits actually received), 6,649 RSUs as fixed remuneration which consolidated and will be converted into Applus shares in February 2024, an annual variable remuneration accrued during 2021 and payable in 2022 of EUR 194,226 (EUR 97,113 in cash and 97,113 in RSUs, which vested), also calculated in accordance with the provisions of the Policy, and 6,649 PSUs granted under the long-term incentive plan (EUR 58,333 divided by the referred average Applus share price of EUR 8.7735 per share) and which will be converted into shares in February 2024. The CFO has been granted 11,820 RSUs, which is the target base (EUR 188,753) times the level of performance in 2021 measured against the parameters (102.9%) and by the percentage of the remuneration payable in RSUs (50%) and dividing the result by the average value of the share in the 30 days before the date of grant (EUR 8.216 per share). 0 PSUs (out of the 5,159 PSUs granted in 2018 in his capacity as CFO under the incentive plan) have vested and been redeemed. The RSUs granted in past years to the CFO (5,159 RSUs by way of fixed remuneration in 2018 and 8,576 RSUs as variable remuneration) were vested into shares in February 2021, although they were awarded net of tax, i.e. 2,933 shares and 4,877, shares respectively.

In addition, the Execitive Directors were each entitled to receive, under the long-term incentive plan, a financial payment equal to the value of the dividends that would have been paid on the gross PSUs awarded in 2018 that were redeemed in 2021. As 0 PSUs were redeemed, no benefits have been received.

B.1.2 Explain any deviations from the procedure established for the application of the remuneration policy that have occurred during the financial year.

2021

During the financial year 2021, there were no deviations from the procedure established for the application of the remuneration policy.

B.1.3 Please disclose whether any temporary exceptions to the remuneration policy have been applied and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company considers that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Please quantify the impact that the application of these exceptions has had on the remuneration of each director during the year.

2021

No temporary exceptions to the remuneration policy have been applied.

B.2 Explain the different actions taken by the company concerning the remuneration system and how they have contributed to reducing exposure to excessive risk and aligning the system to the company's long-term objectives, values and interests, including a reference to the measures taken to ensure that the accrued remuneration has taken into account the company's long-term results and an appropriate balance has been achieved between the fixed and variable remuneration components, what measures have been taken about those categories of staff whose professional activities have a material impact on the entity's risk profile, and what measures have been taken to avoid conflicts of interest if any.

2021

During the financial year 2019, Applus adapted its remuneration system, resulting in the approval by the Meeting in 2019 of a new Policy, applicable for financial years 2019, 2020 and 2021, as described in sections B.1.1 and B.7.

This review was due to the new appointment of the CFO as an Executive Director, which already had payments with a variable component, in shares. To reduce exposure to excessive risks and align the remuneration system with the long-term objectives, values and interests, the CFO's variable remuneration is linked to the achievement of targets, with accrual and payment deferral periods established and maximum limits on the amount thereof.

The review of the Policy introduced clawback clauses for the variable annual remuneration in RSUs of the Executive Directors following recommendation 63 of the Good Governance Code of Listed Companies.

Besides, the remuneration mix for the CEO was maintained, maintaining the form of calculating variable annual remuneration, part-payment thereof in shares, with a partial deferral of payment thereof, the link of the variable remuneration to the achievement of targets, with accrual and payment deferral periods established and maximum limits on the amount thereof.

The CEO's non variable remuneration consist of a fixed annual remuneration of EUR 750,000 (adjustable according to the CPI) and, benefits in kind with a maximum total cost equivalent to 10% of this fixed remuneration and a contribution to the pension plan for the difference between the cost of the benefits actually received and the aforementioned 10%. The aggregate value of the fixed and in kind components amounts to EUR 825,000 (adjustable in line with the CPI). The variable remuneration components of the CEO consist of: (i) an annual variable remuneration for a maximum amount of 150% of the target base set as 80% of the fixed remuneration (i.e., EUR 900,000) and (ii) a long-term incentive plan for a maximum annual amount equal to 120% of his fixed remuneration (i.e., EUR 900,000). As a result, the maximum variable remuneration items could represent up to approximately 218% of his non-variable items (percentage of the sum of EUR 900,000 and EUR 900,000 of variable items, divided by EUR 825,000 of non-variable items) if the respective targets were met in full.

The CFO's remuneration consist of a fixed annual remuneration of EUR 267,343 and benefits in kind with a maximum total cost of EUR 35,080 -which may include among other items a contribution to the pension plan of his choice- and rights over shares in the amount resulting from dividing EUR 58,333 by the average value of the share in the thirty days before the date on which such rights were granted. The aggregate value of the fixed components amounts to EUR 360,756. The variable remuneration components of the CFO consist of: (i) an annual variable remuneration for a maximum amount of 200% of the target base set as 70.6% of the fixed remuneration in cash (i.e., EUR 377,506) and (ii) a long-term incentive plan for a maximum annual amount equal to 200% of the amount of 58,333 (i.e., EUR 116,666). Consequently, the maximum variable remuneration items could represent up to approximately 137% of his non-variable items (percentage of the sum of EUR 377,506 and EUR 116,666 of variable items, divided by EUR 360,756 of non-variable items) if the respective targets were met in full.

Furthermore, to reduce exposure to excessive risks and adjust the remuneration system to the objectives, values and long-term interests, the amounts of the annual variable remuneration of the Executive Directors are linked (65%) to the achievement of adjusted operating profit targets and in a 35% to the adjusted operating cash-flow of the group. Thus, targets are set for each of these magnitudes and any increase or decrease is directly reflected in the amount of variable remuneration, with a maximum limit of 150% and 200% of the target base for the CEO and CFO, respectively, and a minimum for both of them of 0%. It is also provided that in the event of proven inaccuracies in the data taken into account to grant the RSUs, the Company may claim back the RSUs or the shares vested or an equivalent amount in cash.

In addition, the long-term incentive plan takes into account quantitative parameters (relative total shareholder return and adjusted earnings per share) calculated over a three-year period, which allows the long-term performance of the Company to be taken into account. In addition, a minimum threshold is established below which no vesting shall occur and maximum limits on the amount of the plan, and it is provided that in the event of proven inaccuracies in the data taken into account to calculate the amounts of this plan, the Company may claim back the amount net of withholdings, taxes or fees corresponding to the incentive actually received.

Concerning the measures established to avoid conflicts of interest, the aforementioned sub-section two of section A.1 describes the disclosure and abstention duties of directors in situations involving conflicts of interest, which were also applicable in the last financial year.

B.3 Explain how remuneration accrued and consolidated during the financial year complies with the provisions of the current remuneration policy and, specifically, how it contributes to the long-term and sustainable performance of the company.

Also, please report on the relationship between remuneration obtained by directors and results or other short- and long-term performance measures for the entity, explaining where applicable how fluctuations in the company’s performance may have influenced fluctuations in director remuneration, including accruals the payment of which is deferred, and how they contribute to the company’s short- and long-term results.

2021

The remuneration of Directors in their capacity as such complies with the provisions of the current Policy given that the maximum total approved by the shareholders at the Meeting has been respected, the individual remuneration has been set based on the Policy, the Executive Directors have not received any remuneration for their membership of the Board or Committees, all the Directors have been reimbursed for duly justified expenses associated with travel and accommodation for purposes of attending meetings and the premiums for the civil liability insurance have been paid. Regarding the remuneration of the Executive Directors for the performance of their executive duties, they have complied with the provisions of the Policy as described in Section B.1.1.

The remuneration earned contributes to the long-term and sustainable performance of the Company, as it is based on a system designed to promote it, which avoids excessive risk-taking and the rewarding of unfavourable results. The Directors' remuneration is proportionate to the size of the Company, its economic situation and market standards of comparables. The remuneration of independent directors shall be such as is necessary but shall not be so high as to compromise their independence. The compensation system is based on market practices, to be capable of attracting, retaining and motivating the necessary talent.

The relationship between the variable remuneration components of the Executive Directors (described in detail under Section B.7) and the results or other measures of performance, short and long-term, of the Company, are as follows:

The annual variable remuneration of the Executive Directors consists of an annual variable amount, payable in cash and through the award of RSUs, linked to the achievement of targets (65% to the adjusted operating profit and 35% to the adjusted operating cash-flow of the Group).

In the case of the CEO, the variable amount will increase by 2% for each 1% increase over targets and decrease by 5% for each 1% decrease over targets. The target base of the variable remuneration is 80% of the fixed cash remuneration (maximum amount of 150% of the target base) (EUR 600,000 and EUR 900,000 respectively, with a minimum of EUR 0). For the CFO, the variable amount will increase by 2% for each 1% increase over target and decrease by 5% for each 1% decrease over target. The target base variable is 70.6% of the fixed cash remuneration (maximum amount of 200% of the target base) (EUR 188,753 and EUR 377,506 respectively, with a minimum of EUR 0). The bonus payout in 2021 measured according to the parameters of this remuneration scheme is 102.9% (101.5% achievement of adjusted operating profit target and 101.3% achievement of adjusted operating cash flow).

Moreover, the CEO and CFO have received 37.5% and 50% of their variable annual remuneration for 2021, respectively, in the form of RSUs.

To determine the number of RSUs to be awarded in both cases, the average share price of the Applus share in the 30 days before the date of grant of the RSUs will be used. Each RSU will be vested for one Applus share over a period of three years from the date of grant at a rate of 30% in each of the first two years and 40% in the last year.

The Company shall have the right to claim back any RSUs granted to the Executive Directors or the shares vested or an equivalent amount in cash if the information on which the grant of the RSUs was based are subsequently found to be inaccurate.

The long-term incentive plan (which started in 2016) means that Executive Directors will receive annually PSUs, each vested for one share in the Company three years after the date on which they were granted based on the level of achievement of certain benchmarks.

The CEO will receive each year PSUs for an amount of 60% of his fixed remuneration (EUR 450,000) and the CFO will receive each year PSUs for an amount of EUR 58,333, although depending on the level of compliance with the benchmarks referred to below, these amounts may ultimately vary. The value of each PSU will be equivalent to the average share price in the 30 days before the date of grant of the PSUs.

The number of PSUs to be converted will have a value depending on the level of achievement of such targets during the three years before conversion, so that such conversion corresponds to the performance of the Executive Directors during each three-years.

The following quantitative targets shall be taken into account: (a) target based on the relative total shareholder return over a three-year period, where the Company's TSR will be compared to an unweighted index made up of a group of comparable companies (40% of the total number of PSUs granted each year). 100% of the PSUs will vest if the TSR result is 1.67% per annum cumulatively higher than the index. For the period 2018-2020, no PSUs have been vested for this parameter; (b) a target for the adjusted earnings per share reported by Applus cumulatively over three years (60% of the total number of PSUs granted each year). The evaluation of the EPS target for this period was 0, and no PSUs were vested in connection with this target.

In the event of proven inaccuracies in the information taken into account to grant the PSUs, the Company may claim back the net amount, corresponding to such PSUs actually received.

B.4 Report on the result of the consultative vote of the shareholders at the general meeting on the annual report on remuneration for the previous financial year, stating the number of abstentions and negative, blank and affirmative votes cast in respect of such report:

	Number	% of total
Votes cast	105,537,206	73.79%

	Number	% of votes cast
Negative votes	17,519,060	16.60%
Votes in favour	85,072,898	80.61%
Blank votes	0	0%
Abstentions	2,945,248	2.80%

Comments

B.5 Explain how the fixed components accrued and consolidated during the financial year by the directors in their capacity as such have been determined, their relative proportion for each director and how they have varied with respect to the previous year

2021

The Board of Directors determined the fixed components of remuneration of directors in their capacity as such during the previous financial year, upon a proposal from the ARC, within the limits set by the shareholders at the General Shareholders' Meeting and based on the criteria established in the Remuneration Policy, as described in section B.1.1.

On 8 April 2020, Applus announced by way of notice of other relevant information (*comunicación de otra información relevante*) that its Board of Directors had approved a 30% reduction of the annual fixed remuneration of the Directors in their capacity as such, and of the fixed cash remuneration of the Executive Directors, as part of the measures adopted by the Company as a consequence of the continuing severe disruption caused by the Coronavirus crisis (COVID-19). This measure was maintained for three months, after which the Board of Directors approved the reinstatement of the fixed annual remuneration of the Directors in their capacity as such, and of the fixed cash remuneration of the Executive Directors, at the levels provided for, under the terms of the Remuneration Policy. The ARC took note of this reduction. Accordingly, the remuneration accrued and consolidated in 2020 for directors in their capacity as such was as follows:

- Members of the Board of Directors other than the Chairperson: EUR 55,500.
- Chairperson of the Board of Directors: EUR 231,250.
- Members of a Board Committee other than its Chairperson: EUR 18,500 per committee.
- Chairperson of a Board Committee: EUR 27,750 for each Committee.

Neither the proprietary directors (there are none) nor the executive directors received or currently receive any remuneration for their position on the Board of Directors or any of its Committees.

Therefore, when comparing the fixed components accrued and consolidated by the directors in their capacity as directors in 2021 vs. 2020, the fixed components accrued and consolidated in 2021 have increased compared to 2020 due to the reduction of the remuneration in 2020.

The relative proportion of the fixed components of each director to the total remuneration of the directors in their capacity as such has been as follows: Mr Christopher Cole 33.4% (increasing from 31.8% in 2020), Mr John D Hofmeister 4.2% (decreasing from 10.2% in 2020 due to him no longer being a member of the Board from 24 May 2021), Mr Ernesto Mata 9.5% (increasing from 9.1% in 2020), Mr Richard C. Nelson 10.5% (decreasing from 11.4% in 2020 due to his resignation on 17 November 2021), Mr Nicolás Villen 10.7% (increasing from 10.2% in 2020), Ms Cristina Henriquez 9.5% (increasing from 9.1% in 2020), Ms Mª Jose Esteruelas 9.8% (increasing from 9.1% in 2020 due to her appointment as a member of a Committee), Ms Essimari Kairisto 9.5% (increasing from 9.1% in 2020), Ms Marie-Françoise Damesin 1.2% and Mr Brendan Connolly 1.5% (both unreported in 2020 due to their appointment on 17 November 2021).

B.6 Explain how the salaries earned and consolidated, during the year ended, by each of the executive directors for the performance of management functions have been determined, and how they have varied with respect to the previous year.

2021

The salary accrued and consolidated in the financial year 2021 for the CEO corresponds to that agreed by the General Meeting of Shareholders in the Remuneration Policy (i.e., EUR 750,000), and is higher than the salary accrued and consolidated in the financial year 2020 due to the reduction by 30% for three months, compared to the amount set out in the Policy, as set out in section B.5 above. The benefits correspond to what was agreed by the General Meeting of Shareholders in the Remuneration Policy (i.e., with a maximum amount of EUR 75,000) and have been maintained in equivalent terms to the previous year. Likewise, the salary of the CFO accrued and consolidated since his appointment in the financial year 2021 corresponds to that agreed by the General Meeting of Shareholders in the Remuneration Policy (i.e., EUR 267,343), and is higher than the salary accrued and consolidated in the financial year 2020 due to the reduction by 30% for three months, compared to the amount set out in the Policy, as set out in section B.5 above. The benefits correspond to what was agreed by the General Meeting of Shareholders in the Remuneration Policy (i.e., with a maximum amount of EUR 35,080) and have been maintained in equivalent terms to the previous year. Likewise, the fixed remuneration in RSUs of the CFO corresponds to that agreed by the General Shareholders' Meeting in the Remuneration Policy (i.e., the result of dividing EUR 58,333 by the average value of the Applus share in the 30 days prior to the grant date) and has been maintained in equivalent terms to the previous year.

B.7 Explain the nature and main features of the variable components of the remuneration systems accrued and consolidated during the last financial year.

In particular:

a) Identify each remuneration scheme that has determined the different items of variable remuneration accrued by each director during the last financial year, including information on their scope, date of approval, implementation date, conditions for vesting if any, accrual and validity periods, criteria that have been used to evaluate performance and how it has impacted on the setting of the accrued variable amount, as well as the measurement criteria used and the period required to be able to properly measure all the stipulated conditions and criteria, explaining in detail the criteria and factors applied in terms of the time required and the methods to verify that the performance or other conditions to which the vesting of each component of variable remuneration was linked have been actually met.

b) In the case of schemes involving share options or other financial instruments, the general features of each plan are to include information on the conditions for acquiring unconditional ownership thereof (consolidation) and for being able to exercise said options or financial instruments, including the price and exercise period.

c) Refer to each director and their classification (executive director, proprietary external director, independent external director or other external directors), if they are beneficiaries of remuneration systems or schemes that incorporate variable remuneration.

d) If applicable, report on the established payment accrual, vesting or deferral periods of consolidated amounts that have been applied and/or periods for withholding/non-disposal of shares or other financial instruments, if any.

Explain the short-term variable components of the remuneration schemes

2021

There are only short-term variable remuneration components in favour of the Executive Directors. These components consist of a variable annual remuneration scheme approved in 2019 for the CEO in the terms in force in 2018 and approved for the CFO after his appointment by the shareholders at the General Shareholders' Meeting 2019 in terms equivalent to those he accrued as CFO.

The terms and conditions of this variable remuneration scheme, including its scope, accrual and validity periods, consolidation conditions, criteria used to evaluate performance and reflection thereof in the setting of the accrued variable amount, and criteria and measurement periods, describing criteria and factors applied as per the time required and the methods to verify effective fulfilment of the conditions, as well as the amounts accrued in 2021, are the following.

Annual variable remuneration:

The annual variable remuneration of the Executive Directors consists of an annual variable amount, payable in cash and through the award of rights to Applus shares known as restricted stock units ("**RSUs**"), linked to the achievement of targets (65% to the adjusted operating profit -AOP- and 35% to the adjusted operating cash-flow -AOCF- of the Group).

The approved AOP target for 2021 was 172,454 thousands of euros and the AOCF target was 176,330 thousands of euros.

In the case of the CEO, the variable amount will increase by 2% for each 1% increase over targets and decrease by 5% for each 1% decrease over targets. The target base of the variable remuneration has been set as 80% of the fixed cash remuneration and a maximum amount of 150% of the target base has been set (i.e., EUR 600,000 and EUR 900,000 respectively, with a minimum of EUR 0). For the CFO, the variable amount will increase by 2% for each 1% increase over target and decrease by 5% for each 1% decrease over target. The target base variable has been set as 70.6% of the fixed cash remuneration and a maximum amount of 200% of the target base has been set (i.e., EUR 188,753 and EUR 377,506 respectively, with a minimum of EUR 0). The bonus payout in 2021 measured according to the parameters of this remuneration scheme is 102.9% (101.5% achievement of adjusted operating profit target and 101.3% achievement of adjusted operating cash flow).

The payout of the annual variable remuneration of the Executive Directors is approved by the Board of Directors upon a proposal of the ARC, which is responsible for assessing in detail the degree of compliance with the targets with a sufficient verification thereof. Concerning such verification, the adjusted operating profit and adjusted operating cash flow are taken based on Applus' annual accounts after their preparation, review and reporting by the Company's auditor. For 2021, the assessment found compliance with both the adjusted operating profit target and the adjusted operating cash flow target.

Moreover, the CEO has received 37.5% of his variable annual remuneration for 2021 in the form of RSUs (the remaining 62.5% in cash), and the CFO has received 50% of his variable annual remuneration for 2021 in the form of RSUs (the remaining 50% in cash). To clarify, and by way of example only, if in any given year the amount of remuneration to be received were to coincide with the target variable remuneration (EUR 600,000) the CEO would receive EUR 375,000 in cash and EUR 225,000 in RSUs. Also, if in any given year the amount of remuneration to be received were to coincide with the target variable remuneration (EUR 188,753) the CFO would receive EUR 94,376 in cash and EUR 94,376 in RSUs.

To determine the number of RSUs to be awarded in both cases, the average share price of the Applus share in the 30 days before the date of grant of the RSUs will be taken into account. RSUs will be awarded each year on the day on which the Board approves the annual results of Applus and the amount of the annual variable remuneration of each executive director. Specifically, the RSUs corresponding to the financial year 2021 have been granted in February 2022.

Each RSU will be vested for one Applus share over a period of three years from the date of grant at a rate of 30% in each of the first two years and 40% in the last year (30% of the RSUs for 2021 will be vested for shares in February 2023, another 30% in February 2024 and the remaining 40% in February 2025). In addition, RSUs could be vested into shares early in certain circumstances.

The Company shall have the right to claim back any RSUs granted to the Executive Directors (or, if already vested for shares, the shares vested) or an equivalent amount in cash if the information on which the grant of the RSUs was based are subsequently found to be inaccurate.

Explain the long-term variable components of the remuneration schemes

2021

The Executive Directors are the only members of the Board entitled to long-term variable remuneration. These components consist of a long-term incentive plan that was approved by the shareholders at the General Shareholders' Meeting 2016 and which has remained unchanged to date, applying since then to the Executive Directors (in the case of the CFO, before his appointment by the General Shareholders' Meeting 2019, as CFO).

The terms and conditions of this incentive plan, including its scope, accrual and validity periods, consolidation conditions, criteria used to evaluate performance and the reflection thereof in the setting of the accrued variable amount, and criteria and measurement periods, describing criteria and factors applied as per the time required and the methods to verify effective fulfilment of the conditions, as well as the amounts accrued in 2021, are the following.

Long-term incentive plan:

The long-term incentive plan (which started in 2016 under the then-current Remuneration Policy) means that Executive Directors will receive annually performance stock units ("**PSUs**"), each vested for one share in the Company three years after the date on which they were granted based on the level of achievement of certain benchmarks.

Under this plan, the CEO will receive each year PSUs for an amount equivalent, initially, to 60% of his fixed remuneration (EUR 450,000) and the CFO will receive each year PSUs for an amount equivalent, initially, to EUR 58,333, although depending on the level of compliance with the benchmarks referred to below, these amounts may ultimately vary as indicated below. The value of each PSU will be equivalent to the average share price of the Company's shares in the 30 days before the date of grant of the PSUs.

PSUs will be granted each year on the day the Board of Directors approves Applus' annual results. The number of PSUs to be granted to the CEO may be adjusted during each financial year if his fixed remuneration is modified. However, the day on which the Board of Directors approves the results of the relevant year shall be taken as the day on which the additional PSUs are granted.

The PSUs granted in each financial year will be converted into shares within three years from the date of grant if the targets described below are met. The number of PSUs to be converted will have a value of between 0% and 120% of the fixed remuneration of the CEO and between 0% and 200% of EUR 58,333 in the case of the CFO, depending on the level of achievement of such targets during the three years before conversion, so that such conversion corresponds to the professional performance of the Executive Directors during each three-year period.

The ARC is responsible for assessing in detail the degree of compliance with the criteria and objectives established for the vesting of the incentive plan. Therefore, for the evaluation of the February 2021 incentive plan, and to perform a sufficient verification of such compliance, the ARC, on the one hand, requested PWC to provide an independent report evaluating the TSR benchmark, and on the other hand, used the annual accounts of Applus after their formulation, and their review and issuance of the report by the Company's auditor, to assess the EPS.

The following quantitative targets shall be taken into account for the conversion of PSUs:

(a) A target based on the relative total shareholder return ("**TSR**") over a three-year period, where the Company's TSR will be compared to an unweighted index made up of a group of comparable companies within the inspection and certification industry. These companies are SGS S.A., Intertek Group PLC, Core Laboratories, Inc., ALS Limited, Bureau Veritas S.A., Eurofins Scientific S.E., Mistras Group, Inc., TEAM Industrial Services, Inc.

    This target will represent 40% of the total number of PSUs granted each year.

    Out of this 40%, 50% of the PSUs will be converted into shares if the TSR figure is equal to the index and 200% of the PSUs will be converted into shares if such figure is 5% per annum cumulatively higher than the index. Between the index value and the TSR value entitling to a conversion into shares of 200% of the PSUs, the conversion will be made according to a linear interpolation between these two values. As a result, 100% of the PSUs will vest if the TSR result is 1.67% per annum cumulatively higher than the index.

    If the TSR figure is below the index, no PSUs will accrue in respect of this target. For the period 2018-2020, no PSUs have been vested for this parameter.

(b) A target for the adjusted earnings per share (*Adjusted Earnings per Share* or "**EPS**") reported by Applus cumulatively over three years.

    This target will represent 60% of the total number of PSUs granted each year.

The Board of Directors will establish specific thresholds for this parameter at which 50%, 100% and 200% (within the 60% that this benchmark represents) of the target PSUs will be converted into shares. The maximum number of PSUs that can be converted into shares is 200% of the target PSUs.

If the EPS figure is below the threshold entitling to a conversion of 50% PSUs into shares, no PSUs will vest in respect of this parameter.

The evaluation of the EPS target for this period was 0, and no PSUs were vested in connection with this target.

In the event of proven inaccuracies in the information taken into account to grant the PSUs, mechanisms will be established to enable the Company to claim back the amount, net of withholdings, taxes or fees, corresponding to such PSUs actually received by each executive director. In addition, PSUs may be converted into shares early in certain circumstances.

B.8 State whether certain accrued variable components have been reduced or reclaimed (malus/clawback), when payment of non-vested amounts has been deferred in the former case, or consolidated and paid in the latter case, based on information that has later been clearly proven to be inaccurate. Describe the amounts reduced or returned due to the application of malus/clawback clauses, why they have been enforced and the financial years to which they correspond.

<u>2021</u>

There was no reduction or reclaiming of any accrued variable component in the financial year 2021, as no inaccuracy was identified in the information used for purposes of calculation thereof.

B.9 Explain the main features of the long-term savings schemes whose annual equivalent amount or cost is included in the tables in Section C, including retirement and any other survival benefit, either partially or wholly financed by the company and whether funded internally or externally, stating the type of scheme, whether it is defined-contribution or defined-benefit, the contingencies it covers, the conditions for consolidation of economic rights in favour of directors, and the compatibility thereof with any class of indemnity for early termination or cessation of the contractual relationship between the company and the director.

<u>2021</u>

Under the provisions of the Remuneration Policy, the CEO of the Company is entitled to receive an annual contribution to his pension scheme. The pension plan is a defined contribution system whose annual amount is the difference between 10% of the Director's annual fixed cash remuneration and the amount of benefits actually received by the CEO during the year. The only limitation or restrictive condition for the enjoyment of the pension plan by the executive director is that its enjoyment shall be executed in accordance with what is set forth in the Spanish applicable regulations. The plan is compatible with payments arising from the termination of the contractual relationship between the executive director and Applus.

Also, under the provisions of the Remuneration Policy, the Company's CFO may elect to receive an annual contribution to his pension plan because of the benefits obtained during the financial year, which will have a maximum total cost equal to EUR 35,080. The pension plan is configured as a defined contribution system and the only limitation or restrictive condition for its enjoyment is that its enjoyment shall be executed in accordance with what is set forth in the Spanish applicable regulations. The plan is compatible with the payments arising from the termination of the contractual relationship between the executive director and Applus.

The amount contributed to the plan in 2021 is shown in section B.1.1 above.

B.10 Explain, if applicable, the indemnities or any other class of payment arising from early cessation, whether at the will of the company or the director, or from the termination of the contract on the terms provided therein, accrued and/or received by the directors during the last financial year.

<u>2021</u>

Applus has committed to the following payments, indemnities and covenants vis-à-vis the Executive Directors:

(i) Exclusivity: Executive Directors have an exclusivity obligation vis-à-vis the Company as described in the following sub-section, which is not specifically remunerated.

(ii) Termination: The CEO is not entitled to any consideration as a result of the mere termination of their agreement, except as provided for in the post-contractual non-compete agreement. The CFO is entitled to a severance payment (net of tax) equal to twice the total net cash remuneration received in the year before the termination of his agreement in the event of (a) termination of the agreement decided by the Company, whatever its form, except in the event of disciplinary dismissal declared fair (*despido disciplinario*) by the labour courts in a final judgment and (b) termination of the agreement decided by the CFO himself, whatever its form and cause, except in the event of resignation or voluntary severance without cause.

If one of the Executive Directors or the Company fails to comply with the notice period (six months for the CEO and three months for the CFO), the other party would be entitled to compensation equivalent to the fixed remuneration of the relevant executive director for the duration of the breached notice period.

(iii) Post-contractual non-compete: The Executive Directors shall not engage in competition with the Company or any company of the Applus group. The CEO's non-competition undertaking shall have a duration of two years from the termination of his contract. In return, the CEO shall be entitled to receive an amount equal to twice the annual fixed cash remuneration received in the last year before the termination of the contract, to be paid during the 24 months following such termination in equal monthly instalments. This amount shall be reduced by the amount if any, that the Company must pay to the CEO as statutory indemnity -which may arise from the application of the corresponding statutory rule- for the termination of the contract, so that the total amount to be received by the CEO after the termination of the contract does not exceed, in any case, twice the annual fixed remuneration received in the last year before the termination of the contract. This reduction shall be apportioned equally among the monthly payments to be made to the CEO. If the CEO breaches this commitment and competes with the Company or any group company, he shall return the amounts paid by the Company in compensation for the non-compete covenant.

In turn, the CFO’s non-compete undertaking will have a duration of one year from the termination of his contract. As consideration, the CFO will be entitled to receive an amount equal to 50% of the fixed annual remuneration he is receiving at the date of termination of the contract, to be paid during the 12 months following such termination in equal monthly instalments. If the CFO breaches his undertaking, he must return the sums paid by the Company as consideration for the covenant and shall pay to the Company compensation in an equivalent amount (that is, 50% of the fixed annual remuneration that he is receiving at the date of termination of the contract).

Other than as stated above, Applus has not agreed to any other payments or indemnities for termination or early termination or otherwise arising from the termination of the contractual relationship with its directors, or any covenants such as exclusivity, post-contractual non-compete, continuance in office or loyalty covenants entitling its directors to any payment whatsoever.

However, on the occasion of the new Remuneration Policy for financial years 2022, 2023 and 2024 to be submitted for approval at the 2022 Annual General Meeting of the Company, Applus will assume the payments, indemnities and covenants in respect of the Executive Directors set out in section A.1.8 above.

In 2021, no severance or other payments whatsoever were accrued or received by any director of Applus as a result of the early termination or expiry of their agreements.

B.11 State whether there have been significant amendments to the contracts of those performing senior management duties as executive directors and explain them, if applicable. Also explain the main terms and conditions of new contracts signed with executive directors during the financial year, unless already explained in section A.1.

2021

No amendments have been made to the contracts of Executive Directors in 2021, whose terms and conditions -in addition to those relating to remuneration- are as follows:

(i) Term: The contracts with the Executive Directors are of indefinite duration.

(ii) Exclusivity: While performing executive duties, the Executive Directors shall not have any direct or indirect interest in any other business or activity that could entail a conflict of interest regarding their duties and responsibilities in the Company or concerning the activity of the Company and the Applus group.

(iii) Termination: The contracts with the Executive Directors may be terminated at any time at the will of the relevant executive director or of the Company, provided that written notice is given to the other party (six months' notice in the case of the CEO and three months' notice in the case of the CFO). In the event of non-compliance with this period of notice, the defaulting party shall pay to the other party the compensation referred to in the preceding sub-section.

(iv) Post-contractual non-compete: See above. Likewise, in the case of the CEO, competition shall be understood as the provision of any type of service, on his own account or on behalf of others, whether in executive or advisory functions, or the direct or indirect promotion of the creation of companies or entities that will develop a competing business, as well as the holding of any stakes in such companies or entities. A competing business shall be understood to be any activity which, at the time of termination of the CEO's contract, is being carried on by any group company or which it is planned to commence within the following 12 months. Furthermore, the CEO shall not engage or participate in the engagement of employees who, at the time of termination of his contract or within the preceding 12 months, are or have been employed by the Company or any group company.

In the case of the CFO, competition shall mean the performance of the following activities or actions, on behalf of or for its own account or for the account of others, directly or indirectly: (a) producing, offering, offering, distributing or marketing the same or similar products or services to those being offered or planned to be offered by the group at the time of termination of the contract; (b) making offers, proposals, seeking or approaching or inducing to engage natural or legal persons to whom the CFO is aware that Applus, its subsidiaries or its investees have provided them with goods or professional services at any time during the two years prior to the termination date, or were negotiating with Applus or any other group company for the performance of activities or services for the Applus group at the aforementioned termination date; or (c) in relation to persons who, on the termination date of the contract, or in the six months prior thereto, were employed by Applus or any group company, make offers or proposals to them or induce or solicit them to leave Applus or any group company, or engage or employ them for another person or cause them to be engaged by another person carrying on business in competition with any of the businesses of the Applus group.

Note that, on the occasion of the new Remuneration Policy for 2022, 2023 and 2024 to be submitted for approval at the 2022 Annual General Meeting of the Company, the contracts of the Executive Directors will be modified as described in sections A.1.8 and A.1.9 above.

B.12 Explain any supplementary remuneration accrued by the directors as consideration for services provided other than those inherent to their position.

2021

The directors did not provide services other than those inherent to their position in the financial year 2021, and therefore no additional remuneration has been accrued in this respect.

B.13 Explain any remuneration arising from the grant of advances, loans and guarantees, stating the interest rate, the essential features thereof and any amounts reimbursed, as well as the obligations assumed under the guarantee.

2021

No remuneration has accrued for these items and no obligation of this nature was assumed in the financial year 2021.

B.14 Describe the remuneration in kind accrued by the directors during the financial year, briefly explaining the nature of the different salary components.

2021

The remuneration in kind is only for the Executive Directors. Under the Remuneration Policy, the CEO shall receive other benefits to a maximum cost equal to 10% of the annual fixed remuneration in cash. In addition, each year the Company will contribute to the CEO's pension plan an amount equal to the difference between the aforementioned 10% of his fixed remuneration and the cost of the benefits actually received by the CEO in that year.

Under the provisions of the Remuneration Policy, the CFO shall receive other benefits to a maximum cost equal to EUR 35,080, which may include, among other items, a contribution to the pension plan of his choice.

In the financial year 2021, the CEO has accrued benefits as remuneration in kind at a total cost of benefits received of EUR 31,834.28. These benefits include the use of a company vehicle and fuel, medical insurance for him and his family (including an annual check-up for him and his wife), and life insurance (with an indemnity of EUR 150,000 in the event of death or permanent disability and of EUR 300,000 in the event of accidental death). In addition, during the financial year 2021, the Company has contributed to the CEO’s pension scheme a gross amount of EUR 43,165.72.

In the financial year 2021, the CFO has accrued benefits as remuneration in kind at a total cost of benefits received of EUR 33,080.00. These benefits include the use of a company vehicle and fuel, medical insurance for him and his family (including an annual check-up for him and his wife) and life insurance (with an indemnity of EUR 608,015 in the event of death or permanent disability and of EUR 1,216,030 in the event of accidental death), membership and professional association fees. In addition, during the financial year 2021, the Company has contributed to the CFO's pension scheme a gross amount of EUR 2,000.00.

B.15 Explain the remuneration accrued by the director under payments made by the listed company to a third-party entity in which the director provides services, when said payments are intended to remunerate the services thereof within the company.

2021

No such payments were made in the financial year 2021.

B.16 Explain and detail the amounts accrued during the year in relation to any other remuneration item other than those listed above, whatever its nature or the group entity paying it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true and fair view of the total remuneration accrued by the director, explaining the amount granted pending payment, the nature of the consideration received and the reasons why it would have been considered, where appropriate, that it does not constitute remuneration to the director in his capacity as such or in consideration for the performance of his executive duties, and whether or not it has been considered appropriate to include it among the amounts accrued under "other items" in section C.

2021

During the financial year 2021, the CEO has accrued a cash supplement of EUR 10,810.08 correspond to a cash payment linked to the benefits to bring the currently received benefits into line with the agreement reached with the CEO at the time he was hired. This supplement is associated with the corresponding benefits, and would not be received if said benefits were to disappear. This cash amount of EUR 10,810.08 is shown in Table C1 of this report under the "Other items" section of the company's remuneration accrued in cash and is included in the cost of the benefits actually received by the CEO, excluding contributions to the pension scheme (EUR 43,165.72).

Similarly, during the financial year 2021, a cash supplement of EUR 12,335.95 has accrued to the CFO, correspond to a cash payment linked to the benefits to bring the currently received benefits into line with the agreement reached with the CFO at the time he was hired. This allowance is linked to the corresponding benefits, and would not be received if these benefits were to disappear. This cash amount of EUR 12,335.95 is reflected in table C1 of this report under the "Other items" section of the remuneration paid by the Company in cash and is included in the cost of the benefits actually received by the CFO, excluding contributions to the pension scheme (EUR 2,000.00).

C DETAILS OF INDIVIDUAL REMUNERATION CORRESPONDING TO EACH DIRECTOR

Name	Classification	Accrual period t
Fernando Basabe Armijo	Executive	From 01/01/2021 to 31/12/2021
Joan Amigó Casas	Executive	From 01/01/2021 to 31/12/2021
Christopher Cole	Independent	From 01/01/2021 to 31/12/2021
Ernesto Gerardo Mata López	Other external	From 01/01/2021 to 31/12/2021
John Daniel Hofmeister	Independent	From 01/01/2021 to 24/05/2021
Richard Campbell Nelson	Independent	From 01/01/2021 to 17/11/2021
Nicolás Villén Jiménez	Independent	From 01/01/2021 to 31/12/2021
María Cristina Henríquez de Luna Basagoiti	Independent	From 01/01/2021 to 31/12/2021
Maria José Esteruelas Aguirre	Independent	From 01/01/2021 to 31/12/2021
Essimari Kairisto	Independent	From 01/01/2021 to 31/12/2021
Marie-Françoise Madeleine Damesin	Independent	From 17/11/2021 to 31/12/2021
Brendan Wynne Derek Connolly	Independent	From 17/11/2021 to 31/12/2021

2.1 Complete the following tables concerning the individual remuneration of each director (including remuneration for the performance of executive duties) accrued during the financial year.

a) Remuneration from the company covered by this report:

i) Remuneration accrued in cash (in thousands of €)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	Total financial year t	Total financial year t-1
Fernando Basabe Armijo	0	0	0	750	386	0	0	11	1,147	912
Joan Amigó Casas	0	0	0	267	97	0	0	12	376	299
Christopher Cole	250	0	30	0	0	0	0	0	280	259
Ernesto Gerardo Mata López	60	0	20	0	0	0	0	0	80	74
John Daniel Hofmeister	30	0	15	0	0	0	0	0	45	83
Richard Campbell Nelson	53	0	35	0	0	0	0	0	88	93
Nicolás Villén Jiménez	60	0	30	0	0	0	0	0	90	83
María Cristina Henríquez de Luna Basagoiti	60	0	20	0	0	0	0	0	80	74
Maria José Esteruelas Aguirre	60	0	22	0	0	0	0	0	82	74
Essimari Kairisto	60	0	20	0	0	0	0	0	80	74
Marie-Francoise Madeleine Damesin	7	0	3	0	0	0	0	0	10	N/A
Brendan Wynne Derek Connolly	7	0	5	0	0	0	0	0	12	N/A

Comments
The accrued remuneration for the year t-1 includes the reduction approved in 2020 of 30% of the remuneration for three months on the annual fixed remuneration of the directors in their capacity as such, and the fixed cash remuneration of the Executive Directors concerning the amounts provided for the year, as part of the measures taken by the Company as a consequence of the continuing severe disruption caused by the Coronavirus crisis (COVID-19). The remuneration accrued for the following directors corresponds to the period of less than one year during which they were members of the Board of Directors and its Committees due to their appointment or resignation during the year:

- Mr John Daniel Hofmeister was no longer a member of the Board from 24 May 2021.
- Mr Richard Campbell Nelson resigned on 17 November 2021.
- Ms Maria José Esteruelas Aguirre was appointed as a member of the Environmental, Social and Governance Responsibility Committee on 17 November 2021.
- Mr Christopher Cole was appointed as Chairman of the Nomination and Remuneration Committee on 24 May 2021 but received no remuneration on this respect.
- Ms Marie-Françoise Madeleine Damesin was co-opted as an independent director on 17 November 2021.
- Mr Brendan Wynne Derek Connolly was co-opted as an independent director on 17 November 2021.

Under the long-term incentive plan, Mr Fernando Basabe Armijo and Mr Joan Amigó did not receive in February 2020 economic benefits equal to the value of the dividends that would have been paid on the gross PSUs awarded in 2018 which would have vested in 2021. As no PSUs were vested, no dividends have been received in this regard.

Messrs. Fernando Basabe Armijo and Joan Amigó received a cash supplement included in the cost of the benefits actually received (EUR 10,810.08 and EUR 12,335.95, respectively).

ii) Table of movements in share-based remuneration schemes and net return on consolidated shares or financial instruments

Name	Name of Plan	Financial instruments at start of financial year t		Financial instruments granted during financial year t		Financial instruments consolidated during financial year t				Instruments mature but not exercised	Financial instruments at end of financial year t	
		No. of instruments	Equivalent no. of shares	No. of instruments	Equivalent no. of shares	No. of instruments	Equivalent/consolidated no. of shares	Price of consolidated shares	Net Return on consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	Equivalent no. of shares
Fernando Basabe Armijo	Variable annual remuneration scheme	52,330	52,330	28,179	28,179	28,179	28,179	8.216	232	0	66,539	66,539
	Long-term incentive plan	125,862	125,862	51,291	51,291	0	0	8.75	0	0	137,348	137,348
Joan Amigó Casas	Fixed remuneration	16,314	16,314	6,649	6,649	6,649	6,649	8.75	58	0	17,804	17,804
	Variable annual remuneration scheme	24,328	24,328	11,820	11,820	11,820	11,820	8.216	97	0	27,572	27,572
	Long-term incentive plan	16,315	16,315	6,649	6,649	0	0	8.75	0	0	17,805	17,805

Comments
During the financial year 2021, the CEO accrued (i) 28,179 RSUs by way of variable remuneration (awarded in 2022, which were accured in the financial year 2021); and (ii) 51,291 PSUs under the long-term incentive plan awarded in 2021, subject to a three-year vesting period. In addition, 13,970 RSUs granted in 2018, 2019 and 2020 as variable remuneration were vested into shares in 2021 (7,594 shares were awarded net of taxes), and no PSUs (out of the 39,805 PSUs granted in 2018 under the long-term incentive plan which would have vested) were vested. During the financial year 2021, the CFO accrued (i) 6,649 RSUs by way of his fixed remuneration awarded in 2021, which were accrued in the financial year 2021; and (ii) 11,820 RSUs in relation to his variable remuneration (awarded in February 2022, which were accrued in the financial year 2021); and (iii) 6,649 PSUs under the long-term incentive plan awarded in 2021, subject to a three-year vesting period. In addition, 5,159 RSUs granted as his fixed remuneration in 2018 have been vested into shares in 2021 (despite Applus' shares having been awarded net of taxes (i.e. 2,933 shares)), as well as 8,576 RSUs in relation to his variable remuneration granted in 2018, 2019 and 2020 (despite Applus' shares having been awarded net of taxes (i.e. 4,877 shares)), and no PSUs (out of the 5,159 PSUs granted in 2018 under the long-term incentive plan which would have vested) were vested. The price of the vested shares has been (i) EUR 8.75 for the RSUs relative to the CFO's fixed remuneration and for the PSUs granted in 2018 if they had vested in 2021 (no PSUs vested); and (ii) EUR 8.216 for the RSUs relative to the variable remuneration (awarded in February 2022). The number of shares held by members of the Board of Directors is publicly available on the Board of Directors page of the Company's corporate website.

iii) Long-term savings schemes

	Remuneration for consolidation of savings scheme rights
Fernando Basabe Armijo	43
Joan Amigó Casas	2

Name	Contribution in financial year by company (thousands of €)				Amount of accumulated funds (thousands of €)			
	Savings schemes with consolidated economic rights		Savings schemes with non-consolidated economic rights		Financial year t		Financial year t-1	
	Financial year t	Financial year t-1	Financial year t	Financial year t-1	Schemes with consolidated economic rights	Schemes with non-consolidated economic rights	Schemes with consolidated economic rights	Schemes with non-consolidated economic rights
Fernando Basabe Armijo	43	46	0	0	164	0	121	0
Joan Amigó Casas	2	8	0	0	86	0	84	0

Comments
Mr Joan Amigó i Casas and Mr.Fernando Basabe received an annual contribution to their pension plan as part of the benefits accrued to him during the financial year, under the provisions of the Remuneration Policy.

iv) Details of other items

Name	Item	Remuneration amount
Fernando Basabe Armijo	Cost of benefits in kind: total cost of benefits actually received EUR 31,834.28 – cash amount associated therewith EUR 10,810.08.	21
Joan Amigó Casas	Cost of benefits in kind: total cost of benefits actually received EUR 33,080.00 – cash amount associated therewith EUR 12,335.95.	21

Comments
Executive Directors received cash supplements related to benefits in kind, so the cost of benefits in kind not covered in previous sections (i.e. excluding pension contributions) does not include these items.

b) Remuneration paid to directors of the listed company as members of the governing bodies of the Company's subsidiaries:

i) Remuneration accrued in cash (in thousands of €)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	Total financial year t	Total financial year t-1
Christopher Cole	0	0	0	0	0	0	0	0	0	0
Fernando Basabe Armijo	0	0	0	0	0	0	0	0	0	0
Ernesto Gerardo Mata López	0	0	0	0	0	0	0	0	0	0
John Daniel Hofmeister	0	0	0	0	0	0	0	0	0	0
Richard Campbell Nelson	0	0	0	0	0	0	0	0	0	0
Nicolás Villén Jiménez	0	0	0	0	0	0	0	0	0	0
Cristina Henríquez de Luna Basagoiti	0	0	0	0	0	0	0	0	0	0
Maria José Esteruelas Aguirre	0	0	0	0	0	0	0	0	0	0
Essimari Kairisto	0	0	0	0	0	0	0	0	0	0
Marie-Françoise Madeleine Damesin	0	0	0	0	0	0	0	0	0	0
Brendan Wynne Derek Connolly	0	0	0	0	0	0	0	0	0	0
Joan Amigó Casas	0	0	0	0	0	0	0	0	0	0

Comments

ii) Table of movements in share-based remuneration schemes and net return on consolidated shares or financial instruments

iii) Long-term savings schemes

iv) Details of other items

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

The summary must include the amounts corresponding to all remuneration items included in this report that the director has accrued, in thousands of euros.

	Remuneration accrued in the Company					Remuneration accrued in group companies					
Name	**Total cash remuneration**	**Net return on consolidated shares or financial instruments**	**Remuneration for savings schemes**	**Remuneration for other items**	**Company total financial year t**	**Total cash remuneration**	**Net return on consolidated shares or financial instruments**	**Remuneration for savings schemes**	**Remuneration for other items**	**Group total financial year t**	**Company + group total financial year t**
Fernando Basabe Armijo	1,147	232	43	21	1,443	0	0	0	0	0	1,443
Joan Amigó Casas	376	155	2	21	554	0	0	0	0	0	554
Christopher Cole	280	0	0	0	280	0	0	0	0	0	280
Ernesto Gerardo Mata López	80	0	0	0	80	0	0	0	0	0	80
John Daniel Hofmeister	45	0	0	0	45	0	0	0	0	0	45
Richard Campbell Nelson	88	0	0	0	88	0	0	0	0	0	88
Nicolás Villén Jiménez	90	0	0	0	90	0	0	0	0	0	90
Cristina Henríquez de Luna Basagoiti	80	0	0	0	80	0	0	0	0	0	80
Maria José Esteruelas Aguirre	82	0	0	0	82	0	0	0	0	0	82
Essimari Kairisto	80	0	0	0	80	0	0	0	0	0	80
Marie-Françoise Madeleine Damesin	10	0	0	0	10	0	0	0	0	0	10
Brendan Wynne Derek Connolly	12	0	0	0	12	0	0	0	0	0	12

Total:	2,370	387	45	42	2,844	0	0	0	0	0	2,844

Comments

C.2 Please describe the evolution over the last five years in the amount and percentage variation in the remuneration earned by each of the directors of the listed company during the year, the consolidated results of the company and the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Financial year t	% variation t/t-1	Financial year t-1	% variation t-1/t-2	Financial year t-2	% variation t-2/t-3	Financial year t-3	% variation t-3/t-4	Financial year t-4
Executive Directors									
Fernando Basabe Armijo	1,443	-23.12%	1,877	-2.49%	1,925	36.04%	1,415	-74.34%	5,514
Joan Amigó Casas	554	0.00%	554	78.71%	310	N/A	N/A	N/A	N/A
External Directors									
Christopher Cole	280	8.11%	259	-10.07%	288	1.41%	284	23.48%	230
Ernesto Gerardo Mata López	80	8.11%	74	-7.50%	80	-4.76%	84	-6.67%	90
John Daniel Hofmeister	45	-45,78%	83	-7.78%	90	0.00%	90	0.00%	90
Richard Campbell Nelson	88	-5.38%	93	-7.00%	100	0.00%	100	0.00%	100

Nicolás Villén Jiménez	90	8.43%	83	-7.78%	90	4.65%	86	7.50%	80
Cristina Henríquez de Luna Basagoiti	80	8.11%	74	-7.50%	80	0.00%	80	0.00%	80
Maria José Esteruelas Aguirre	82	10.81%	74	15.63%	64	N/A	N/A	N/A	N/A
Essimari Kairisto	80	8.11%	74	27.59%	58	N/A	N/A	N/A	N/A
Marie-Françoise Madeleine Damesin	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Brendan Wynne Derek Connolly	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Consolidated results of the company	**75,617**	**153.15%**	**-142,259**	**-233.07%**	**106,905**	**27.96%**	**83,544**	**36.21%**	**61,334**
Average employee remuneration	**41.45**	**6.00%**	**39.10**	**-10.49%**	**43.69**	**2.40%**	**42.66**	**-6.00%**	**45.39**

Comments

Fields marked N/A correspond to financial years before the appointment of the relevant director.

Concerning variations considered significant: for the 2018 financial year, the 74.34% decrease in the remuneration of Mr Fernando Basabe is due to the fact that, in the 2017 financial year, higher amounts were consolidated than in the 2018 financial year under share-based remuneration systems and consequent gross profit from consolidated shares or financial instruments within the framework of his variable remuneration. The 23.48% increase in Mr Christopher Cole's remuneration is due to his appointment as a member of the Nomination and Remuneration Committee in 2018, which resulted in additional remuneration. For the financial year 2019, the increase by 36.04% in the remuneration of Mr Fernando Basabe is due to the fact that higher amounts were consolidated than in the financial year 2018 under share-based remuneration systems and consequent gross profit from consolidated shares or financial instruments within the framework of his variable remuneration. For the 2020 financial year, the 78.71% increase in the remuneration of Mr Joan Amigó Casas is due to the fact that 2020 was his first full financial year as Executive Director, and consequently, higher amounts were consolidated than in the 2019 financial year under share-based remuneration systems and consequent gross profit from consolidated shares or financial instruments within the framework of his variable remuneration. Furthermore, the increase of 15.63% and 27.59% in the remuneration of Ms María José Esteruelas and Ms Essimari Kairisto is due to the fact that it was their first full year as directors. For the 2021 financial year, the 45.78% decrease in the compensation of Mr. John Daniel Hofmeister is due to the fact that he resigned from all his positions, which led to a decrease in his compensation. Moreover, the -23.12% decrease in the remuneration of Mr Fernando Basabe is due to the fact that lower amounts were consolidated than in the financial year 2020 under share-based remuneration systems and consequent gross profit from consolidated shares or financial instruments within the framework of his variable remuneration.

D

OTHER INFORMATION OF INTEREST

Provide a brief description of any significant aspects relating to director remuneration that it has not been possible to include in the other sections of this report but which require inclusion to provide more complete and reasoned information on the company's remuneration structure and practices concerning its directors.

None.

This annual remuneration report was approved by the company's board of directors at its meeting held on 24 February 2022.

Indicate whether any directors voted against or abstained about the approval of this Report.

Yes ☐ No ☒

Name or company name of any member of the board of directors who did not vote in favour of the approval of this report	Reasons (against, abstention, non-attendance)	Explanation of reasons