Applus Services, S.A. and Subsidiaries

Integrated Consolidated Directors' Report of Consolidated Financial Statements for the year ended 2021

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Applus Services, S.A. and Subsidiaries

Independent Limited Assurance Report on the Consolidated Non-Financial Information Statement for the Year ended 31 December 2021

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

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

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF APPLUS SERVICES, S.A. AND SUBSIDIARIES FOR 2021

To the Shareholders of Applus Services, S.A.,

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Financial and Non-Financial Information (ESG) Report, which contains the Non-Financial Information Statement ("NFIS") for the year ended 31 December 2021 of Applus Services, S.A. and Subsidiaries ("Applus" or "the Group"), which forms part of the Consolidated Directors' Report of Applus.

The Financial and Non-Financial Information (ESG) Report includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards for sustainability reporting in their core version ("GRI standards"), that was not the subject matter of our attestation engagement. In this regard, our work was confined solely to verifying the information identified in the "Cross-reference table: GRI and Global Compact" and the "Cross-reference table: Content of Spanish Law 11/2018" of the Financial and Non-Financial Information (ESG) Report.

Responsibilities of the Directors

The preparation and content of the Financial and Non-Financial Information (ESG) Report of Applus are the responsibility of the directors of Applus. The Financial and Non-Financial Information (ESG) Report was prepared in accordance with GRI standards in their core version. The NFIS included in the Financial and Non-Financial Information (ESG) Report was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the "Cross-reference table: Content of Spanish Law 11/2018" of the Financial and Non-Financial Information (ESG) Report.

These responsibilities of the directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the Financial and Non-Financial Information (ESG) Report and the NFIS to be free from material misstatement, whether due to fraud or error.

The directors of Applus are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the Financial and Non-Financial Information (ESG) Report and the NFIS is obtained.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements regarding non-financial information statements.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is also substantially lower.

Our work consisted of making inquiries of management and the various units of Applus that participated in the preparation of the Financial and Non-Financial Information (ESG) Report, which includes the NFIS, reviewing the processes used to compile and validate the information presented in the Financial and Non-Financial Information (ESG) Report, and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Applus personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.

- Analysis of the scope, relevance and completeness of the contents included in the Financial and Non-Financial Information (ESG) Report for 2021 based on the materiality analysis performed by Applus and described in the "Commitment to our stakeholders and materiality" section of chapter 3 of the Financial and Non-Financial Information (ESG) Report, taking into account the contents required under current Spanish corporate legislation.

- Analysis of the processes used to compile and validate the data presented in the Financial and Non-Financial Information (ESG) Report for 2021.

- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2021 NFIS.

- Verification, by means of sample-based review tests, of the information relating to the contents identified in the “Cross-reference table: Content of Spanish Law 11/2018” of the Financial and Non-Financial Information (ESG) Report for 2021, and the appropriate compilation thereof based on the data furnished by information sources

- Obtainment of a representation letter from the directors and management.

Emphasis of Matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment establishes the obligation to disclose how and to what extent a company's activities meet the criteria for environmentally sustainable economic activities in relation to the climate change mitigation and climate change adaptation objectives for the first time for 2021, provided that the non-financial information statement is published on or after 1 January 2022. As a result, the Financial and Non-Financial Information (ESG) Report and the NFIS do not include comparative information in relation to this matter. In addition, information was included in relation to which the directors of Applus have opted to apply the criteria which, in their opinion, best enables them to comply with the new obligation and which are defined in the "European Taxonomy" section of chapter 9 of the Financial and Non-Financial Information (ESG) Report and the NFIS. Our conclusion is not modified in respect of this matter.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, nothing has come to our attention that causes us to believe that:

a) The non-financial information identified in the "Cross-reference table: GRI and Global Compact" of Applus for the year ended 31 December 2021 was not prepared, in all material respects, in accordance with the GRI standards in their core option.

b) Applus's NFIS for the year ended 31 December 2021 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and in keeping with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the "Cross-reference table: Content of Spanish Law 11/2018" of the Financial and Non-Financial Information (ESG) Report.

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.

Ana Torrens Borrás

24 February 2022

Applus Services, S.A. and Subsidiaries

Financial and Non-Financial Report (ESG) 2021

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01. ABOUT APPLUS+

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Applus+ is a worldwide leader in the testing, inspection and certification sector. We are a trusted partner, enhancing the quality and safety of our clients' assets and infrastructures while safeguarding their operations and improving their environmental performance. Our innovative approach, technical capabilities and highly-skilled and motivated workforce of over 25,000 employees assure operational excellence across multiple sectors in more than 70 countries.

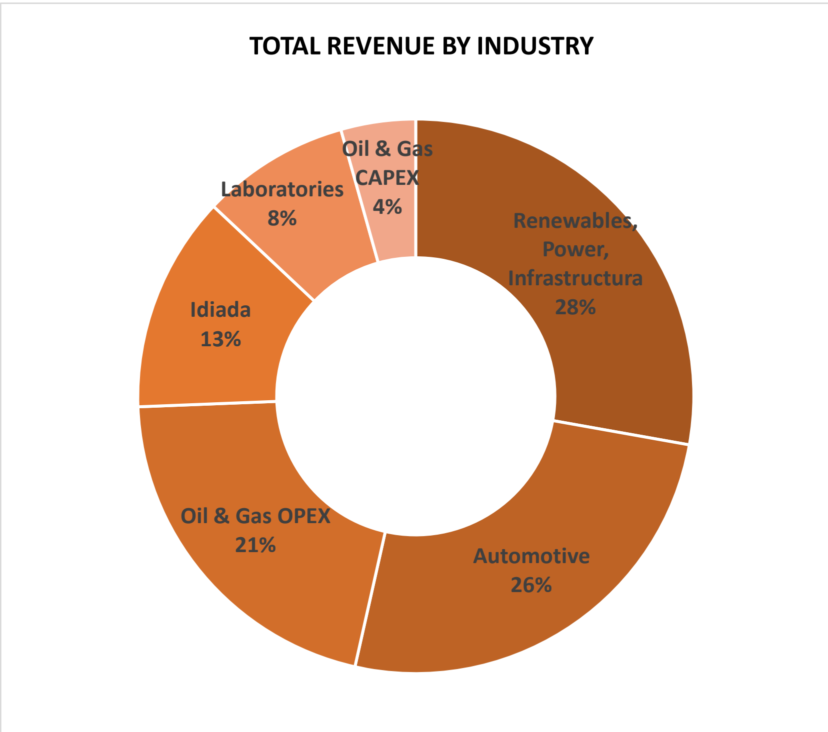
We offer a complete portfolio of solutions that address a range of needs, from asset integrity management to statutory compliance-based inspections. We place a strong emphasis on technological development, digitalisation and innovation, as well as having the latest knowledge of regulatory requirements.

People 25,278

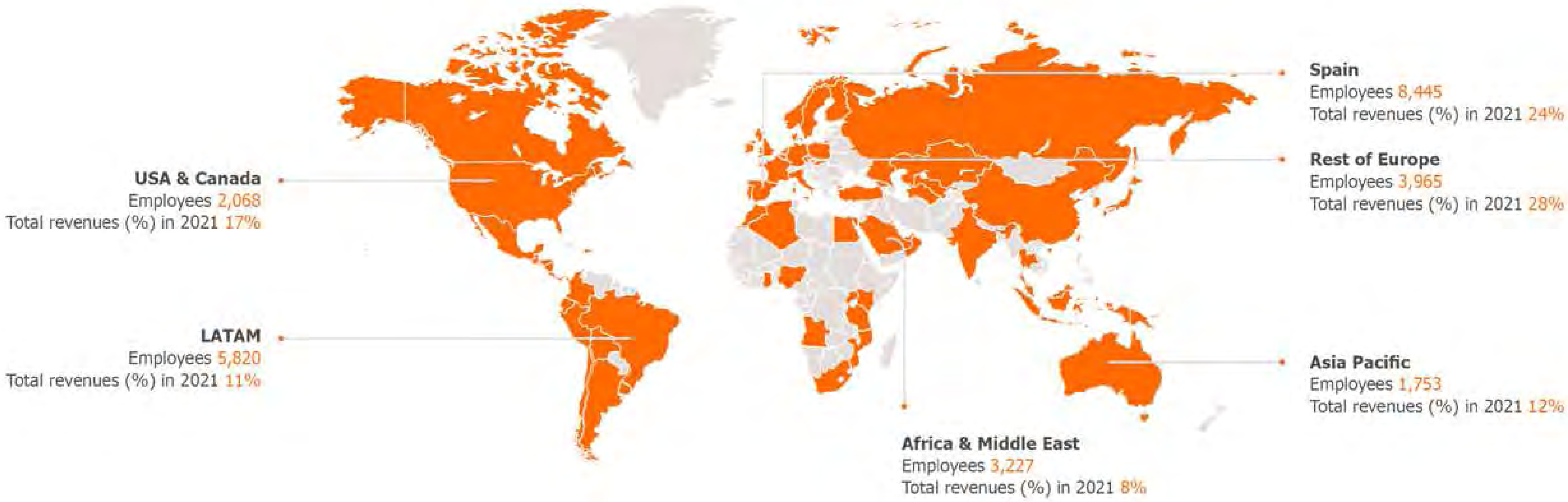
Total revenue (M€) 1,776.7

Countries across all continents +70

Accredited by major international organisations



Global presence



Our divisions and industries where we operate

We are present in the main industrial sectors through our 4 divisions.

ENERGY & INDUSTRY DIVISION	LABORATORIES DIVISION	AUTOMOTIVE DIVISION	IDIADA DIVISION
We help our clients to develop and control industry processes, protect assets and increase operational and environmental safety, through the design and the deployment of proprietary technology and industry know-how across diverse sectors.	We provide testing, certification and development engineering services to improve the competitiveness of our clients' products and encourage innovation. The Division has a network of multidisciplinary laboratories in Europe, Asia and North America.	We deliver statutory-vehicle-inspection services globally in jurisdictions where transport and systems must comply with statutory technical-safety and environmental regulations. We operate 30-plus programmes in 14 countries. In 2021, the Division has carried out over 15 million vehicle inspections and, in addition, a further 10 million inspections were delivered by third parties.	IDIADA A.T. (80% owned by Applus+ and 20% by the Government of Catalonia) has been operating under an exclusive contract from the 351-hectare technology centre near Barcelona (owned by the Government of Catalonia) since 1999. The contract to operate the business and use the assets runs until September 2024 and although it is renewable in five-year periods until 2049, it has been decided that there will be no further extensions but a tender for a new 20 or 25 year concession.
Core services: • Inspection • Non-destructive testing • Engineering and consulting • Certification services • Supervision, Quality Assurance and Quality Control • Testing and analysis • Vendor surveillance • Energy efficiency	**Core technologies:** • Mechanical and Structural • Electrical and Electronics (EMC) • Cybersecurity • Fire and Building Materials • Metrology and Calibration • Systems Certification	**Core services:** • Statutory vehicle inspections for government programmes • Driver-testing inspections • Public-service vehicle inspections • Off-leasing vehicle inspections • Vehicle condition, emission and registration inspection • Road-safety education	**Core services:** • Testing and engineering services • Worldwide homologation and product certification • Proving ground • Facility and design services
Principal industries: Power, Renewables, Infrastructure & building, Industry, Oil and gas	**Principal industries:** Construction materials, Automotive, Electronics, Aerospace, Industry, Cybersecurity	**Principal industries:** Government, Public transport agencies	**Principal industries:** Automotive
15,518 **M942.5€**	**1,822** **M153.2€**	**5,322** **M456.8€**	**2,616** **M224.3€**

02. LETTER FROM THE CHAIRMAN AND THE CEO

GRI 102-14

Welcome to the Applus+ Financial and Non-Financial Report 2021. We are pleased to present our company's progress to embed sustainable practices across the Applus+ Group's businesses.

The impact of the coronavirus pandemic continued to set challenging conditions in 2021, and we are proud of our professionals' energy to adapt, innovate and deliver critical TIC services for clients in global industry sectors. Through their dedication and the trust of our clients, Applus+ has advanced with our commitment to provide more sustainable services and ESG development.

To drive this momentum, we developed a new strategic plan in 2021 for 2022 to 2024, with a focus on new targets for ESG actions linked to the remuneration of the Group's management. These ambitions for the environment include reducing our Scope 1 and 2 emissions by 30% by 2024, becoming carbon neutral by 2023 and a net-zero company by 2050. These targets are integral to the three major global trends changing the economy and identified in the Group's strategic planning for 2022-2024: energy transition, electrification, and connectivity.

The Group will continue to harness our professionals' talent for technological solutions, bringing innovation and digitalisation in both our divisions' service portfolios and business processes, through continuous organic growth and highly selective acquisitions. These actions will continue to reduce business risks across the Group, while adding resilience to our portfolio of TIC services.

In 2021, the Group had strong year on year financial performance with progressive improvement throughout the year. In addition, leverage, cash flow and liquidity are healthy supporting the investment growth strategy as outlined in the 2022 – 2024 strategic plan. Four acquisitions were made in 2021 of businesses delivering services for renewable energy and sustainable models for transport. Revenue of €1,777 million was generated which was 14% higher than in 2020 and in line with the revenue generated pre-pandemic in 2019. Our financial key performance indicator of adjusted operating profit, was €175 million giving a margin of 9.9%, significantly above the previous year that was impacted by the coronavirus pandemic. The resulting adjusted earnings per share of €0.65 was double the previous year. This strong performance will allow the Board to recommend a dividend payment of 0.15 euros per share at the shareholders AGM on 31st May 2022.

This performance was supported by targeted improvements in our ESG programmes, set within the wide-ranging initiatives. The Group's progress is detailed within the report, and here we would like to highlight some key successes to building in ESG throughout our value chain.

Environmental:

- New **sustainable services**, such as **remote and robotic inspections**
- New **innovations** to reduce our clients' impacts, such as **UAV for remote monitoring**
- Increased energy efficiency and reduced CO2 emissions at facilities: **40% energy saving in Australia using solar panels** and **27% CO2 emissions reduced in Spain.**

Social:

- Projects to foster **diversity and equality: programmes of female mentoring / shadowing and 60% of workforce represented on diversity and equality councils**

- Initiatives to i**ntegrate people with different abilities into the Group, such as "Without Limits".**
- Training and awareness on **keeping our people safe, such as the annual Safety Day and Golden Safety Rules**

- Achievements in Human Resource management, with **15 awards such as "Best Use of Blended Learning" and "Best Leadership Development Programme"**

Governance:

- Continued development of programmes following the UN's Global Compact and commitment with SDGs

- Commitment to **equality on the Board of Directors, 40% women in 2021 ahead of target date**

- New policies and monitoring procedures **to ensure a responsible management, such as new Renumeration Policy linked to ESG targets**

- **Development of policies, monitoring and training procedures** to ensure the deployment and fulfilment of our ethical principles at Applus+, and through our supply chain, **such as our Code of Ethics and annual training**

- Acknowledgements through external ESG ratings agencies: **MSCI ESG Ratings** (AA), **Gaïa** (71/100), **CDP** (B) and being included in the **FTSE4GoodIBEX** as well as **a** "low-risk" rating in a new acknowledgement by **Sustainalytics.**

This progress in 2021 demonstrates our managements' strong principles for embedding ESG into the Applus+ Group's services and operations. In fact, this focus directly supports and propels our high-performance business model to create value for all of our stakeholders, wherever we operate.

Thanks to the efforts of the Group's professionals, under the effective Group leadership, to develop better, more sustainable services under the most challenging of conditions in 2021, and with our clients' trust and partners' collaboration, we are confident our company is well-positioned to maximize the opportunities in the newly emerging business and economic environment.

Highlights

ECONOMIC/BUSINESS	ENVIRONMENT	SOCIAL	GOVERNANCE
14% revenue growth **4** acquisitions in the renewable energy sector and industries with higher added value **47** new patents	**SBTI ADHESION** Development of mid-term reduction of emissions targets to limit global temperature rise to 1.5ºC, and to be a net zero company by 2050 **22%** consumed energy that comes from renewable sources **9%** reduction of our GHG emissions per employee	**74%** employees committed to the company, 25% more than in the previous survey **>60%** workforce represented on the Diversity and Equality Committee **15** acknowledgments to our human resources management **20%** reduction in the rate of recordable accidents from the base year (2017)	**40%** women on the Board of Directors **100%** employees trained and committed to the *Code of Ethics* **ESG INDICES** maintenance and improvement in our ESG ratings. New recognition, Sustainalytics, with a low-risk rating **ESG OBJECTIVES** linked to remuneration

ESG means "Environment, Social and Governance"

Business model and value creation

GRI 102-11 GRI 102-16 GRI 103-2

	Our inputs	**Our business model**	**Our outputs**	**Our values for society**	
Economic	Total Assets €2,306.5M Adjusted Free Cash Flow in 2020 €226.2M	Our mission is to help society to mitigate risk, evaluating the quality and safety of products, assets and operations. We aim to become a world leader in our chosen markets, giving our customers the best technical solutions and service. Our values are integrity, transparency, impartiality and independence, and responsibility.	€1,776.7M of total income €175.2M of adjusted operating profit €177.5M adjusted cash flow from operations €82M in acquisitions €21.5M distributed to shareholders	We are a financially-sound company holding strong stakeholder confidence.	
Business	+750 offices and laboratories €60.3M CAPEX 44.000+ suppliers		313,380 hours invested in innovation 146 patents +80% our operations accredited or certified by third parties	Our projects contribute to the technological advancement, environmental protection and social development in many countries.	
Environment	901,978 GJ of energy consumed, 22% from renewable sources 1,092,500 ML water consumed SBTi commitment		GHG emissions intensity of 2.21 t CO_2 eq/employee 23% reduction in emissions compared to 2019	We are committed to reducing environmental impacts, to the energy transition, and the fight against climate change.	
Social	25,278 employees 11 Golden Safety Rules		23 hours of training/employee 86% of employees are local staff 20% reduction in accident rate since 2017 65,685€ donations	We are firmly committed to diversity, inclusion and equal opportunities. We support disadvantaged groups around the world through different initiatives.	
Governance	10 directors 70% independent directors 40% female directors		100% employees trained in the *Code of Ethics* 93% compliance with CNMV recommendations	We adhere to the Declaration of Business Leaders promoted by the UN to renew international cooperation, strengthen security and peace, human rights and development, and achieve the SDGs.	

Sustainability approach

GRI 102-11

BUSINESS CONTEXT

In 2021**,** the TIC sector **saw a significant boost** in activities due to global trends, expected to continue in 2022.

The Applus+ Group has identified the three **megatrends** that influence our sector most heavily worldwide, and which represent new short-, medium- and long-term business challenges and opportunities for the company. Accordingly, Applus+ has devised its strategy for the coming years in line with these trends:

1.		2.		3.	
Energy transition		Electrification		Connectivity	
2-3x	Increase investment in renewables to $500-750bn p.a. (1)	$100bn	Investment in electrification of the mobility sector from 2020 (5)	$5.5-12.6trn	Global economic value due to the Internet of Things (IoT) by 2030 (9)
~$2.2trn	Average annual investment and financing in clean energy 2026-30 (2)	~33%	CAGR 2020-2025 in global electric vehicle sales (6)	$10.5trn	Global annual costs due to cybercrime by 2025 (10)
$300bn	Total investments in hydrogen for 2030 (3)	~75%	Market share of electric vehicles in Europe (BEV, PHEV and FCEV), PHEV and FCEV) as % of total by 2030 (7)	~24%	CAGR 2018-2023 in revenues from platforms adapting devices to the Internet of Things and Information Technology (9)
6x	Increased total hydrogen investments by 2025 (4)	20x	Increased battery production capacity in Europe by 2030 (8)	~37%	CAGR 2020-30 of practical applications of the IoT in autonomous vehicles (9)

(1) BP Energy Outlook 2020, Wind and Solar Investment 2020-50 under Rapid and Net Zero scenarios. (2) International Energy Agency, Announced Pledges by 2050 scenario. (3) Hydrogen Council, assumes all announced projects come to fruition. (4) Hydrogen Council, includes Hydrogen Council Members only. (5) McKinsey as of September 2021, includes investments in companies and start-ups working on electrifying mobility, connecting vehicles, and autonomous driving technology. (6) International Energy Association Stated Policies Scenario. (7) McKinsey, expectation under the most likely accelerated scenario. (8) McKinsey, based on announced buildup plans. (9) McKinsey. (10) Cybersecurity Ventures.

These megatrends are supported by long term TIC drivers: an increase in regulations, the complexity of operations in an increasingly globalized context, and outsourcing as an enabler for customers to focus on their core business activities.

The Applus+ Group is approaching these challenges by tailoring its **business strategy** and allocating the necessary human and material resources to **bring our services in line with global needs.** We are aware of our human and business potential for contributing to the transition that society is demanding.

FINANCIAL MANAGEMENT

GRI 207-1 GRI 207-2

The Applus+ Group is committed to **ensuring a financial performance** that continues to deliver profits to our **shareholders**, stability for our **employees** and contributions to **society** in areas such as improvements in knowledge by innovation, enhancements in safety on products, assets and infrastructures and payment of taxes.

The Board of Directors, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the divisional Vice Presidents are responsible for **managing the Applus+ Group's financial performance.**

The **Executive Committee** holds regular meetings to analyse the divisions' information and financial results and the level of compliance with the Group's strategic plan.

We are committed to **keeping all our stakeholders well informed,** both of our financial results and all significant events. All of the available measures are in place to ensure that **financial information** is **reliable and of high quality**.

Applus+ prepares its **consolidated financial statements** in accordance with **International Financial Reporting Standards**, as adopted by the European Union (IFRS-EU), and in accordance with Regulation EC 1606/2002 of the European Parliament and of the European Council.

The Group has an **IFRS Manual and a unique reporting package**, with homogenous charts of accounts, to ensure that all accounting principles, standards and their valuation criteria are applied homogeneously and uniformly in all of our companies.

Furthermore, we have designed and developed an **Internal Control over Financial Reporting System (ICFR) to ensure the quality and reliability** of the information published. The **Board of Directors** is ultimately **responsible** for the existence and maintenance of the **ICFR**, through the **Audit Committee.** The model implemented by the Applus+ Group is fully described in Section F of the ***Annual Corporate Governance Report***. In this regard, we voluntarily ask the external auditor to check the correct implementation of the **ICFR**, and these audits have verified **its compliance** since the company was listed on the stock exchange in 2014.

In line with the Applus+ Group's business strategy and values, we are committed to improving control mechanisms and applying best practices in **tax governance** to ensure **responsible compliance with the tax laws** in force in all the countries where we operate.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) APPROACH

GRI 102-16

At Applus+, we believe that our corporate responsibility goes beyond the financial performance of our services.

We are keenly aware of our businesses' potential to generate value for our clients, our employees, the communities in which we operate, and the planet as a whole. Consequently, we are firmly committed to giving back to society the best we can offer.

The ESG Policy, built on our core principles, is implemented in all of the Group's regions and divisions and allow us to better manage non-financial risks within a framework of double materiality.

We deploy this *Policy* through **guidelines** related to each of the **five pillars** underpinning it, aligned with the Sustainable Development Goals (SDG) and the United Nations' Global Compact.

OUR PEOPLE

- We promote appropriate working conditions based on effective occupational health and safety programmes, principles of non-discrimination and human and workforce rights.
- We strive for a fair and competitive environment that provides opportunities for professional development and growth while retaining and attracting talented professionals.
- We promote diversity among our employees based on the *Global Anti-Discrimination Policy* and the *Diversity and Equality Policy*.

- We train our professionals to develop their competencies and acquire new skills.
- We work to increase their level of satisfaction and commitment.

CORPORATE GOVERNANCE AND BUSINESS ETHICS

- We are governed by corporate rules, policies and processes that define our corporate governance model.
- We ensure compliance with our corporate governance model through our Board of Directors, ESG Committee and Chief Compliance Officer.
- We ensure the dissemination of our *Code of Ethics* and promote compliance through our divisions, partners and suppliers.
- We manage internal risks with policies in areas such as anti-corruption and others to prevent malpractice, and monitor them through our Internal Audit department.

STAKEHOLDER ENGAGEMENT

- We strive to provide our stakeholders with the best results by operating ethically and responsibly.
- We foster close communication with our customers to enable us to understand and anticipate their needs and meet their expectations.
- We develop a transparent investor relations strategy, managing their expectations and providing a two-way dialogue on their concerns.
- We foster partnerships that create synergies to expand our financial and non-financial performance. We convey our principles to our supply chain.
- We engage with local communities in all the countries that we serve, supporting their development and helping to improve their opportunities.
- We work to improve communication channels to provide fast and effective responses to all our stakeholders.

INNOVATION

- We foster innovation by building ESG principles into the expertise of our professionals and the services we develop.
- We create a working environment that fosters innovation, incorporating digitalisation as an inherent part of any new development, providing the necessary resources.
- We integrate innovation programmes in our different business units, stimulating and organising initiatives to promote innovative thinking among our employees.

SUSTAINABLE PERFORMANCE

- We are involved in the preservation of our environment and firmly committed to the actions to mitigate climate change.
- We apply policies and procedures to manage our operations based on the prevention of potential environmental impacts.
- We define comprehensive controls to ensure compliance with the environmental laws that apply to us in all the countries where we operate.
- We develop innovative services that help reduce the potential environmental impacts of our customers around the world.

ESG Alliances

GRI 102-12 GRI 102-13

We recognise that through partnerships and participation in various initiatives, we can further our ESG commitment.

INSTITUTION/ PROGRAMME	PURPOSE	Applus+ POSITION
United Nations' Global Compact	This initiative seeks to align organisations' strategies with 10 universal principles concerning human rights, labour, the environment, and anti-corruption	Signatory
FORÉTICA	Leading ESG association that certifies the ESG systems of businesses and professionals in Spain and Latin America.	Partner
ADCOR Foundation	Non-profit organisation that supports equal employment opportunities for people with diverse abilities in A Coruña, Spain.	Sponsor
Inclusive Business Network	This Government of Andorra initiative helps people with disabilities to join the job market.	Member since 2021
Prodis Foundation, Down's Syndrome, Aura, Fademga, Asindown, Aspanri, Matamoros Corporation of Colombia and ONCE	Foundations and associations that promote talent with diverse abilities.	Partner
Portalento and Incorpora	Employment platforms that help workers with diverse abilities to find work in companies.	Partner
"Sin Límites" (Without Limits) Programme	This initiative helps people with intellectual disabilities to find jobs.	Partner
European Commission Diversity Charter	European Charter of principles signed by organisations to showcase their commitment to diversity and inclusion in the workplace.	Member (renewal 2021-2023)
"More Women, Better Businesses"	A Spanish Ministry of the Presidency initiative to encourage equal participation of women and men in decision-making in business and the economy.	Participant in the "Promociona" programme in 2021
Women's Empowerment Principles defined by the United Nations	This UN initiative aims to promote equal opportunities, integration, and non-discrimination within an organisation.	We are adopting the principles

CASE STUDY: INCREASING OUR ESG RATINGS	SUSTAINABLE DEVELOPMENT GOALS
In 2021 the performance of the Applus+ Group in ESG has received a major boost through a new acknowledgment. **Sustainalytics** has rated the Group's ESG risk level to be 15.6, positioning our company in the "low risk" group of companies. This places the Applus+ Group among the 11% of the world's best-rated companies. In addition, we have improved **MSCI**'s valuation from 6.2 to 6.7 maintaining the AA rating together with other recognitions such as the B rating in **CDP**, above the sector average or the **Gaïa Rating**, with a valuation of 71 out of 100, which places us in the top 20% of companies best rated by Gaïa Rating. **These achievements, and all the other ESG ratings awarded, encourages our professionals to keep on improving.** MSCI ESG RATINGS AA FTSE4Good CDP Gaïa RATING SUSTAINALYTICS	

Strategic Plan 2022-2024

GRI 102-16

The new strategy is established within the framework of responsible and sustainable business management that contributes to society.

The strategy is built upon three pillars:

1.	2.	3.
Leadership	Innovation & Technology	Trusted Partner
We look for a leadership position in our key end markets, as this is critical in our industry. It provides investment capacity, regional or global coverage that attracts the best talent and supports the reputation and trust that we enjoy. We provide mission critical services to our clients who have a desire to work with only the most reliable companies.	We must be able to offer the best technical solutions, always, to our clients looking for ways to improve accuracy and information, reduce down-time and costs and improve the safety of the testing process. This pillar supports our leadership position.	In the business of providing quality and technical assurance and reducing risk in operations of our clients, they must trust us. Integrity is therefore central to our business, supporting the ability to constantly provide a good service and value. These aspects of service confidence have helped the Group to build and maintain long-term relationships with our customers.

These three pillars combined with market leading Environmental, Social and Governance (ESG) practices and aligning our services to some sustainability megatrends will ensure our long-term relevance to our customers driving good financial performance and sustainable value creation.

Our three-year Strategy Plan 2022-2024

A new three-year plan including financial targets was communicated to the market on the 30th November 2021. The previous three-year strategy plan was for the period 2018-2020 which was met or exceeded in 2018 and 2019 and on track to being achieved in 2020 until the impact of COVID-19 in the first quarter of 2020.

The purpose behind this new plan is "Unlocking Value" for the benefit of our shareholders and other stakeholders. The Group has made material progress over the last 12 months in improving our portfolio mix towards higher growth end markets and at the same time taking actions to further mitigate business risks.

The key tenets to the Plan are:

PORTFOLIO EVOLUTION

Towards higher growth end markets and to mitigate business risks

ACCELERATE GROWTH ALIGNED TO GLOBAL MEGATRENDS

Energy transition, Electrification, Connectivity

CONTINUED FOCUS ON ESG

2024 targets linked to management remuneration as of 2022

ENHANCE RETURNS TO SHAREHOLDERS

Continuous investment in organic and inorganic growth.
Dividend distribution and share buyback

The plan targets superior shareholder return generation through the winning formula of the three strategic pillars whilst evolving the portfolio of businesses towards higher growth end markets to mitigate business risks through both active portfolio management and accelerating growth in structurally attractive segments aligning to the global megatrends of Energy Transition, Electrification and Connectivity. The long-term testing, inspection and certification drivers of increasing regulations, increasing complexity of products and increasing levels of outsourcing from industry to specialised providers like Applus+ support the growth in these markets. And by linking the focus on ESG to management remuneration ensures the full commitment by all to the benefit of the business and all stakeholders. Shareholder returns will be enhanced through these actions and including annual dividend distributions and a share buyback target.

The Energy Transition global megatrend is driving many parts of Applus+ portfolio of businesses from growth in testing and inspection required in the Renewables and Infrastructure sectors to testing and inspection of green vehicles. Electrification and Connectivity are also powerful global drivers of all things electrical from personal transportation and batteries to the cybersecurity risks that ensue from this. All four divisions of the Applus+ Group have significant portions of their businesses aligned to these megatrends and marketing, resources and investment is being directed to those areas that are most likely to benefit.

The active portfolio management includes a target spend of €300 to €400 million for acquisitions of companies over the plan period of 2022 to 2024 whilst also making some divestments. This will result in a more balanced and valuable business.

New financial targets

The three-year financial targets that result from the strategic plan are as follows:

FINANCIAL TARGETS	Revenue growth 2021-24 CAGR above 10%* • Mid to high single digit organic • M&A
	Adjusted operating profit margin to improve to 12%**
	Adjusted EPS CAGR 21-24 above 13% pre buyback
	Average cash conversion rate above 70%
	ROCE 2024: >12%

*Continuining operations
** Excluding IDIADA accelerated depreciation (~80bps in 2024)

New capital allocation policy

The capital allocation objective is to optimise returns to shareholders by maintaining strong cash flow generation and following a value-additive capital allocation strategy that includes:

- M&A of €300-400m over Plan period, partly funded by disposals
- Continued investment in organic growth
- Dividend distribution of at least 20% of adjusted net profit
- Target leverage < 3x
- Target 5% share buyback in 2022

Sustainability ambitions

GRI 103-2 GRI 103-3

The results in 2021 endorse our ESG performance, successfully meeting the most of ambitions defined for the year.

ESG GOAL	Target	2021
Corporate governance and business ethics Uphold the principles of good governance and operate ethically and responsibly to provide our stakeholders with the best results.		
% Compliance with applicable CNMV recommendations	≥85%	93%
% Employees receiving *Code of Ethics* training (induction and refresher training) and signatories to their commitment to the Group's *Code of Ethics*	≥98%	100%
Our people Attract a diverse, committed and talented workforce, providing a safe and healthy workplace under the Group's vision of zero accidents.		
Voluntary turnover ratio	≤12%	11.03%
Ratio of internal promotion for vacancies in management positions	≥75%	73.2%
% Employees covered by Diversity and Equality Councils	≥50%	>60%
Local employment ratio	≥86%	86%
Ratio of people with diverse capacities in the Applus+ workforce	≥1.7%	1.11%
Fatal accidents	0	0
Frequency of all recordable cases (26% reduction since 2017)	≤0.95	1.02
The Environment Minimise our environmental footprint; build resilience to impacts related to climate change; and reduce the environmental impacts of our clients' operations through the services Applus+ provides		
% of energy from renewable sources in electricity consumption and reduce the environmental impacts of our customers' operations through the services Applus+ offers	≥20%	70%
% of reduction in emission-per-employee intensity ratio (Scope 1 and 2) compared to 2019	≥7%	9%

Following the experience in the first year, we decided to define targets linked to the new strategic plan, with fewer targets so the company can focus on the most relevant issues. We have also built these targets into our remuneration scheme, thereby extending the level of ESG commitments across the whole organisation.

	VISION	2024 TARGETS
ENVIRONMENT	Contribute to the environment by improvements in our operations and assisting our clients, and mitigate the negative impact of climate change on the Group's businesses.	30% reduction in Scope 1 and 2 emissions relative to 2019 results. Be carbon neutral in Scope 1 and 2 by 2023 Plan to be net zero by 2050 according to SBTi
SOCIAL	Attract diverse, engaged and talented people and empower our professionals to reach their full potential in a safe and fulfilling work environment.	≥ 40% of management positions and positions in Group Corporate Services filled by women 10% reduction in Lost Time Injury Frequency
GOVERNANCE	Respect our principles of good governance and operate ethically and responsibly, with the highest integrity that our stakeholders expect and deserve.	≥ 90% compliance with applicable CNMV recommendations ≥ 98% of professionals completing the course and signing the *Code of Ethics* commitment

ACKNOWLEDGEMENTS	✓ MSCI ESG Index (AA) - ✓ CDP (B) – Above average and in the "Management" category ✓ Sustainalytics – 15.6 Low risk	✓ Gaïa (71/100) – Top quintile of its category ✓ FTSE4Good IBEX - Inclusion

Acquisitions and diversification

At Applus+, we continue our growth strategy aimed at diversifying our services towards more sustainable sectors, such as renewables and infrastructures, towards sectors with greater added value, and at enabling the transition towards a development model that responds to the challenges posed by climate change.

March

We acquired **Inecosa and Adícora**, two subsidiaries of the Iberdrola Group, which joined our Energy & Industry Division in Spain.

These companies provide engineering and consulting services focused on electricity generation, transmission and distribution, and develop large construction projects, both industrial and civil.
With this acquisition, we are broadening our scope of activities in the **renewable energy sector**.

May

IMA Dresden is an independent European structural and material testing laboratory for product development, located in Dresden (Germany).
By adding IMA Dresden to our Laboratories Division, we complete the range of services we provide to our clients, enabling the **evolution of transportation systems towards more efficient and sustainable models**.

July

Enertis is a Spanish company that operates in the photovoltaic solar energy and energy storage sectors. It is present in Spain, the United States and Latin America.
Joining our Energy & Industry Division, this acquisition represents an important reinforcement of Applus+ services, which are aimed at the **renewable energy sector**.

October

The **Instrumentation Area and Metrology Laboratory** of the company **Mipel, S.A.,** located in Leganés (Madrid), is integrated as part of our Laboratories Division.
This acquisition is part of the strategic development plan for the Applus+ Metrology area, and allows us to provide a wider range of services in the **metrology sector** in Spain.

Living with COVID-19

Throughout 2021, the pandemic has continued to condition our daily lives and entrepreneurial activities. At Applus+, we have pursued the implementation of measures in line with our business strategy and ESG commitment, focusing our efforts of action on:

- ✓ protecting our employees' health
- ✓ adapting our activities and services
- ✓ providing maximum support to society

Protecting our employees' health
✓ Corporate guidelines and safety protocols defined in line with the pandemic's development at any given time. ✓ Action plans for the prevention and control of risk of contagion within our workplace, compliant with guidelines and protocols. ✓ Follow-up and monitor the impact the pandemic has had through reporting cases via our Governance Risk Compliance (GRC) tool. ✓ Specific professional training as an essential tool to prevent the virus' transmission while carrying out our activities. ✓ Limitation of journeys to respond to the pandemic situation in each geographical region. ✓ Flexible home working to facilitate conciliation, particularly in the pandemic's most critical moments. ✓ Periodic Rapid COVID-19 Diagnosis Test Campaigns in the Bellaterra Technological Centre (Spain) and in the IDIADA Division's facilities in Spain. 

Adapting our activities and services

- ✓ We have continued to foster digital transformation to develop the way in which we perform our services, and how we interact with our clients.
- ✓ We have further developed remote solutions, such as UAV drone inspections, robotised inspection systems and other automated devices that incorporate state-of-the-art cameras and sensors adapted to the infrastructures requiring inspection.
- ✓ As a certifying and testing body, the Laboratories Division provides standardisation services for hygienic masks. In 2021, we incorporated the new requirements for these masks, as issued by the Spanish Government's Orden-CSM-115-2021.

Providing maximum support to society

- ✓ We provide support in diverse countries to social groups who have suffered from the pandemic's consequences more markedly. For example, in Costa Rica we have:
  - Implemented a voluntary programme at Applus+ that has delivered foodstuffs to families at risk.
  - Installed, through the project entitled "Remanga2", washbasins and disinfection stations in schools to be able to reopen in adherence with the protocols that guarantee student's healthcare safety.

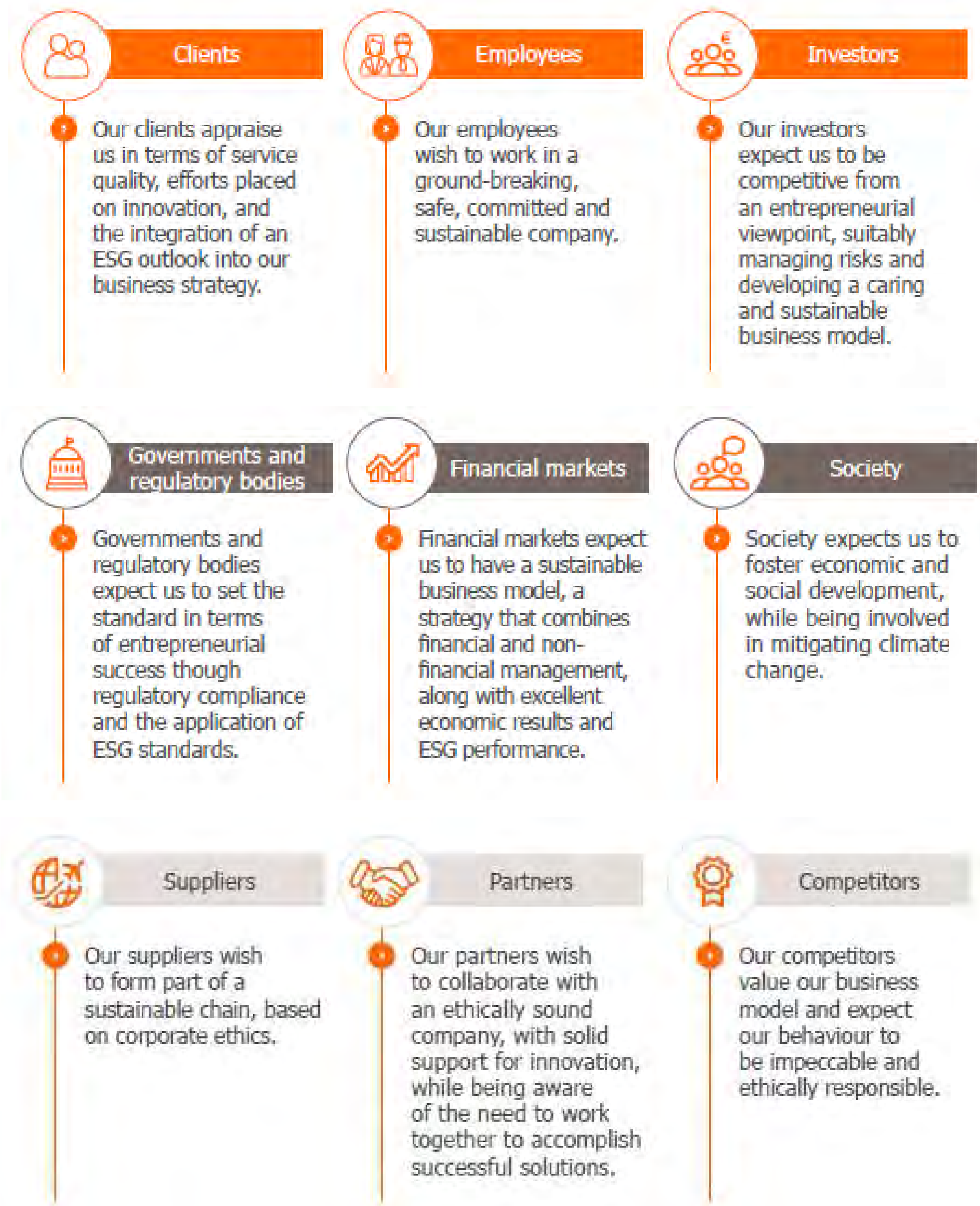
Stakeholder engagement and materiality

GRI 102-40 GRI 102-42 GRI 102-43 GRI 102-44 GRI 102-47 GRI 102-49 GRI 103-1 GRI 203-2 GRI 207-2

BREAKDOWN OF OUR STAKEHOLDERS RELATIONSHIP

The Applus+ Group is fully cognisant of the significance our stakeholders endow us in developing our business, and their **needs and expectations** are at the forefront when defining and deploying our entrepreneurial strategy. This means that by working together we maintain an ongoing **dialogue** grounded on trust, and we **report back to our stakeholders with openness,** so that they can promptly view the results of our endeavours.

Three levels of relationship have been defined, scaled from lesser to greater importance for Applus+: **level 1**, **level 2** and level **3.**



Materiality Analysis

In 2021, we implemented an objective methodology to ascertain which specific **topics** are considered the **most relevant** by our stakeholders.

1. Identification of relevant topics: through analytical and contextual comparison with competitors in the TIC sector and other relevant sectors.

23 topics have been identified and arranged into four areas: **governance, operation, society and the environment**.

2. Through surveys to company executives (divisional and corporate functions) and regional managers of all geographical regions, each topic is appraised according to its importance, considering them from the outlook of Applus+, as well as that of the main stakeholders.

3. The results of the survey produced the new **Materiality Matrix,** which encapsulates the significance of the material topics for Applus+, vis-à-vis the importance for our stakeholders.

Government

1. Risk management
2. Sustainable business model and strategy
3. Brand
4. Economic performance
5. Corporate governance
6. Compliance and reputation
7. Stakeholders' engagement

Operation

8. Innovation and digital transformation
9. Service quality and customer relationship
10. Competitiveness
11. Privacy and data protection
12. Sustainable management of the supply chain
13. IT strategy and cybersecurity

Society

14. Occupational Health and Safety
15. Talent management
16. Employee commitment
17. Diversity, inclusion and equality
18. Respect for human rights
19. Local impact and socio-economic contribution

Environment

20. Energy transition and climate change
21. Biodiversity and protection of natural areas
22. Sustainable services
23. Waste management

DIALOGUE WITH OUR STAKEHOLDERS

We have identified the main **issues of concern,** selecting the six topics obtaining the highest score per stakeholder. To provide greater response with regard to these topics, specific communications channels are provided.

Clients

Topics of concern

- Corporate governance
- Service quality and customer relationship
- Innovation and digital transformation
- Occupational Health and Safety
- Respect for human rights
- Sustainable services

Communications channels

- Client satisfaction survey
- Project meetings
- Open days and periodic meetings
- Conferences and forums
- Client complaints
- Applus+ Ethical and Compliance Communication Channel
- Financial and Non-Financial Information Report
- Associations and other forums
- Applus+ web page and email

Employees

Topics of concern

- Corporate governance
- Compliance and reputation
- Innovation and digital transformation
- Privacy and data protection
- Occupational Health and Safety
- Energy transition and climate change

Communications channels

- Employee satisfaction survey
- Applus+ Ethical and Compliance Communication
- Local HR directors
- Trade union organisations
- Financial and Non-Financial Information Report
- Applus+ intranet, email and web page

Investors

Topics of concern

- Economic performance
- Engagement with stakeholder groups
- Innovation and digital transformation
- Competitiveness
- Respect for human rights
- Sustainable services

Communications channels

- Vice-President in Investor Relations
- Annual General Meeting (AGM)
- Informative annual tour for institutional investors and voting advisors
- The Applus+ web page and email
- The Applus+ blog and social networking sites
- Financial and Non-Financial Information Report

Governments and regulatory bodies

Topics of concern

- Corporate governance
- Compliance and reputation
- Engagement with stakeholder groups
- Innovation and digital transformation
- Service quality and customer relationship
- Competitiveness

Communications channels

- Official channels indicated by the authorities
- Official reports
- The Applus+ web page and email
- Financial and Non-Financial Information Report

Financial markets

Topics of concern

- Model of sustainable business and strategy
- Economic performance
- Compliance and reputation
- Innovation and digital transformation
- Competitiveness
- IT strategy and cybersecurity

Communications channels

- Stock markets
- Market and economic indexes
- Vice-President in Investor Relations
- Financial and Non-Financial Information Report
- Applus+ web page and email

Society

Topics of concern

- Branding
- Economic performance
- Corporate governance
- Engagement with stakeholder groups
- Energy transition and climate change
- Waste management

Communications channels

- Financial and Non-Financial Information Report
- The Applus+ web page and email
- The Applus+ blog and social networking sites
- Associations and other forums
- Applus+ Ethical and Compliance Communication Channel

Suppliers

Topics of concern

- Model of sustainable business and strategy
- Economic performance
- Engagement with stakeholder groups
- Privacy and data protection
- Sustainable management in the supply chain
- IT strategy and cybersecurity

Communications channels

- Trade fairs and exhibitions
- Applus+ Ethical and Compliance Communication Channel
- Specific channel for suppliers
- Suppliers' Portal
- Applus+ web page and email

Partners

Topics of concern

- Model of sustainable business and strategy
- Economic performance
- Sustainable management of the supply chain
- Local impact and socio-economic contribution
- Compliance and reputation
- Corporate governance

Communications channels

- Trade fairs and exhibitions
- Applus+ Ethical and Compliance Communication Channel
- Project meetings
- Associations and other forums
- The Applus+ web page and email
- The Applus+ blog and social networking sites

Competitors

Topics of concern

- Branding
- Model of sustainable business and strategy
- Talent management
- Energy transition and climate change
- Respect for human rights
- Diversity, inclusion and equality

Communications channels

- Trade fairs and exhibitions
- The Applus+ web page and email
- Benchmarking and market studies
- Associations and other forums

IMPACT ASSESSMENT

GRI 203-2

The company's activities generate certain impacts in the geographical regions where we operate. These impacts, which in many cases are positive, are related to the issues analysed in the materiality analysis.

To analyse the **DIRECT IMPACT** of the Group's activities, **11 material issues** were considered. The methodology used is grounded on the utilisation of **performance indicators** relating to each material issue. Each issue is considered from zero to one hundred percent, using the following criteria:

- Prioritisation of material issues on the part of stakeholders.
- Prioritisation of material issues on the part of the Applus+ Group.

The indicators used are the following:

ISSUE	INDICATORS
Risk management	Risk management system, which integrates economic, social and environmental issues.
Corporate governance	Regulations that govern behaviour
Reputation and Compliance	Fulfilment and commitment with the Ethics Code
Engagement with stakeholder groups	Bi-directional effective communications with stakeholders.
Innovation and digital transformation	Hours devoted to innovations; patents.
Service quality and customer relationship	Clients in the medium- and long-term.
Competitiveness	Ranking in the markets we operate
Occupational Health and Safety	Accident rate, hours devoted to training in Occupational Health and Safety
Diversity, inclusion and equality	Industrial integration programmes, gender split in the Group and executive posts.

Firstly, each value obtained for **each material issue will be considered** according to its importance for Applus+ and stakeholder groups. The expectations of stakeholder groups and the external context are considered as part of the assessment process.

Finally, a value is obtained from 1 to 5 for each indicator, assigning **quantitative or qualitative criteria and** bearing in mind the **performance of our company** within the framework defined through the expectations of stakeholder groups.

The main impacts are as follows:

1. Economic Performance
2. Innovation and digital transformation
3. Compliance and reputation
4. Competitiveness
5. Quality of service and relationship with clients

Analysing the information in the different blocks, it can be seen that the areas of Governance, Operation and Environment have the **greatest impact** (values >70%), followed by the area of social with a **medium impact** (>60%).

To analyse the **INDIRECT IMPACT** of the Group's activities on our stakeholders, focus is placed on the nine issues that were material in the analysis for 2021

TOPIC	INDIRECT IMPACT	Employees	Clients	Investors	Society	Governments and regulatory bodies	Financial markets
Risk management	Our risk management allows the Group to be prepared for a changing context and offer our stakeholders a **stable and resilient company.**	X	X	X			X
Corporate governance	The rules for ethical and responsible behaviour of which the company's management follow fosters a **trust-based relationship** with our stakeholders.	X	X	X	X	X	X
Reputation and Compliance	The integrity and responsibility that governs our corporate behaviour, contribute to **extending these values** to our environment.	X	X	X	X	X	X
Engagement with stakeholder groups	Permanent dialogue with our stakeholders facilitates the implementation of actions to meet their expectations and decisions, taking into account all **points of view.**	X	X	X	X	X	
Innovation and digital transformation	Our intense innovation work boosts **development and growth** in different fields of knowledge in over 70 countries		X	X	X		
Service quality and customer relationship	Offering an excellent, tailored service contributes to the development of companies and industrial sectors around the world.		X	X	X		
Competitiveness	We are able to include in our portfolio of **services** those that **provide enhanced value** to our clients.		X				
Occupational Health and Safety	Our health and safety operating policies contribute to create a **culture of employee protection** all over the world.	X	X		X	X	
Diversity, inclusion and equality	With the application of diversity, inclusion and equality principles and practices, we are contributing to **extending these values** in many communities around the world.	X	X		X		

Supply chain management

GRI 102-9 GRI 103-2 GRI 204-1 GRI 308-1 GRI 414-1

The basic principles of our purchasing processes are **objectivity and independence** in purchasing decisions, and **integrity, transparency**, **ethical and responsible** behaviour in supplier relations.

Our purchasing process comprises:

1.	2.	3.	4.	5.
POLICIES	**CONTRACTS**	**COMMUNICATION**	**TECHNOLOGY**	**RISKS**
Definition of our supplier-oriented policies, aligned with the objectives of the procurement process.	Management of strategic-supplier corporate contracts to meet the whole company's needs.	Optimisation of our supplier communication mechanisms to continue developing new capabilities that tend to boost value for money.	Rolling out technology that assists in reducing lead times and adds efficiency to our procurement process.	Risk reduction and building successful relationships.

Before suppliers can work with Applus+, all the Group's suppliers undergo an objective evaluation process that includes compliance with international standards for human rights, labour, environmental, business ethics and anti-corruption.

Once approved, suppliers must comply with our policies for **Code of Ethics**, **Anti-Corruption**, **Environment** and **Health and Safety.**

Our **Corporate Procurement Department** is responsible for the process of planning, implementing, assessing and controlling strategic and operational procurement decisions.

- The department strives to ensure our policies are **deployed properly in all of the countries** where we operate, overseeing the performance of the teams responsible for compliance at divisional, regional and local level.

- The department **ensures** that the **Supplier Policy** is applied properly through the **QSens tool**, which provides pertinent indicators about the qualification of all the Group's suppliers.

HIGHLIGHTS IN 2021

2021 was marked by a **shortage of raw materials and energy crisis**, prompting a global situation and posing major challenges that have forced the Group to seek alternative sources of supply, while always maintaining the standards that define the Applus+ Group's procurement process.

In 2021, we worked on **optimising our supplier communication mechanisms**, through further digitalisation, to better convey our *Code of Ethics*, anti-corruption policies and environment-related commitments.

We expanded the framework of our qualification process to include aspects of **cybersecurity** to guarantee the protection and security of information throughout our supply chain. In addition, to ensure **our data is protected**, our qualification process now features data protection related questions.

Our supply chains around the world is extensive and diverse. This is why in 2021 we focused our efforts on improving the management of our **supplier portfolio** to ensure that our needs in terms of **flexibility and readiness** are met, both at business and **compliance** level.

To this end, we designed **a new supplier-management model** based on new ***Ariba,*** providing one single, centralised portfolio for the entire Group. This allows new suppliers to be added simply and intuitively, complying with the criteria set out in our procurement policies. The model is being rolled out steadily throughout all of the companies in the Group, and this year, 40% of countries have already started using this new tool.

Applus+ is firmly committed to contributing to the socio-economic development of the countries where we operate, which is why our policy continues to ensure the **preferential use of local suppliers**.

KPI	2020	2021
total expenditure with suppliers (M€)	539	569
% of products and services purchased locally	95%	96%
total number of worldwide suppliers	61,325	44,113
% of new strategic suppliers approved using environmental and social criteria	100%	100%
% of operations with SAP	41%	40%
Relevant incidents related with supplier management		0

Contribution to the Sustainable Development Goals

Applus+ is aligned with the **United Nations' 2030 Agenda for Sustainable Development** in its aim to set countries and their societies on a path to improve the lives of everyone, leaving no one behind.

We contribute to positively impact many of the Sustainable Development Goals (SDGs), and we are specifically committed to the nine most relevant to our activities.

3 GOOD HEALTH AND WELL-BEIN

We protect our employees' health and promote their physical and emotional wellbeing, and contribute to the health of the communities where we operate. In 2021, we have kept on contributing our expertise and resources in the fight against the pandemic.

5 GENDER EQUALITY

We strive to make gender equality a reality in our company, from the Board of Directors to all organisational levels. We promote equality in all countries and regions where we operate.

8 DECENT WORK AND ECONOMIC GROWT

We enable stable, quality employment that drives economic development, directly and indirectly, in over 70 countries around the world. We convey our way of working to our entire supply chain.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We contribute to the creation of basic infrastructures and services in many countries that enable their development, and to global progress through innovation geared towards sustainability.

10 REDUCED INEQUALITIES

We bring people with diverse skills into our workforce, and promote economic and social development aimed at reducing inequalities in communities in many countries.

11 SUSTAINABLE CITIES AND COMMUNITIES

Through our services, we contribute to more sustainable cities where people can live a healthy, quality life. We build sustainable mobility solutions into our activities.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our technicians design products and services that ensure natural resources are used more efficiently, reducing environmental impacts. At our facilities, we are committed to circularity and reducing consumption.

13 CLIMATE ACTION

We contribute to reducing our clients' carbon footprint through renewable energy, energy efficiency and sustainable mobility-related services, and through initiatives in place at our own facilities.

17 PARTNERSHIPS FOR THE GOALS

We have partnered with different organisations to build synergies that facilitate innovation, the development of alternative energies and the social inclusion of disadvantaged groups. These partnerships allow us to contribute to creating more sustainable communities.

04. VALUE TO COSTUMER

GRI 102-12 GRI 103-2 GRI 103-3 GRI 418-1

Overview and approach

The services Applus+ provides, and the way we deliver them, enable our clients to make their businesses more **productive and efficient** and to offer their own clients a **top-quality service** to tackle new **global challenges**. We support our clients to move towards **sustainability**, protecting their **people**, assets and infrastructure.

Our business strategy is based on excellence in our operations, which is underpinned by a management system governed by international standards and adapted to the diversity of our services. This is delivered within the framework of our **global *Quality, Prevention and Environment policy***.

Over 80% of our company's operations are covered by certification under ISO 9001 requirements and comply with other accreditation standards with ISO aligned system requirements, such as ISO/IEC 17020 and ISO/IEC 17025. Compliance involves third-party assessment and auditing, which attests to the robustness of our quality management system.

Rigour, **impartiality**, **confidentiality**, **integrity,** and **truthfulness** in all our activities, together with strict compliance with our ***Code of Ethics***, are the principles underlying how we deliver our services.

Our **highly specialised and committed technicians** apply their extensive global knowledge to local problem-solving.

Technology-based **innovation** drives our development, which are always in collaboration with customers, partners and suppliers to maximise **synergies.**

Our **third-party acknowledgments** endorse our efforts and achievements and demonstrate our competence in the TIC sector.

Customer satisfaction and our **commitment to sustainable development** drive us to **continuously improve our management and performance.**

We regard **complaints** as an opportunity to improve, and we collect them through our local channels. All complaints are analysed by our teams and respond to the client, and lead us to take action to resolve their causes when necessary. For Applus+, each and every complaint matters, and each is considered carefully, and many complaints prompt us to take improvement actions.

In 2021 we received a total of 565 complaints, 433 of which were closed during the year, while the remainder are in the process of being analysed and resolved.

As is customary, the Applus+ Group joined in the celebration of **World Quality Day in 2021** to highlight our commitment.

With the slogan "Closer to our clients", in 2021 we encouraged our employees to continue improving our clients' experience by entering into constructive dialogue with them, which is essential for ascertaining their expectations and the extent to which we meet them.

Innovation and Digitalisation

Innovation is at the centre of every aspect of the Applus+ Group's processes and services. Moreover, innovation is integrated into our client relationships and in the working methods of all the Group's professionals.

In 2021, we focused on four relevant aspects:

- **Digital transformation** is an essential component in internal management processes, and offers new ways of relating to clients to add value to our services. Digitalisation in all areas of society and the economy requires guaranteeing security and interoperability, both for devices and software. Applus+ offers innovative solutions in terms of cybersecurity and functionality of connected systems.

- We contribute to **sustainability and the reduction of environmental impacts** through innovation in diverse sectors, most notably in the **transport and energy sectors.** We work intensively in the field of sustainable, connected vehicles and renewable energies to facilitate their development, implementation and management.

- We **offer innovative remote-inspection solutions** that improve our clients' experience and make inspections safer for our technicians. These new ways of working have come into the spotlight, particularly in the context of the coronavirus pandemic.

- We have launched the **Applus+ Ventures** initiative, our Corporate Venture programme to increase our knowledge, together with other leading companies in technology and digitalisation.

Furthermore, we continue to increase our patent portfolio, mainly in the fields of non-destructive testing and composite materials processing. We always innovate with our clients as a reference, seeking to offer solutions to their challenges and assisting in their processes for development and technological transformation.

Results in 2021

897 people involved in and contributing to innovation projects, dedicating 313,380 hours.

Our teams worked on 178 projects for research, development and innovation.

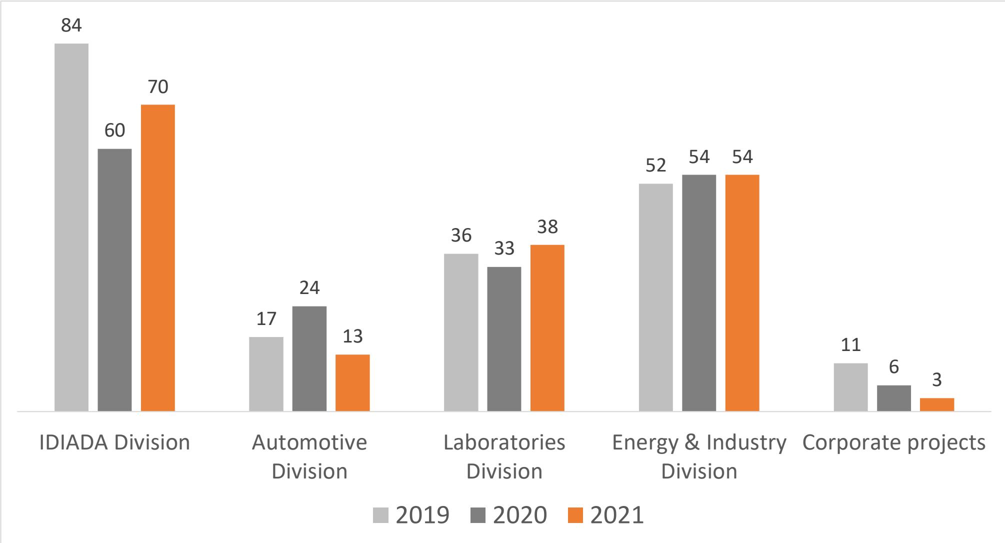
We have increased our intellectual property portfolio by 47 patents from 9 different families.

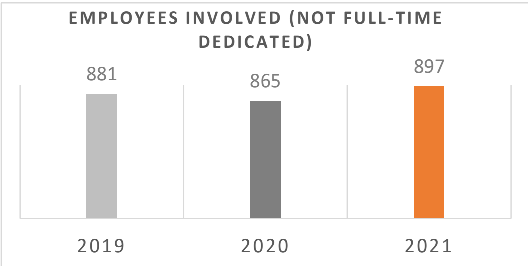
At present, we hold a total of 146 patents in force and 34 active patent families.

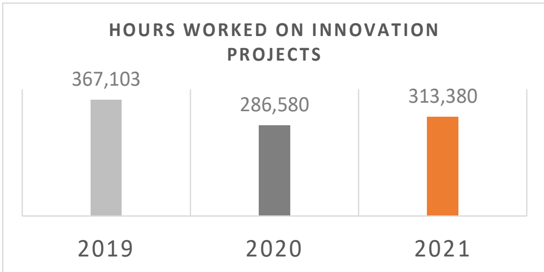
To promote our work in innovation, we initiated and collaborated on many types of activities and forums:

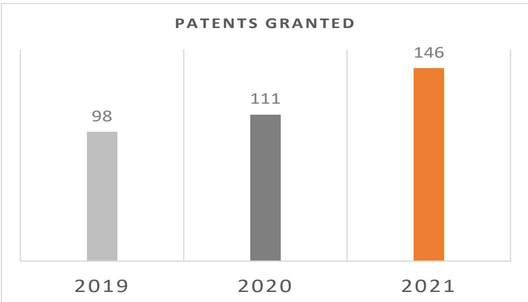
64 agreements with external bodies, 60 oral contributions to technical events, 49 technical publications, and 96 training sessions.

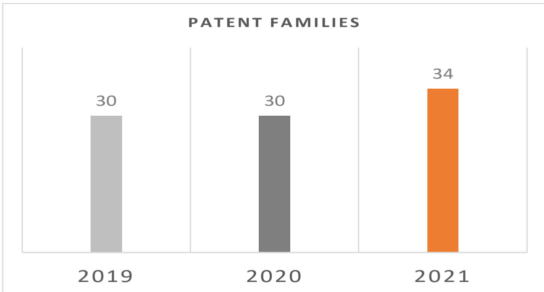
NUMBER OF INNOVATION PROJECTS PER YEAR AND DIVISION











SUSTAINABLE, CONNECTED AND AUTONOMOUS MOBILITY

Applus+ participates in innovation projects to achieve more sustainable transport systems in collaboration with the main bodies and companies at a European level. We work alongside other companies in the sector to advance new technological improvements for **electric, connected and autonomous vehicles,** guaranteeing their functionality and safety.

Standout examples include the European projects from the IDIADA Division, **ASSURED**, whose goal is to develop smart fast-charging solutions for heavy duty vehicles, and **ENSEMBLE**, in which we have developed the technologies that have made the **first platoon of multi-brand trucks connected** along European motorways possible. Furthermore, the Division has joined forces with **S2A** to investigate the aerodynamics of real driving events.

Thanks to its technological excellence, the IDIADA Division has been designated as a **Technical Service for Regulation No. 155 of the United Nations on Automobile Cybersecurity**, an increasingly critical aspect in the new connected and autonomous vehicles. In addition, the Division has been selected by the US National Highway Traffic Safety Administration (NHTSA) to conduct dynamic rollover tests in the New Car Assessment Programme (**NCAP**).

In the field of electric-vehicle testing, the Laboratories Division has designed and built innovative test benches to validate electric motors in its different laboratories. The Division is also expanding its capacities for **testing batteries and large vehicles**, such as electric buses or heavy duty vehicles.

The Automotive Division, with its project demonstrating the ability of standard on-board diagnostic (OBD) readers to access on-board fuel consumption metering (OBFCM) data in new Euro VI D vehicles, has achieved that **statutory vehicles inspections be considered as a viable means for collecting emissions data by the General Directorate of the Environment of the European Commission**, now being included in the new Regulation 2021/392 approved in February 2021. With this milestone, statutory vehicle inspections not only contribute to vehicle safety and pollution control at the local level, but go one step further to become a **relevant mean in the worldwide fight against global warming**.

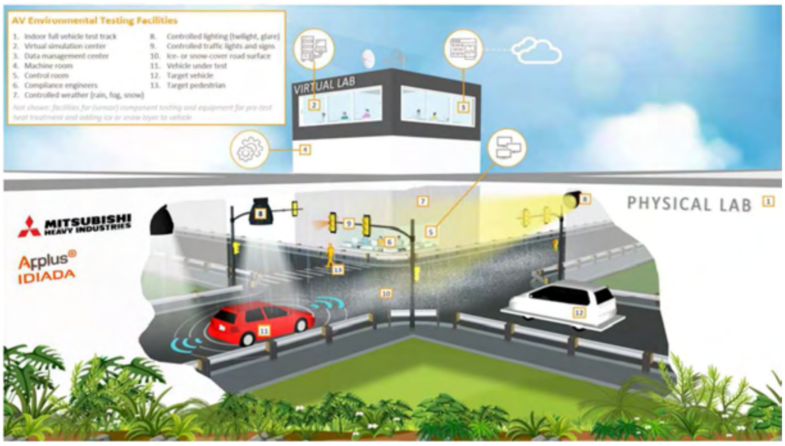
CASE STUDY: ENVIRONMENTAL TESTING FACILITIES FOR HIGHLY-AUTOMATED VEHICLES	

The IDIADA Division contributes to the design of automated driving systems and conducts tests to ensure that these systems will function in the different possible driving conditions.

Within this context, the Division has signed an **agreement with Mitsubishi Heavy Industries (MHI)** to collaborate on **developing facilities for controlled environmental testing of highly automated vehicles (AV).** The project is developing a test scenario with a combination of virtual and physical configurations to simulate controlled climatic and lighting conditions, such as snow, fog, rain and glare.

With the data obtained, information will be available to speed up the operational design time and **improve the safety and reliability** of this type of vehicle.

The implementation of the work agreed with MITSUBISHI will provide the automotive industry with unique facilities for environmental tests under controlled conditions. This development will also improve safety in the field of mobility through verification systems using advanced digital technologies.



RENEWABLE ENERGIES

The Energy & Industry Division enjoys more than 20 years of global experience in the renewable energy industry, and we are fully involved in projects based on all of the key renewable technologies: **wind, solar, energy-storage solutions and green hydrogen**. This includes services for all of the generation and distribution stages, as well as the operation and maintenance phases.

For the solar **photovoltaic industry**, Applus+ specialises in property engineering, which includes vendor surveillance and engineering services, along with quality control and supervision during the construction and commissioning phases. In 2021, the incorporation of Enertis to the Group added, alongside knowledge in photovoltaic solar energy, extensive experience in innovation based on digital solutions, including machine learning and data science.

All of this experience drives our professionals to innovate in those fields in which we have expertise and can add value for our clients. For example, with regard to **wind energy**:

- ✓ The laboratories in Spain and Germany, part of the Laboratories Division, are **testing materials** to assess their suitability in the manufacture of wind turbine blades and their components, as well as carrying out **structural tests** on the systems for fixing the blades to the turbine.

- ✓ Our specialists from the Energy & Industry Division in Northern Europe have developed a **specific installation** to **test tungsten tubes,** which are part of wind turbines at pressures of 500 bar and elevated temperatures.

For **green hydrogen** and energy-storage projects, we participated in the first forerunner projects being developed in Spain for the main clients in the sector, such as the construction of a **green hydrogen generation plant in Barcelona**.

Renewables are a globalised sector, comprised of highly specialised local markets. This is why at Applus+ we are able to provide an international outlook, while at the same time adapting to the situation of each country. To further this in 2021, Applus+ joined different associations around the world that support the common goal of sustainability, and we participated in presentations contributing our knowledge of inspection and verification in the renewable energy industry.

CASE STUDY: INSPECTION AND TESTING AT PHOTOVOLTAIC PLANTS USING ADVANCED TOOLS

The comprehensive management of photovoltaic plants is an essential issue for their owners and managers, who seek solutions to improve the efficiency of operations and to have information on their maintenance more interactively and timely.

Over many years, the Energy & Industry Division has facilitated the management of electrical installations and equipment through **TRAZA+**, a tool adapted to new technological requirements and clients' needs, and which has expanded its scope to include wind farms and photovoltaic plants. However, photovoltaic plants require a sizeable array of tasks that entail the recording of vast amounts of data in a systematic way, which makes the analysis process and subsequent diagnostic issuance difficult.

With the development of **BELENUS**, the aim is to incorporate advanced tools that help to improve the efficiency in the analysis of the data, as well as offering the client, and the manager of photovoltaic plants, a management system offering enhanced added value.

With these innovative solutions, we contribute to the operational improvement of renewable energy facilities and their maintenance and availability, extending their useful life.

REMOTE INSPECTION AND MONITORING SYSTEMS

In recent years, the Energy & Industry Division has been developing remote inspection solutions, such as inspections with drones, robotic inspection vehicles and other automated devices that incorporate cameras and sensors depending on the types of elements and infrastructures being inspected. Through these developments, we have helped our clients maintain their operations despite the coronavirus pandemic, thereby saving time and reducing risks.

Through the **ATR (Applus+ Remote Technical Assistant) system**, Applus+ has successfully carried out the remote inspection of a 500-tonne crane in the United Arab Emirates. The ATR system, which incorporates augmented reality, has allowed this critical operation to be carried out by a single inspector at the inspection site, communicating with the other team members in real time. Through this remote system, **remote supervision tests** have been carried out in an agile and precise way for one of the main electricity companies in Spain.

Our technicians use of **drones** for the **remote monitoring** of the dismantling of a **thermal power plant** is another example of remote work made possible thanks to new technologies. We have also developed semi-intelligent 3D-modelling projects of industrial facilities using BIM (Building Information Modelling), based on real data obtained from aerial inspections, which makes it easier for our clients to make reliable decisions.

Collaborative work with experts from other European countries has been fruitful in the **PAV-DT project,** which is funded by the European Union. This project offers a predictive tool based on an advanced algorithm and a cloud platform, which ensures continuous monitoring of the condition of a pavement, and can be installed in any type of vehicle. Similarly, in the field of transport infrastructures, our Group, **in collaboration with Calsens** (experts in monitoring using **fibre optic technology**), **monitors bridges on the Valencian Community's rail network** using sensors to send data in real time via fibre optics.

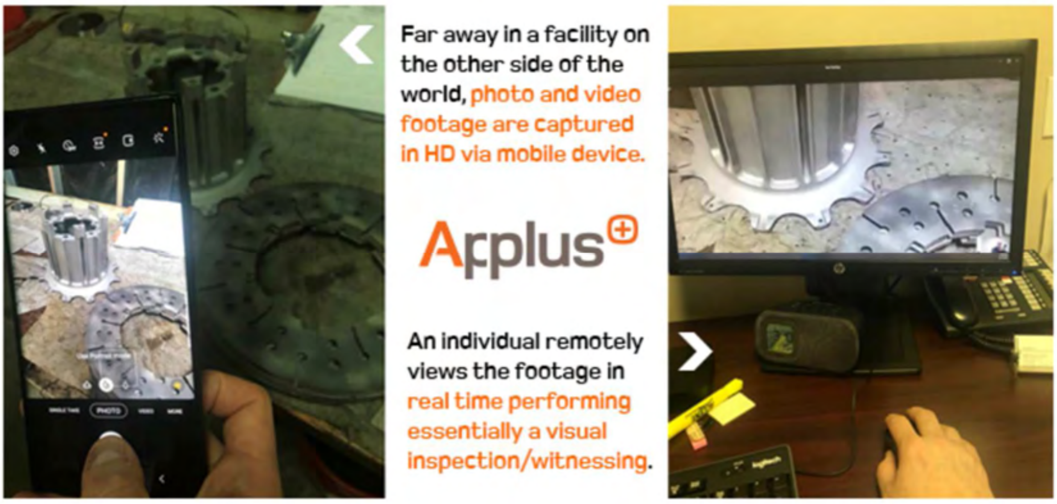
CASE STUDY: REMOTE VENDOR SURVEILLANCE

Supplier inspection and surveillance services require specialist technicians, and confirmation of product conformity may require multiple disciplines in the same or at different stages of assembly. **The coordination of the inspection stages** adds logistical challenges, especially at a time of pandemic-related mobility restrictions.

Based on previous knowledge on the use of video and audio technological devices for use in restricted access situations, a methodology was developed to carry out **verification inspections and remote surveillance**, **in collaboration with clients and suppliers.** This methodology has been refined by reducing face-to-face inspection teams and allowing remote access for experts, meaning that **several stakeholders could confirm compliance in real time.**

The auditable video footage is also used as a learning resource and forms the basis for continuous training of new inspectors.

Remote inspections in multiple disciplines and verification techniques have been completed in accordance with project delivery requirements, positioning Applus+ as a trusted partner for companies that need solutions to control operations remotely in unexplored regions.



DIGITAL TRANSFORMATION

In addition to the implementation of digital technologies in our innovation projects, which give rise to new state-of-the-art services with high added value, we constantly look for ways **to improve our clients' experience** through innovative solutions, while taking advantage of the potential of digitalisation.

For clients to be able to actively participate in the monitoring and control of tests from their workplace, the Laboratories and IDIADA Divisions had already developed solutions in previous years, such as **e-testing, Life Streaming and remote assistance solutions**. These have continuously been evolved to add more functionalities by taking advantage of technological progress.

We facilitate the **relationship between clients and suppliers through portals,** both for communication and data-access purposes, as well as for the provision of advanced services. Examples include the vehicle proving ground and supplier portals at the IDIADA Division, and **IRIS**, the IDIADA Division's *Regulatory Information System*, which brings together the knowledge of the homologation experts for the current and future regulation of automotive vehicles internationally, and makes the regulatory data available to the client through an online platform.

At Applus+, we design and implement advanced digital solutions to **improve the efficiency of our internal processes.** This covers all areas of the company, from management to testing, inspection and engineering processes, and we seek new ways of working that **improve the employee experience**, such as **Virtual 3D Learning** from the Automotive Division.

In the increasingly digitised and interconnected environment, ensuring **interoperability** becomes essential. The Information Technology testing team at the Laboratories Division, in collaboration with Discover® Global Network, have developed a test tool to verify **contactless mobile payment applications.** Both companies are already working on a new adaptation of the "Discover Cloud Payment" testing software to validate mobile payment solutions with QR.

CASE STUDY: aSeller+, THE APPLUS+ SOLUTION TO DIGITALISE STATUTORY VEHICLE INSPECTION

8 DECENT WORK AND ECONOMIC GROWTH

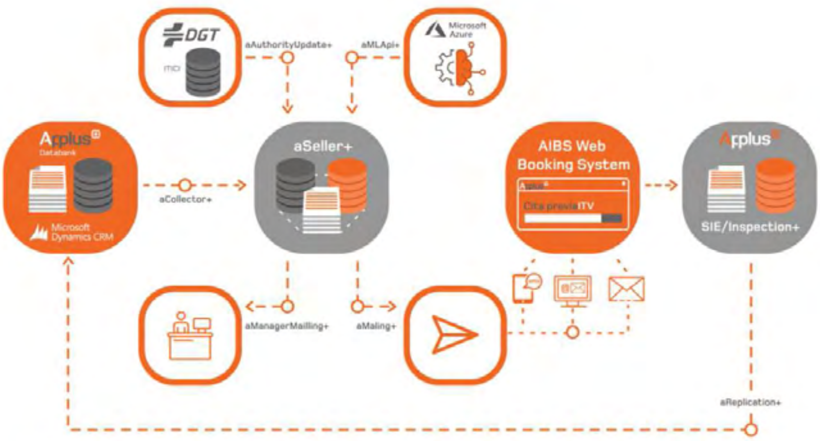
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The Automotive Division has digitalised its statutory-vehicle-inspection stations to continue improving the efficiency of the management of the centres, as well as the gathering, processing, transfer and traceability of inspection data.

aSeller+ is an innovative tool that centralises all information related to customers, integrates with all our applications and programmes, and allows our technicians to understand, analyse, segment and streamline all inspection processes. Our proprietary aSeller+ tool manages notifications and notices to customers, commercial actions, the appointment, the payment and the inspection itself until the reporting, placing the client at the centre of our business.

Thanks to aSeller+, the inspection process is now **more efficient and safer** because the tool minimises interaction in the centres, a fundamental aspect within the context of a pandemic.

The **digital transformation of inspection processes** is another example of the company's commitment to innovate and pursue excellence in our services, adapting at all times to our clients' needs.



APPLUS+ VENTURES

The rapid evolution of technology, digitalisation and the energy transition are transforming all sectors. Within this backdrop, entrepreneurship ecosystems are an increasingly relevant source of innovation.

In 2021, we launched **Applus+ Ventures**, the *corporate venturing* programme, with the aim of complementing the Group's innovation, sustainability and corporate growth strategy through **collaboration with entrepreneurship ecosystems**.

Collaboration and co-creation with start-up companies, technology centres, technology companies, universities and innovation hubs will strengthen our sources of innovation and our technological development to continue offering the highest standard solutions to the market. This cooperation will also allow us to be connected with the most innovative talent to respond to present and future challenges.

Applus+ Ventures will test new technological advancements and business models that contribute to creating a more sustainable future in several areas:

1. Technology and solutions with use cases in the technical inspection of vehicles.
2. Technology, solutions and new business models in the field of testing and certification.
3. New solutions in renewable energies and in the transport and distribution of electrical energy.
4. Innovative developments in the field of the hydrogen and connected vehicles.

For collaborations with start-up companies, Applus+ Ventures will provide strategic, technical and financial support, in addition to the possibility of taking advantage of the global reach of the Group, and the initiative will integrate sustainable business practices in the Group's operations and value chain.

ADVANTAGES OF COLLABORATING WITH ENTREPRENEURIAL ECOSYSTEMS

1. Gain greater **flexibility and agility** in the development of innovation projects.
2. Access **new** market **segments.**
3. Implement **disruptive products and technologies** for the TIC sector.
4. Initiate activity in the entrepreneurial ecosystems to further strengthen our **position as an innovative company.**
5. Stay connected with the most innovative **talent.**

TYPE OF COLLABORATING COMPANIES

- TECHNOLOGY COMPANIES
- STARTUPS
- UNIVERSITIES
- INNOVATION CENTERS

Relationship with clients

GRI 103-2 GRI 103-3

Applus+ regards **actively listening** to **our clients'** opinions as a key activity. Constant dialogue allows us know exactly what our clients need and expect, in order to develop and improve our services.

We give preference to **direct, personal contact at frequent meetings,** both in the design and planning phase of our services, and throughout their execution and review of results until completion.

Other channels of communication enable us to contact and gather the information we need to provide better services. These sources of information range from open days, road shows or conferences to other more formal channels, such as emails or the Group's website.

The **recognition** Applus+ receives from our clients gives us great satisfaction and encourages our professionals to keep on working harder and better in the future. In 2021, Applus+ received a variety of recognitions, with highlights as follows:

- In Canada, the International Institute of Welding awarded our team the "**Henry Granjon Prize"** in the "**Design and Structural Integrity"** category, for our commitment to ongoing R&D in the field of welding engineering.

- We were recognised at the **UK-Spain Business Awards** in the "**Driving Innovation"** category, a distinction awarded by the International Trade Department of the British Embassy in Spain for helping to strengthen trade relationships between Spain and the UK through innovation, partnership and entrepreneurship.

- In the UK, Applus+ received the "**Construction line Gold Award",** and Applus+ are now recognised as a *pre-qualified contractor* to provide services to the UK's construction industry.

Sustainable services

Many of our services contribute to reducing the environmental repercussion of our clients' activities, while also controlling environmental and safety risks for their assets, products and services.

REDUCTION AND EMISSION CONTROL

Statutory vehicle inspection

- Regulatory vehicle inspections.
- New independent technology for emissions tests.
- New independent procedures for validating controls of vehicle pollutants.

Aerospace

- Compliance with international standards and regulations.
- Incorporating new composites materials into manufacturing systems.

Industry, energy, oil and gas and public administrations

- Compliance with international standards and regulations.
- Incorporating new composites materials into manufacturing systems.

Testing and automotive engineering

- Technology for new engines.
- Use of alternative fuels.
- Promotion of hybrid and electric vehicle uptake
- Investigation of alternative systems for electric vehicles.

PREVENTION OF SOIL CONTAMINATION AND POLLUTION DISCHARGES

Construction and civil infrastructure

- Improvement of the machinery in park management.

Companies of any sector and public administrations

- Analysis of the water quality.
- Analysis of the wastewater or process discharge

Industry, oil and gas and mining

- Technologies for efficient non-destructive testing (NDT).
- Preliminary assessments of soil contamination.
- Studies for the remediation of contaminated soils.
- Environmental Risks Analysis.

CERTIFICATION AND VERIFICATION OF MANAGEMENT MODELS

Companies in any sector

- Advice for compliance with applicable national and international standards and regulations.
- Implementation of Environmental Management Systems.
- Application of good environmental practices in facilities and offices.
- Conducting Environmental Risk Analysis.
- Design of environmental indicators.
- Authorised control body of a large number of public administrations.
- Verification and validation of clean development projects (CDMs).

Organisations and public administrations

- Advice to the public administrations to develop regulations and the design of guides to facilitate their application.
- Design of environmental indicators.

OPTIMISATION OF ENERGY AND WATER CONSUMPTION

Companies of any sector and public administrations

- Energy audits.
- ESE (Energy Services Company) design and proposal of measures for energy saving.
- Energy-efficiency solutions.
- Water footprint design.
- Technologies for efficient non-destructive testing (NDT).

Electrical and electronic equipment

- Equipment design and products with lower energy consumption.
- Obtaining the energy-efficiency certificate for products.

Construction

- Sustainable certifications: BREEAM, LEED and GREENLIGHT.

MINIMISATION OF WASTE AND OPTIMISATION OF MANAGEMENT

Industry

- Analysis of products/services life-cycle.
- Design and implementation of integrated waste-management systems.
- Packaging declarations and packaging waste.

Electrical and electronic equipment

- Analysis of the equipment life-cycle.
- Design and implementation of integrated waste-management systems.
- Application of restrictions on the use of certain dangerous substances in the manufacture of equipment.

Construction

- Construction and waste audits.
- Plans for the waste management and minimisation.
- Asbestos detection audits and processes for its controlled management.
- Physical and chemical testing on construction materials to ensure environmental standards.

Organisations and public administrations

- Design and development of joint plans for circular-economy strategy implementation.

BIODIVERSITY AND ECOSYSTEMS PROTECTION

Energy and telecommunications

- Environmental monitoring of electrical networks.
- Landscape integration studies.
- Environmental Impact Assessments.

Organisations and public administrations

- Strategic Environmental Assessments.

Industry and oil & gas

- Innovative technologies for efficient non-destructive testing (NDT).

Civil infrastructure and mining

- Testing, process engineering and production optimisation by applying criteria for sustainability.
- Environmental Impact Assessments.
- Plans and programmes for environmental monitoring (throughout infrastructure operation and environment restoration work).
- Land surveying services.
- Restoration plans.

Some examples of the sustainable services that we developed in 2021 are described next.

Non-destructive testing (NDT) for a company specialising in geothermal energy in Hawaii (United States)

Applus+ provides services to geothermal energy operations in Hawaii, United States, through undertaking ultrasonic testing of guided waves, high-temperature corrosion mapping (thermal scanning) and pulse parasitic current testing.

The guided wave ultrasonic testing (GUL) uses effective technology for the fault detection on pipelines, capable of assessing damaged areas of extended lengths during inspections for pipeline integrity. The technology used is devised to leave a minimum footprint in terms of sensors and gages, so that the integrity inspection of assets may cover areas otherwise hampered due to isolation or insufficient access.

The Foucault (or Eddy) current (PEC) offers reliable means of inspecting pipelines and ferrous containers through thermal isolation and protective coverings. The system patented by Applus+, RTD INCOTEST ™, is a flagship tool for prioritising corrosion during insulation inspections.

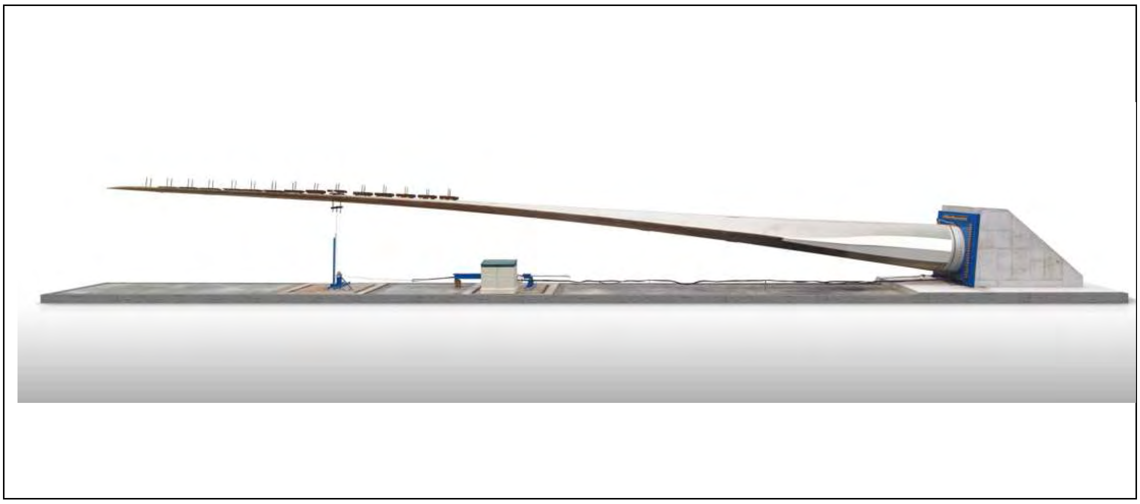
NDT allows for pipelines to be inspected, thus avoiding the generation of residues and land affectation. Furthermore, the services provided in Hawaii mean we contribute to the development of installations that generate energy using renewable sources.

Optimisation and improvements to wind power's efficiency and competitiveness

The Laboratories Division is engaged alongside one of the main manufacturers of wind turbines in the optimisation of large-scale blades. The laboratories are testing diverse materials and compositions to appraise their suitability in the manufacture of blades and their components.

Thanks to the special capacity of the structural laboratories located in Barcelona (Spain) and Dresden (Germany), wholescale solutions are being tested, both for the actual blade and the fastener system attaching them to the turbine.

This project will make major strides in terms of decarbonisation.



Official Green NCAP Laboratory

The main aim of the Green NCAP project is to aid consumers to choose a car that is respectful toward the environment.

Placing the onus on the consumers, Green NCAP provides understandable, unbiased and reliable information on vehicles available on the market, thus being able to identify the most efficient in terms of fuel consumption / energy, along with the least polluting.

The consortium is formed by European governments, motor clubs, independent testing laboratories and consumer groups who provide wide-ranging experience and knowledge in the automation field from different perspectives. Green NCAP works alongside independent testing laboratories in Europe, amongst which is the Group's IDIADA Division.

This initiative will further encourage manufacturers to develop ecological vehicles. With the Green NCAP project, we contribute to preserving the environment by reducing local and global pollution.

CASE STUDY: DEVELOPMENT OF ELECTRIC VEHICLES

The Laboratories Division is making a major investment to spearhead the testing of electric vehicles and their components.

We boast unrivalled facilities located in Silverstone (United Kingdom) for batteries, engines and heavy vehicles. We have devised and built specific testing benches for trials of electric vehicles in our different laboratories. We have expanded the testing capacity of all our laboratories, as well as our electric vehicle facilities in China.

In addition to the importance of capacity, of the utmost importance is to optimise the process and the client's integration into the testing procedures. To this aim, we have devised an in-house system of assistance and remote monitoring of testing so that clients may take part from their workstations.

With these initiatives, the Laboratories Division continues to deploy its strategy to bolster its positioning and foster the development of electric vehicles.

Strategic alliances

GRI 102-13

AUTOMOTIVE

ASOCIATION	POSITION	HIGHLIGHTED IN 2021
	The Automotive Division is a member of the Permanent Bureau. It takes part in several working groups, chairing WG5 (information systems), as well as in regional advisory groups (RAG).	Webinar presented by Applus+ together with CITA in September: "New approaches to vehicle emissions inspections –pt2". Participated in the CITA "Hybrid conference: electric vehicles", organised by CITA together with the European Commission.
	The IDIADA Division participates in four Foresight Groups.	Participated in creating the position paper "Connectivity, Automation, Safety - Using new tools and technologies supporting road safety and greening and their interaction".
	The IDIADA Division participates in GRVA-Safety and Connectivity, GRRF-Regulatory Proposals on Automation, GRPB-Noise Reporting Group.	In the GRPB, Applus+ has contributed to several sessions concerning sound-level limit related studies, giving technical support to the automotive industry and to the harmonisation of the regulatory framework.
	The IDIADA Division participates in several of the STA's technical working groups and chairs the STA Board of Directors.	Applus+ has proposed the work plan for current topics, such as driving automation, all types of electric vehicles or cybersecurity.

INFORMATION SECURITY

ASOCIATION	POSITION	HIGHLIGHTED IN 2021
	Laboratories Division's IT Labs is member of this association, which encourages its members to offer new accredited functional and security testing services.	The Laboratories Division has been accredited to evaluate IoT platforms under the trustCB SESIP scheme. Use of the SESIP mark with TrustCB is subject to a signed agreement with GlobalPlatform.

STANDARDIZATION

ASOCIATION	POSITION	HIGHLIGHTED IN 2021
	Applus+ is a member of several working groups and technical committees of the **European Committee for Standardisation (CEN)**, in a wide range of fields of operation, and we collaborate with identified standard work programmes.	Our experts from all over the world have taken part in technical committees e.g. non-destructive testing (NDT) and fire and gas testing, protective clothing for motorcyclists.
	The **TIC Council** is an international association representing independent testing, inspection and certification companies. Applus+ is a full member.	Applus+ participates in technical committees such as the "Industrial Life-Cycle Services" committee, in horizontal committees such as "Accreditation and Standardisation" and "Ethics and Legal", and in the "Anti-Counterfeiting" committee to prevent the proliferation of products with counterfeit certification marks.
	Applus+ is a member of **ASTM**, a forum that develops and publishes voluntary consensus technical standards for a wide range of materials, products, systems and services.	Applus+ experts from around the world continued to take part in various sub-committees in 2021. We have contributed to the modification of various ASTM standards and methods in non-destructive testing (NDT) technologies, and taken part in subcommittees developing standards on plastics materials and measurement of thermal properties of materials.

CASE STUDY: ALLIANCES TO BOOST RENEWABLE ENERGIES

In 2021, Applus+ joined several of the world's renewable-energy and energy-efficiency field operator associations who are committed to sustainable energy production and management among them:

In the **United States,** we joined the **American Clean Power Association** which works alongside its members to draw up policies to help remove barriers and quicken the growth of the renewable energy industry.

In **Australia**, we have joined the **Clean Energy Council**, which aims to speed up the pace at which Australia's energy system is turned into a smarter, cleaner system.

Finally, Applus+ is also a member of the **Middle East Solar Industry Association**, whose mission is to empower solar energy in the Middle East and North Africa by facilitating teamwork among solar-energy industry professionals.

Leveraging on our international presence and extensive global knowledge of the renewable energy industry, we are committed to joining organisations that address the challenge of sustainability and the generation and use of renewable energy from a local perspective.

ALLIANCES TO BOOST RENEWABLE ENERGIES

Applus+ is firmly committed to the development green hydrogen, and our broad service portfolio enables us to contribute throughout the entire value chain of this renewable resource.

In 2021, we sponsored **Energyear H2**, the green hydrogen event, and contributed with the presentation "**Safety commitments for new green hydrogen facilities"**.

In 2021, Applus+ joined the **Spanish Hydrogen Association** (AeH2), which represents around 300 members across the hydrogen value chain. Since its creation in 2002, the association has been encouraging, promoting and fostering the technological and industrial development of hydrogen technologies in Spain to ensure that the sector positively impacts Spanish society and economy.

05. GOVERNANCE

Corporate governance

GRI 102-16 GRI 405-1

Ethics and transparency are the guiding principles overseeing the management of the Applus+ Group. Our **corporate governance model** guarantees the fulfilment of our long-term objectives, responding to the expectations of our stakeholders.

The corporate governance framework of Applus+ has been developed and updated taking into account the Act 5/2021 of 12th April 2021, which amends the Spanish Companies Act, (approved through Royal Legislative Decree 1/2010 of 2nd July), and other financial regulations, regarding the promotion of long-term involvement of shareholders in listed companies (LSC);the Good Governance Code for listed companies (CBG) of the National Securities Market Commission (CNMV); and the **best internationally accepted practices**, while also incorporating feedback from our stakeholders.

The development, review and continuous improvement of this good governance framework are the pillars of our strategy and our **corporate governance model,** which is implemented through **basic rules** and specific **policies**.

In 2021, as a result of the amendment of the LSC, as well as its plan for continuous improvement in good governance, the Board of Directors and the Shareholders' Meeting of Applus+ modified some of the existing documents and the ***Approval Procedure for Related-Party Transactions*** has also been drafted.

Applus+ drafts an **Annual Corporate Governance Report** (IAGC) and an **Annual Report on Directors' Remuneration**. Both are published on the Group's website.

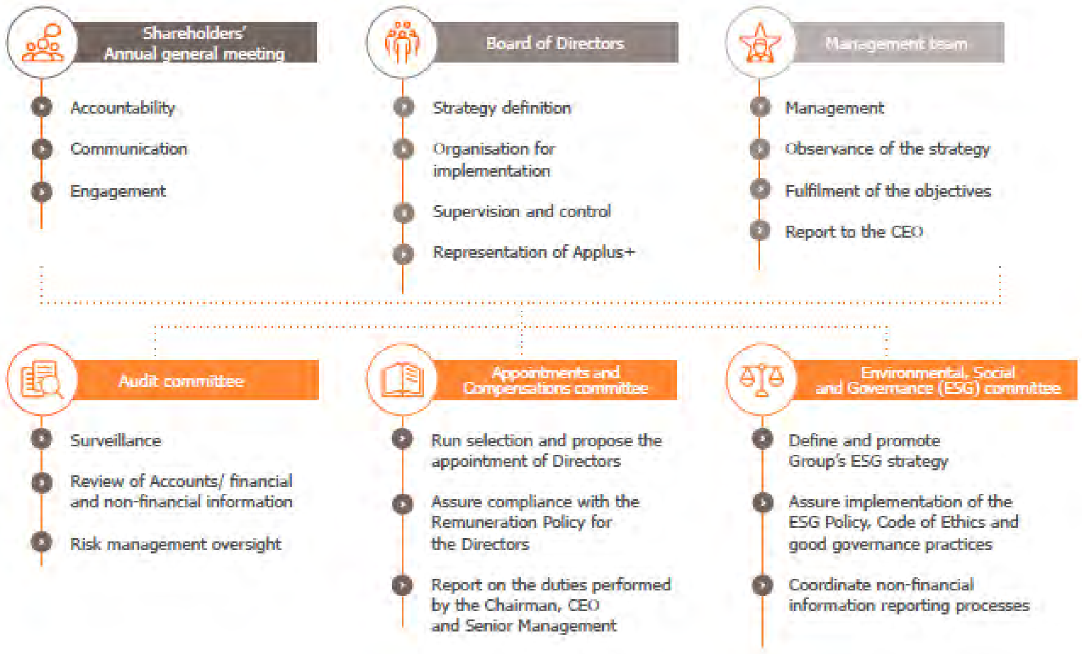
We have an **effective compliance rate of 93%** in accordance with the **recommendations of the CNMV**. Out of a total of 64recommendations, 55 apply to the Applus+ Group, of which we can affirm that 51 are fully met and 4 are partially met.

HIGHLIGHTS IN 2021

1. Amendment of the company's Articles of Association to include remote meetings.
2. Amendment of the Board's Regulations, approved in February and May 2021, to allow meetings to be held remotely.
3. Amendment of the Regulations of the General Shareholders' Meeting.
4. Amendment of the Internal Code of Conduct in the Securities Markets.
5. Annual corporate governance roadshow.
6. General Shareholders' Meeting held by entirely telematic means with the largest participation (attendance quorum) obtained to date.
7. Re-election of Ms Cristina Henríquez de Luna Basagoiti as an independent director.
8. 13 sessions of the Board of Directors.
9. Selection process after the resignation of two independent directors and appointment of two new independent directors, one of them female, reaching the 40% representation target one year ahead of schedule.
10. Evaluation of the Board of Directors by an external third-party, following the CBG recommendation.

GOVERNING BODIES

The governing bodies at Applus+ consist of the **Board of Directors** and its **three committees**, which focus on specific relevant areas to assist the Board in its supervisory function. All three committees report quarterly to the Board of Directors, at the very least, and provide a yearly report on the progress of the respective committees' duties.



The ESG strategic lines, and the targeted actions deployed based on these, are monitored through specific **key performance indicators** (**KPIs.**) These indicators provide the Group's management with useful quantitative information about the Group's ESG performance in order to take management and operational decisions for improvements.

In 2021, these indicators had a major bearing on the Group due to the **adoption of ESG objectives**, and because they have been detailed in our communications with investors.

Consistent with the level of commitment acquired, the Appointments and Remuneration Committee is working on the proposal of a **new *Remuneration Policy***, which considers ESG factors as part of the remuneration, and which will be submitted for approval to the General Shareholders' Meeting in 2022.

BOARD OF DIRECTORS

GRI 102-18

The Board's composition **of a vast majority of independent Directors** is pivotal to the good governance of the Applus+ Group:

- Eight out of ten directors are non-executive and 7 are independent.
- An independent Chair heads the Board, with separation from the CEO function.
- Independent directors chair all committees.
- In 2021, the CEO resigned from the ESG Committee, in line with the good governance recommendations. With this change, this committee is comprised solely of independent directors.
- Likewise, the three committees are comprised solely of non-executive directors.

The Group's ***Director Selection Policy*** aims to define the principles that govern the selection of candidates to achieve an **adequate balance** in the Board of Directors, ensuring that the selection processes foster **diversity in terms of gender, experience and knowledge**. In particular, therein including the target of reaching **at least 40%** of the Board represented by female directors by no later than 2022.

In 2021, the Applus+ Group made **changes to its Board of Directors**, which continue to strengthen the **diversity** and the **skills**, **knowledge** and **experience** within the Board. With these changes, **the Board has reached the goal of 40% female representation established in its policy** one year ahead of schedule.

The selection process, launched as a result of the resignation of an independent director for health reasons, has scrupulously followed the guidelines in the Directors' *Selection Policy*, and in accordance with the defined skills matrix. The departure of an independent director opened the possibility to successfully complete the selection of two new independent directors, who contribute to the diversity of the Board.

2021 is the final year of validity for the ***Directors' Remuneration Policy***, which covers the period **2019-2021.** The policy regulates the remuneration received by the members of the Board of Directors, as well as the specific remuneration and contractual elements that apply to directors who perform executive functions. These are all in line with market practices and follow international standards. The new *Remuneration Policy* will be proposed for approval at the next General Shareholders' Meeting and will incorporate ESG criteria, amongst other changes.

7 /10 Directors are independent

4 /10 Directors are women

4 /10 Directors come from outside Spain, reflecting the Group's international presence

SEPARATION OF CHAIRMAN AND CEO POSITIONS

Board of Directors

Christopher Cole
Non-Executive Chairman of the Board and Chairman of the ESG and Appointments and Remuneration Committee

Board Member:
2014 onwards

Educational qualifications:
Holds a degree in Environmental Engineering from South Bank University, London.

Previous experience:
Founder of WSP Group PLC, and currently Chief Executive Officer. Non-Executive Chairman of WSP Global Inc. and Tracsis plc. Non-Executive Chairman at Ashtead for 12 years.

Fernando Basabe
Chief Executive Office (CEO)

Board Member:
2011 onwards

Educational qualifications:
Law Graduate from Universidad Complutense in Madrid. MBA from the IESE Business School of Barcelona.

Previous experience: For 15 years, he held different senior management positions at SGS, SA, where he became Chief Operating Officer for Western Europe. He began his career in the corporate banking division Manufacturers Hanover Trust Co. (JP Morgan & Co.).

Joan Amigó
Chief Financial Officer (CFO)

Board Member:
2019 onwards

Educational qualifications:
Holds a degree in Economics from the Autonomous University of Barcelona. PDD at IESE (Barcelona). AMP at ESADE (Barcelona) and Wharton (Pennsylvania).

Previous experience: He began his professional career at Price Waterhouse Coopers in 1991 as an external auditor. In 1994, he joined Bimbo (Sara Lee), where he held several management positions. From 2006, Vice-President of Financial Planning and Control of the European division of Sara Lee Bakery.

Essimari Kairisto
Independent Director and Member of the Audit Committee

Board Member:
2019 onwards

Educational qualifications:
Holds a degree in Business Administration and Management from the University of Fachhochschule Bielefeld (Germany).

Previous experience:
Financial Director and member of the Board of Hochtief Solutions AG until 2016. Since 2015, member of the Freudenberg Supervisory Body, and since 2018, Independent Director and member of the Audit and Risk Committee of Fortum Oyj.
Before joining Hochtief Solutions, she held management positions at Sasol, RWE and Schlumberger.

Ernesto Mata
Director and Member of the Audit Committee

Board Member:
2007 onwards

Educational qualifications:
Holds a degree in Economics from the University of Geneva. MBA from the IESE Business School of Barcelona.

Previous experience:
Director of Unión Fenosa (Gas Natural), Unión Fenosa Soluziona, SA and Abertis Infraestructuras, SA, where he was also Chairman of the Audit Committee.
Chairman of the Advisory Board of KPMG in Spain and of Quironsalud. He forms part of the advisory boards or committees of other organisations and private companies in Spain.

Brendan Connolly
Independent Director, Member of the Appointments and Remuneration Committee and the ESG Committee

Board Member:
2021 onwards

Educational qualifications:
Holds a degree in in Business Economics and Sociology from the University of Southampton.

Previous experience: 24 years in various senior positions for Schlumberger in Europe, Latin America, the US, Africa, Asia and the Middle East. CEO of Atos Origin UK, America and Asia and of Moody International. Vice President of the Middle East, Europe, Russia and Eastern Europe at Intertek.

Non-Executive Chairman of Synthomer PLC, Sparrows Offshore Group Ltd, NES Global Talent, Victrex Plc and PEPCO GROUP NV.

María José Esteruelas
Independent Director, Member of the Appointments and Remuneration Committee and the ESG Committee

Board Member:
2019 onwards

Educational qualifications:
Industrial Electrical Engineer from the ICAI (Madrid). Master's Degree in Operations Management from the Instituto de Empresa (Madrid). PDG of the IESE (Madrid).

Previous experience: She has undertaken most of her career at Abengoa since 1997, going through different companies and senior positions as Director of Operations and Concessions.

Board member of Atlántica Yield from July 2014 to December 2017.

Director of Energy at Ferrovial Construcción since 2021.

Cristina Henríquez de Luna
Independent Director and Member of the Audit Committee

Board Member:
2016 onwards

Educational qualifications:
Bachelor of Science Economic and Business by ICADE (Madrid).

Previous experience: Chair and Managing Director in Spain and Head of Iberia and Israel at GlaxoSmithKline. Independent director of Meliá Hotels International.

Several senior finance positions at GSK. Previously, she worked at Procter & Gamble Europe, at their headquarters in Switzerland.

Marie-Françoise Damesin
Independent Director and member of the Appointments and Remuneration Committee

Board Member:
2021 onwards

Educational qualifications:
Holds a degree in Economics from Paris Dauphine University, MBA from ESSEC. Board Director Diploma of IMD Lausanne.

Previous experience: Member of the management team in the Latin America Committee at Renault, the CSR committee and the Board of Directors of Renault Spain. Vice President Human Resources and General Affairs for Europe at Nissan. Between 2011 and 2018, Executive Vice President Human Resources and member of the Executive Committee of Renault.

Director of Urbanis, Energie Jeunes, Adelaide Group and Senior Advisor and Executive Coach of Boston Consulting Group.

Nicolás Villén
Independent Director and Chairman of the Audit Committee

Board Member:
2015 onwards

Educational qualifications:
Industrial Engineer from the Polytechnic University of Madrid. Master's degree in Electrical Engineering from the University of Florida. MBA from Columbia University.

Previous experience: Chief Executive Officer at Ferrovial Airports and as Chief Financial Officer at Ferrovial. Chief Executive Officer of Midland Montagu Ventures and Smith Kline & French, while performing other duties at Abbott Laboratories and Corning Glass Works.

Member of the boards of FCC Aqualia and ACR Grupo. External advisor to IFM Investors.

Vicente Conde
Secretary of the Board

Board Member:
2016 onwards

Educational qualifications:
Holds a degree awarded by the Autonomous University of Madrid. Postgraduate degree in European Law from the Free University of Brussels.

Previous experience: Specialist in Company Law, Commercial Law and Securities Market. Partner in the Madrid office of Osborne Clarke.

Previously, he was a partner at Pérez-Llorca Abogados and worked at Uría Menéndez in Spain and Chile. Professor at several universities and regular speaker at conferences.

More information regarding the profiles of the Board of Directors can be consulted at web site

Integrity and Compliance

GRI 102-12 GRI 102-16 GRI 102-17 GRI 103-2 GRI 103-3 GRI 205-2 GRI 412-2

At Applus+, our *Code of Ethics* outlines the **principles, values and codes of conduct** underpinning our operations and activities. The *Code* establishes the guidelines governing our conduct, anywhere in the world, of which the cornerstones are: **integrity, transparency, impartiality, and independence and responsibility**.

Our *Code of Ethics* is available to all of our stakeholders in 21 **languages**, both on the Applus+ website and on the Group's Global Intranet.

The *Code* is deployed through **the Applus+ Group's Compliance Model policies**, and is implemented by the Board of Directors, through the ESG Committee and the Chief Compliance Officer (CCO), who ensure that ethical behaviour is present across our business units, geographic areas and operations.

A priority for Applus+ is to ensure that **all of our employees are familiar with and embrace** the Group's *Code of Ethics*, the *Global Anti-Corruption Policy and Procedure* and policies associated with the compliance model.

The annual online **training** is a powerful tool which conveys the importance the company gives to the policies and standards of behaviour that should govern our actions. Furthermore, the Group's annual training course on the *Code of Ethics* allows each of our professionals to update their commitment to compliance and its values, ratified with their signature.
When employees first join Applus+, they also sign a commitment to the *Code of Ethics* and its related policies as part of their employment contract.

Applus+ ensures that the **third parties with whom we work** know, understand and comply with the principles included in our *Code of Ethics*.

Everyone who acts on behalf of Applus+ undergoes a strict approval process, which includes knowing and agreeing to comply with our *Code of Ethics* and *Global Anti-Corruption Policy and Procedure*, as well as undergoing reputation and integrity testing before entering into any type of relationship with us.

Our suppliers, as well as our partners in any consortium coordinated by Applus+, must sign a certificate of compliance stating their commitment to the *Code* and its associated policies.
In 2021, the mobility restrictions related to the coronavirus pandemic remained in force, albeit to a lesser extent than in 2020, which led us to adapt how the Group performs the relevant compliance investigations, in particular the interviews.

The follow up meeting regarding the Compliance model implementation have been performed on line in most cases instead of the face-to-face meetings, usually held with the different functional areas of all our businesses to monitor the implementation of the different policy and procedure requirements, regular meetings were held online with the different area managers.

All of the Group's professionals, as well as any third parties (clients, suppliers and business partners), can use the Applus+ **Ethics and Compliance Communications Channel** to submit queries or report any indication or reasonable suspicion of non-compliance with the policies.

This channel is based on the principles of **good faith, confidentiality and lack of retaliation**, and the Chief Compliance Officer (CCO) manages the channel.

<table>
<tr><td rowspan="2">Number of notifications reported
121</td><td rowspan="2">Number of investigations initiated
96</td><td>Number of investigations resolved in 2021
75</td><td>Breaches of the Code of Ethics
27</td><td>Correction or disciplinary action
27</td></tr>
<tr><td>Number of investigations in process
21</td><td></td><td></td></tr>
</table>

*We pursue those notifications that have enough information to develop the investigation.

ORIGIN OF THE NOTIFICATIONS		RECEPTION CHANNELS		
Internal sources of the Group	External sources	Formal channels	Management team	Audit processes
91	30	74%	21%	5%

COMPLIANCE MANAGEMENT SYSTEM

The **Applus+ Group's Compliance Management System for Criminal Risks (CMS)** allows the company to manage possible criminal offences under the Spanish Criminal Code, UK Bribery Act and the US Foreign Corrupt Practices Act.

This CMS is based on the *Code of Ethics* and *Global Anti-Corruption Policy and Procedure*. In addition, the CMS also draws on other internal policies such as the *Global Conflicts of Interest Policy*, the *Procurement Policy*, the *Suppliers Policy* and/or the *Policy on the Use of the Company's Resources*.

The **Chief Compliance Officer** (CCO), overseen by the **ESG Committee**, is responsible for the course of action devised to raise awareness among all Applus+ professionals and for monitoring compliance with our CMS. Certain CMS issues also fall within the scope of the periodic controls carried out by the Internal Audit Department.

Throughout 2021, the Applus+ Compliance Department focused its international efforts on consolidating the implementation of the CMS policies in all divisions and countries, placing special emphasis on the acquired companies which joined the Group, seeking to resolve any potential issues and ensure effective implementation.

The **CORE Compliance** document, which outlines the basic principles of the compliance controls at Applus+, is a highly consolidated compliance framework. In 2021, the department focused on the effective implementation of other policies and procedures, contributing to the development and rollout of the ***Internal Control Guide***. This has allowed the Group to broaden the scope of application of the CORE model.

Our *Internal Control Guide* comprises other policies and procedures such as the *Global Expenses and Travel Policy,* the *Group Treasury Policy*, the *Sanctions and Export Control Policy* and the *Competition Policy*.

Accordingly, we have adapted and improved the **internal control model**, making it more efficient and simpler, to ensure that all managers comply with the applicable compliance requirements. All of our compliance controls are defined in the Applus+ Group's internal policies and procedures that are part of our CMS. Finally, members of senior management are required to sign a declaration each year to confirm the correct implementation of these requirements.

CORRUPTION AND BRIBERY

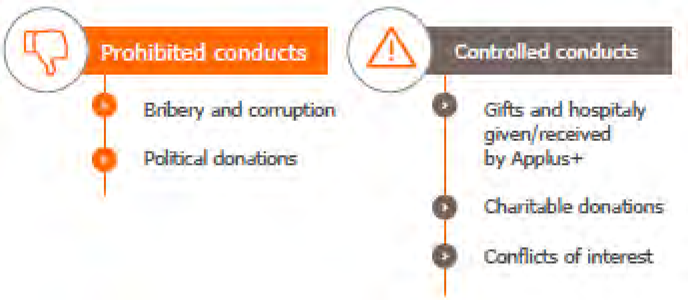
The **Applus+ *Global Anti-Corruption Policy and Procedure*** serves to prevent, detect, investigate and remediate any acts of corruption within the Group. Our key commitments are:

- To do business legally, ethically and professionally worldwide by complying with the anti-corruption laws relevant in the countries where the Group does business; and to ensure that Applus+ professionals and third parties conduct their business in the same way.

- Fight against bribery, kickbacks, improper or illegal payments, gifts or contributions, and any other improper method of seeking favourable treatment.

The divisional Executive Vice-Presidents, under the leadership of the CCO, are responsible for monitoring compliance with the *Policy and Procedure*.

The *Global Anti-Corruption Procedure* regulates both our professionals' behaviour and relations with third parties, as well as any mergers and acquisitions to **prevent any potential issues related to corruption.**



In 2021, the Group contributed €65,685 to foundations and non-profit entities, always in accordance with the provisions of our *Global Anti-Corruption Procedure*. In line with our *Policy*, no donations were made to any political party.

MARKET COMPETITION

GRI 206-1

The Applus+ ***Code of Ethics*** foresees **compliance with antitrust and competition laws.** The ***Competition Policy*** and the ***Bids and Tenders* Policy** set out the criteria for ensuring such compliance.

The Group has specific lines of internal review and approval for public **bidding processes, consortiums** or **trade association membership**, ensuring the involvement of the Applus+ Group's Legal Department as required.

In **2021**, no legal proceeding was initiated against the Applus+ Group. The company has not been served with **any claim for unfair or monopolistic competition practices**, nor has any financial or other kind of **penalty** been imposed, due to the aforementioned practices.

Data privacy and cybersecurity

Applus+ is committed to **protecting privacy and personal data** and **strengthening cybersecurity**.

The Group is fully committed to comply with the different **data protection laws** in force in each of the **countries where we operate. In addition,** we ensure that all our employees are aware of the importance to comply with these rules.

Applus+ maintains, implements and oversees the effective application of the ***Data Protection Policy***, the ***Individual Rights Management Policy and*** **Protocol** and the ***Data Security Breach Policy.*** With this regulatory framework, the Group can ensure compliance with the requirements of the European Union's General Data Protection Regulation (GDPR).

In 2021, along with other courses of action, the Group began implementing processes and policies in our subsidiaries in China to comply with the Personal Information Protection Law that recently came into force in the country.

We also safeguard **information security** through the Applus+ Group's ***Policy on the use of IT Resources***, and the **confidentiality clauses** included in the **contracts** signed with our **employees** and **clients** (confidentiality clauses and non-disclosure agreements) and subsequent internal processes. The **IDIADA Division** also applies the specific ***General Information Technology Policy.***

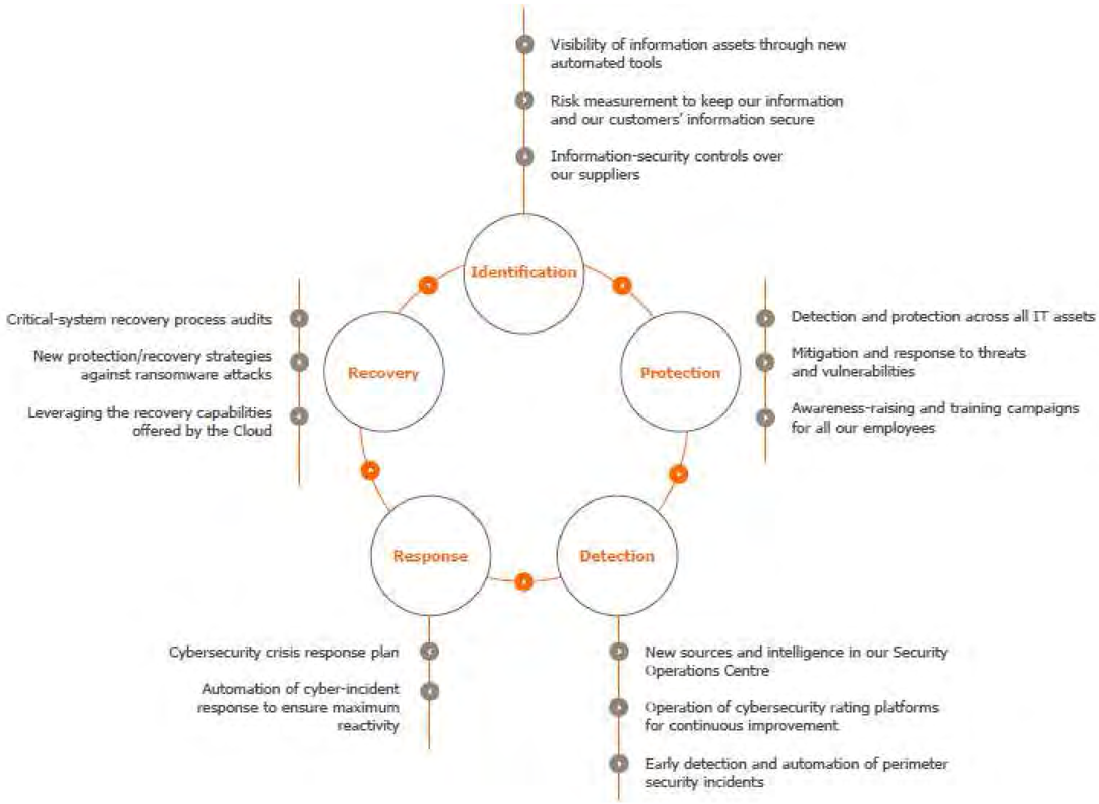
The Applus+ Group has a **data protection coordination team, which includes a divisional or country manager**, who is responsible for ensuring the implementation and compliance with the GDPR and the handling of any GDPR-related queries. This team holds regular meetings with the corporate Legal Department, which coordinates the responsible managers and draws up appropriate action plans.

The Group has ensured closer **oversight** of data-protection risk management by including it in the **Risk Map** as a **priority risk**, and adding data-protection risk assessment to the programme of regular internal audits carried out in the different subsidiaries and businesses.

In **2021**, we had **no material disclosure, theft or loss of** personal data information, and Applus+ responded to **approximately** 34,000 **enquiries on exercising data-privacy rights in Spain.** This was a sizeable increase year-on-year because in 2021 we provided a more accessible and direct channel to exercise such rights. As in other years, these enquiries were mostly related to our -vehicle-inspection stations.

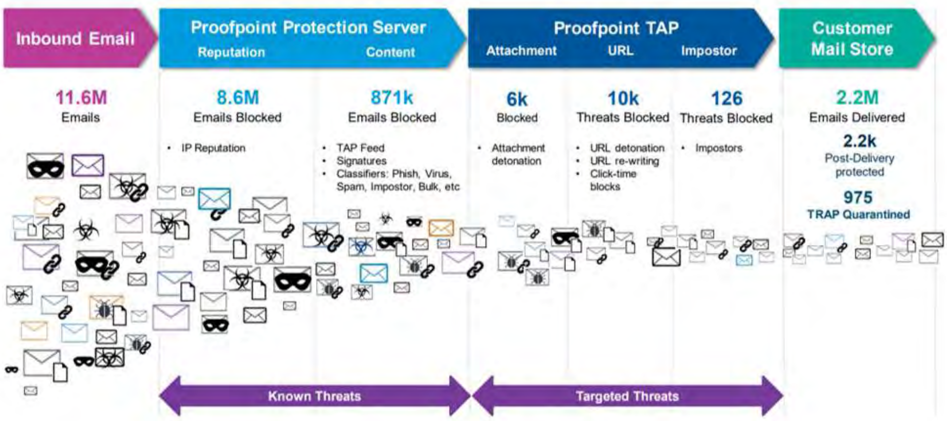
We endeavour to **prevent and** detect any threat to our information system, which we regard as a key business development tool safeguarding both our intellectual property, and our clients' and employees' data.

In 2021, Applus+ has focused on strengthening the security measures rolled out in previous years, and on further improvement in the five areas defined by the cybersecurity framework of the National Institute of Standards and Technology (NIST): **identification, protection, detection, response and recovery**. We have worked on specific lines in relation to each of these areas.



The action plan for each NIST area follows a continuous improvement process that leads to periodic assessments for each of the framework's controls.

CASE STUDY: PROOFPOINT SECURE-EMAIL GATEWAY
In 2021, the IT Department at Applus+ implemented a new platform to protect the Group's email system against all current email threats (phishing, ransomware, viruses, OAX, BEC, Spam). Following the platform's development and roll out, our mail is considerably more secure. The results are very insightful. For example, in July 2021, 81% of all Applus+ incoming mail was discarded because it contained some kind of threat.



Risk management

GRI 102-15 GRI 103-2 GRI 103-3 GRI 201-2 GRI 207-2

At Applus+, we are aware that risk is inherent in all businesses, which is why we strive to understand and manage risk to reduce threats and take advantage of opportunities.

By identifying and effectively managing financial and non-financial risks, we can implement effective measures to minimise the adverse effects of any identified risk, and ultimately achieve the defined strategic objectives.

The **Risk Map** is the Group's tool for identifying and quantifying the main risks that could impact the Group's strategic objectives, following the ***Risk Management Policy and Procedure*.** Our analysis includes all factors which we consider critical to our business activities, from a **strategic** (which incorporates risks related to sustainability and in which climate change is included)**, operational, financial, legal and compliance** perspective.

The Group's risk management **responsibilities are clearly defined**.

Board of Directors Audit Committee	Ensure the Group has appropriate strategies and indicators in place to mitigate the negative impact of risk.
Executive Committee Head of risk and internal control	Identify risks and drive the implementation of established mitigating measures throughout the Group. The functional members provide the more specialist view and the divisional vice-presidents provide the knowledge from each geographical region. Regularly update the Risk Map to align with any changes in the internal and external context.
ESG Committee	Oversee management of Environmental, Social and Governance Responsibility related risks.
Remuneration and Appointments Committee	Oversee the management of people-management related risks, such as talent retention.

The Risk Map and associated action plans are reviewed twice a year by the Audit Committee and annually by the Board of Directors.

Applus+ has implemented an **effective risk management model.**

1. We identify and assess risks by applying "Impact and Likelihood" criteria to determine whether the level of risk is "High, Medium or Low". RISK MAP
2. We define KEY RISK INDICATORS (KRIs) and determine tolerance thresholds.
3. We design ACTION PLANS to mitigate risks that have been found to be significant or relevant.
4. We monitor the implementation of the action plans and the results of the indicators.
5. We periodically submit, our Risk Map UPDATE REPORT to the Audit Committee and the Board of Directors.

The Group's risk management model allows us identify and effectively manage **emerging risks** such as climate change, natural disasters, cybersecurity attacks, or the impact of a pandemic such as COVID-19 on our business through business continuity plans.

We consider climate risk as one of the most important non-financial risks to manage. To mitigate it, we are adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Applus+ also protects itself against legal and compliance risks through our **Criminal Risk Map**, our **Criminal Risk Management and Crime Prevention System Manual** and our **Compliance Management System (CMS).**

In 2021, we focused on managing the most relevant or significant risks resulting from the year's assessment. We have defined and implemented different courses of action to mitigate the main strategic, operational, financial and legal/compliance risks.

STRATEGIC

1. Close monitoring of businesses based on **long-term and finite life contracts** (concessions in the statutory-vehicle-inspection business in Spain, Europe and America, or the IDIADA Division businesses providing services worldwide to the main automotive manufacturers).
2. Diversification strategy to mitigate risk stemming from certain levels of **exposure to trends on some markets**, such as the Oil and Gas and Automotive sectors.
3. Close monitoring of the formal terms and quality of all **services provided on the basis of accreditations** granted.
4. **Retention of key personnel** and talent management.
5. Achievement of **ESG and climate change objectives**.

FINANCIAL

8. **Management of the Group's liquidity risk and debt level,** as well as **working capital management**, which are essential to achieving the strategic objectives.
9. **Risk of certain significant assets being overvalued,** such as goodwill, intangible assets generated through inorganic growth, as well as tax assets.

OPERATIONAL

6. Action plan to protect risks involving **cybersecurity** and the disclosure of sensitive information.
7. Monitoring of **service quality** and **customer perception.**

LEGAL AND COMPLIANCE

10. Tracking of **legislative and compliance issues** to avoid criminal sanctions or significant business losses resulting from non-compliance with the Criminal Risk Management and Crime Prevention System.
11. **Data Protection** related risk management.

06. VALUE TO PEOPLE

GRI 102-8 GRI 102-12 GRI 102-16 GRI 102-41 GRI 103-2 GRI 103-3 GRI 402-1
GRI 403-1 GRI 403-2 GRI 403-3 GRI 403-4 GRI 403-5 GRI 403-6 GRI 403-7 GRI 403-9
GRI 405-1

Perspective and approach: culture and management

At Applus+, we are **committed to** the **work-life balance** of all of our people, and we provide flexibility strategies to ensure the balance between work and personal life.

We facilitate **geographical and functional mobility**, which ensures we have highly motivated professionals who are committed to developing their potential and who endeavour to contribute to the Group's success every day.

We also **adapt work conditions** for personnel with disabilities, women during pregnancy, mothers breastfeeding, or other special conditions or requirements, in accordance with current legislation, collective agreements and best-practice programmes.

Thanks to this approach, we have a low **absenteeism** rate, which **in 2021** stood at 2.4% of hours worked, considering the total number of employees this year.

The ***Remuneration Policy*** is based on objectivity, external competitiveness and internal equity criteria. Our remuneration-setting process always conforms to the legal provisions applicable in each country. In those countries where this is required by law or cultural practice, the process includes the cooperation and opinion of workers' representatives.

We strive to promote and ensure **equal pay for women and men** within the organisation. Our efforts to meet these commitments for equality and anti-discrimination are set out in the Group's *Code of Ethics* and *Global Anti-Discrimination Policy.*

We comply with the **right to disconnect from work.** In addition, where a job allows it and the same level of productivity is maintained, we give our employees the **option of telecommuting**, always on a voluntary basis and with the right to reverse their decision.

We respect the right to **collective bargaining** and work alongside our workers' representatives, freely elected in accordance with the labour legislation in force in each country, to promote **freedom of association**. We foster a culture of dialogue and negotiation with our employees' representatives and social partners through our communication channels.

At Applus+, we are aware of the importance of ensuring a positive work-life balance, and therefore we want our employees and managers to make full use of their holidays and breaks. We have launched the ***Annual Leave Policy*** to define a standardised process. In addition, and to ensure that all employees are aware of and implement this policy, we have put in place actions such as:

- All regions and countries have developed their own leave policy based on the global policy, written in the local language and including country-specific legal conditions.
- Internal communications are tailored to each country.
- We perform holiday and break audits.

Our COVID-19 risk management procedure also includes the full use of holidays and breaks.
We have **information and consultation mechanisms** that comply with existing labour legislation in each country where we operate. Any employee can report queries or suspicions of non-compliance through our **Ethics and Compliance Communications Channel**, which always guarantees the claimant's protection and lack of reprisals. We respect statutory minimum-notice periods when notifying any significant operational changes in line with local working practices.

Human rights

Applus+ is aware of our responsibility to ensure respect for human rights in the countries where we operate. We share this responsibility with all of our employees through annual training courses, and we communicate our principles to our supply chain.

The Group's commitment to respect human rights is reflected in the **policies and protocols in place**. These include our *Diversity and Equality Policy*, as well as our *ESG Policy*, *Code of Ethics*, *Global Anti-Discrimination Policy*, *Supplier Policy*, *Global Anti-Corruption Policy and Procedure*, and *Quality, Prevention and Environment Policy*.

In 2021, we **published** via the Group's website a list of all our **human rights** related commitments, in accordance with the United Nations Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, the International Finance Corporation (IFC) Performance Standards and the ten principles of the United Nations' Global Compact.

All of our employees are required to report any breaches of our commitments and policies through the Ethics & Compliance Communications Channel. In 2021, the Group received **no complaints regarding human rights violations**.

Our professionals' engagement

Each year, we launch our organisation-wide **commitment survey** to understand our employees' needs and to adapt to a constantly changing environment.

In a new action in 2021, we collected further information through pulse surveys that give us a quick, almost real-time overview of our professionals' needs, and assist us to more accurately realign action plans in place. These surveys have highlighted vulnerable group's needs during the pandemic in countries such as Spain, Costa Rica, Colombia, Czech Republic, India, China and the United States.

Safety (85/100), **Ethics** (80/100) and **Diversity** (80/100) are the **best rated dimensions** at Applus+ in the commitment survey conducted in 2021.

Seventy-four percent 74% of Applus+ employees regard themselves as being **committed or very committed** to the company. This represents a 25% improvement on the previous survey's score, due to the improvement plans in place and which our employees helped to design.

All of the results provide valuable information for further improvement.

Diversity, equity and inclusion

Applus+ is committed to diversity and inclusion. Our human capital is spread across over 70 countries, covering a wide range of nationalities, cultures and religions. Combined with our gender and age diversity, this approach creates a diverse identity that contributes greatly to the success of our business.

For Applus+, each person is unique. We want them to be treated fairly and to be able to contribute to the best of their abilities. We are committed to being a reflection of a diverse society, and work to promote a change in attitudes towards stereotypes of all kinds. The values of diversity, inclusion and equal opportunities are integral to the company's day-to-day operations.

In 2021, we brought in unconscious bias training, as unconscious bias can interfere with hiring practices and relationship dynamics within the company.

Each year at Applus+, we review our diversity, equity and inclusion **strategy plan** and publish our goals and targets. Integrated policies have generated synergies and helped us to meet several goals at the same time. Achieving gender equality is not only an essential goal per se, but also a driver for other goals to achieve a sustainable future for everyone.

To formalise our commitment to equality, cultural diversity, social inclusion and human rights, Applus+ has renewed our membership of the European Commission's Diversity Charter for the period 2021-2023.

PROMOTION OF WOMEN IN MANAGEMENT POSITIONS

We have launched several measures to increase the number of women in jobs that are predominantly held by men:

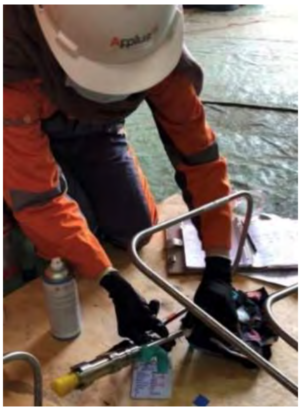
- **Shadowing with a female manager** is a programme based on identifying female talent to carry out day-to-day tasks with an Applus+ senior manager, providing other female employees with valuable experiential learning.

- We apply **monitoring indices** to gauge gender equality in the company's main governance bodies. We have improved our statistics to obtain regular and appropriate gender data for comprehensive monitoring.

- **Internal communication** through different channels. Diversity is a topic discussed at monthly Management Committee meetings. All internal processes benefit from two-way communication. Our in-house magazine *Appeople* frequently publishes diversity-related news.

- The Board of Directors has approved that part of the management team's **variable remuneration** in 2022 will depend on the achievement of four ESG objectives, tied to the results of the implementation of the decarbonisation, **diversity**, health and safety, and ethics strategy.

- **Technical training** for **women** to make it easier for them to move into jobs with a strong male presence, and encourage them to make headway in these positions.



CASE STUDY: DIVERSITY AND EQUALITY COUNCILS

These **forums** are used to express diversity, equity and inclusion-related **interests, concerns, needs and barriers**, which form the basis for devising action plans and proposed improvements. Each Council appoints a representative to convey the results and proposals to the Human Resources Department and Group Management.

In 2021, **more than >60% of our workforce** is represented on these Councils, with a presence in Spain, Colombia, Chile, Germany, the Netherlands, Norway, the United Kingdom, Finland, Ireland and Sweden. In 2021, we implemented many of the proposals made, for example, those aimed at protecting mental health and measures related to teleworking practice.

CASE STUDY: "WHAT OTHERS DON'T SEE"

In Spain, in 2021 Applus+ and some of the foundations and associations with which we collaborate (Prodis, Aspanri, Aura, Down Syndrome Foundation and Plena Inclusión) held **several talks** for everyone involved in our selection processes, with a view to **favouring the hiring of people with disabilities**.

In 2021, we met our **target of people with disabilities representing 1.11%** of our global workforce. And we are firmly **committed** to continue moving forward to create diverse teams who are a true reflection of society.

PARTICIPATION IN DIVERSITY EVENTS

In 2021, Applus+ extended our commitment to take part in **holding national and international diversity events**, in line with the socio-cultural context of each country or region.

This included taking part in the International Women's Day, Cultural Diversity Day, LGTBI+ Day, Black Ethnicity Day, Independence Day in some of the countries where we operate, Tolerance Day, Disability Day, as well as celebrating various local traditions.





Digital transformation

In line with the strategy at Applus+, 2020 and 2021 were critical for the digital transformation of the HR function. We have boosted HR team networking through innovation, streamlining collaboration and facilitating the processes involved in our core operations.

Our fields of work are:

Internal capability development. Digital transformation calls for talent and training. Once we have the talent, we build the teams by training them to use programs that bring us brand new technology like the Power BI tool, designed to model and analyse different data sources to provide interactive business intelligence displays.

Robotisation. Our Human Resources Department has revamped our processes through Robotic Process Automation (RPA) in a controlled environment. These robots replicate interactions with employees engaged in personnel administration, working cross-functionally. One example is the recruitment process, where we have automated contract drafting, signing and management of associated documentation, as well as the issuing of notices and communications with everyone involved in the process.

Pulse satisfaction survey. One of the company's main concerns is to keep abreast of our employees' opinions and their degree of satisfaction, which lets us act in time to boost their level of commitment. To do so, we support our traditional surveys with pulse survey software to discover their opinions more often and measure possible changes.

Talent acquisition changes. In 2021, we implemented **asynchronous interviews** as part of our recruitment process. In video-taped sessions, anyone applying for a position answers predefined questions, and this makes our selection process more efficient, optimising the efforts of our professionals.

Online training. Applus+ regards training as a cornerstone of our professionals' career development, and technology is essential for optimising training. Over the last two years, we have made great progress in this regard.

- Induction courses for new employees on business ethics and occupational risk prevention are now held online.
- We have used different technological tools to replace much of our classroom training with online training.
- Our Virtual Classroom enables trainers and attendees to log on synchronously and remotely.
- Our Workday software allows all employees use the same platform to access training.

Workday now in use in Spain, Portugal and Italy. Applus+ has started rolling out Workday, the Human Resources comprehensive management software tool, to fully digitalise its people management processes. In 2021, Applus+ rolled out Workday simultaneously in three countries (Spain, Italy and Portugal).

RECOGNITION OF OUR PEOPLE-MANAGEMENT FOCUS

Our drive to create an innovative work environment has been globally recognised by a number of **international organisations:**

Awards in Culture and Talent Management:

- ✓ Awarded bronze in the Stevie Awards in the categories of "Best Leadership Development Programme" and "Best Use of Blended Learning".

- ✓ Silver in the category of "Inspiring Employer Brand" from the Inspiring Workplace Awards.

- ✓ Bronze in the categories of "Best Unique or Innovative L&D Initiative" and "Best Use of Blended Learning" from the HCM Excellence Awards.

- ✓ Bronze in the "Best Employee Experience" category from the Employer Brand Management Awards.

- ✓ Chosen among the 8 best companies within the categories of "Best International Organisation for Business Culture" and "Building a Culture of Innovation Initiative" from the Business Culture Awards.

More information about these awards here:

Awards in Digital Transformation:

- ✓ Silver in the category of "Most Innovative Use of HR Technology During the Pandemic" from the Business Excellence Awards - Globee Awards.

- ✓ Bronze in the category of "Achievement in HR Technology" from the Stevie Awards.

- ✓ Platinum and two Gold awards at the AVA Digital Awards.

- ✓ Chosen among the 5 best companies within the category of "Innovation in HR Technology" from the HRO Today Association Awards.

- ✓ Among the top 10 companies in the "Brilliance in Innovative Use of Technology" category from the HR Brilliance Awards.

- ✓ Among the 4 best companies in the "Best Use of Technology in Recruitment" category, and among the top 3 companies in the "Best Business Partnership" category from the TIARA Awards.

- ✓ Among the top 5 companies in the "Best Digital Transformation Initiative" category from the Business Culture Awards.

- ✓ Selected one of the 3 best companies in Spain by the ABB Ability Digital Awards.

Read more about these awards here:

Diversity and Equality Awards: among the 7 best companies in the European Diversity Awards in the "Best Company of the Year" category.

Further information can be found here:

Brand Management Awards: silver in the Transform Awards, where Applus+ was recognised in three categories: "Best Internal Communication during a brand development project", "Best Brand Architecture Solution" and "Best localisation of an International Brand".

Further information can be found here:

Training and development

At Applus+, we believe that training our professionals allows us to respond to new challenges. Our training programmes are tailored to each country, to our employees' needs, their skills and environments, and offer them the chance to keep their knowledge up to date and develop their skills. **Developing the best talent** is both vital to our business and a challenge in today's dynamic labour market.

That is why we give our employees real opportunities to **grow both personally and professionally**, through specific training and mentoring, and to learn about other operating models and non-operational areas, and the chance to lead new innovation projects.

In 2021, our employees completed 568,700 hours of training, an average of 23 hours per employee.

We have online training tools such as ApplusNet, which allow us to reach all the locations where we provide services and increase our capacity to act, supplementing locally-provided training. We use ApplusNet to perform global assessments and controls to optimise our team training activities.

Our other training platforms are tailored to our specific needs, both in terms of content and geographical scope, such as Workday, Linkedin Learning, Social Selling - LinkedIn, Ascent, Seduo e-learning or GoFluent to promote language learning.

We have launched a Workday-based **pilot project** that fully integrates an employee's performance objective with development plans, with direct links to relevant learning materials.

CASE STUDY: AUTOMOTIVE DIVISION TRAINING PROJECTS

In 2021, the **Auto Division launched several pathbreaking training projects**, using digital tools to continue fostering training courses, boosting internal talent, and ensuring agile and effective training for new recruits.

The Automotive Talent University training itineraries and the specific training courses for vehicle inspectors facilitate the exchange of experience and knowledge within the Automotive Division worldwide. These courses were devised and given by the Division's own employees, all of whom have a high level of performance, experience and proven success in the industry.

Automotive Talent University's remit is to develop current and future leaders and high-potential individuals. Once the University has identified the participating profiles, it designs a **personalised training itinerary**, based on using new technologies to drive digitalisation projects in the sector.

To adapt to the pandemic, we have turned **vehicle inspectors' theoretical training courses** into **a digital training course**, and more than 450 people have now completed and passed the course.

The **3D training tool** simulates a vehicle inspection, and lets users practice inspection methodology, assess possible faults and learn on their own. As a result, teams of people from different departments, in different regions and countries, have been able to work together and share their points of view.

Wellbeing programmes

We have various social and economic benefit programmes to promote our employees' wellbeing, which are tailored to the specific features of the countries and regions where we operate. The Group’s wellbeing objectives are based on promoting a **healthier lifestyle** and dynamic social activities and offering essential amenities.

We promote people's health through initiatives involving their **physical, psychological and emotional wellbeing**, as well as activities that can enrich them personally and make them feel part of a group, beyond the working relationship.

CASE STUDY: FAMILY DAYS

Applus+ holds family days in different parts of the world.

At these events, our employees get the chance to bond and interact socially with one another, which promotes a better working environment and personal satisfaction.

Our employees' families also benefit from these events by finding out about Applus+ activities and how we contribute value to society.

CASE STUDY: BH, STEP CHALLENGE AND EAP PROGRAMMES

Our online and app-based wellbeing programmes serve to provide **calm and peace of mind** through:

1. Individual programmes to boost wellbeing in aspects such as time management, healthy lifestyle habits and relaxation techniques, amongst others.
2. Individual and personalised coaching to develop different abilities for dealing with personal and professional challenges.
3. Unlimited emotional assistance through video calls with expert psychologists, who provide support to cope with personal or professional challenges.

Keeping safe

MANAGEMENT SYSTEM

The Applus+ Group's strategy consists of going beyond the legal requirements, and we pursue the objective of zero injuries. The protection of our employees is a priority defined at the highest level.

We have established a framework in which to operate and provide our services in a safe environment, through **our policy of *Corporate Quality, Health and Safety and the Environment***. The policy bolsters our **integrated management system**, which has a **preventive approach** and complies, among others, with ISO 45001. We promote a **culture based on prevention** to **ensure the health and safety of our employees** and all of those working with us.

As a complement to the ***Corporate Health and Safety policy* and guidelines**, we have established the **Applus+ Golden Safety Rules**. This sets 11 rules conceived to eliminate or reduce the risks associated with the activities that historically have had the largest impact on the Applus+ Group's claims.

We have local **health and safety management systems** in place in each legal entity and/or division, certified by third parties in accordance with the international occupational health and safety standard ISO 45001**,** covering 44% of our operations.

To ensure the fulfilment of these requirements, Applus+ performs audits, supervisions and/or inspections of safety conditions at work, both by line management and preventive resources.

During 2021, there were 91,338 in situ audits and inspections.

1.9 inspections and audits every 1,000 hours worked.

CASE STUDY: IDIADA DIVISION CERTIFIED AS A SAFE AND HEALTHY WORKPLACE

The IDIADA Division in Spain and Germany has obtained the ISO 45001 certification for Occupational Health and Safety Management Systems at the end of 2021. This prestigious international standard, required by many of our clients, recognizes the company's efforts to minimize risks and provide a safe and healthy working environment.

This external certification is added to those carried out periodically by the Spanish administration. It also confirms the robustness of the health and safety management system at the IDIADA Division and highlights the continuous effort to ensure the safety of all of us.

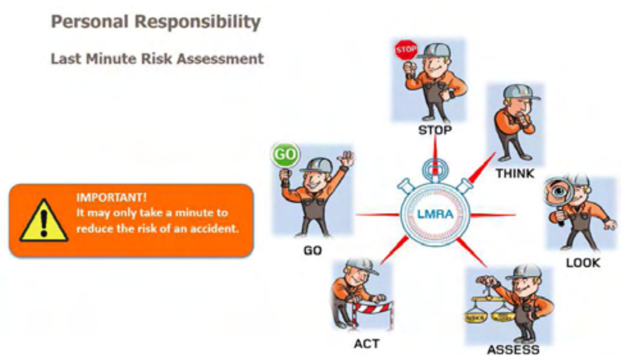
IDENTIFICATION OF HAZARDS AND RISK ASSESSMENT

We identify and assess risks in health and safety for all of our activities. Making use of the control hierarchy as a systematic approach, we establish the preventive and corrective measures for the elimination, reduction and/or control of the assessed risk. The risk assessments are reviewed regularly when changes occur in working conditions or when safety incidents occur.

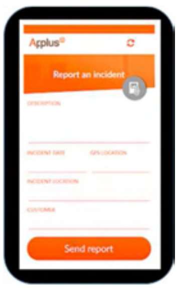
Through the **coordination of business activities** with our clients or owners of the facilities where we carry out the work, our assessments include risks that might affect Applus+. In the same way, we work with our suppliers to assess and control any risks associated with the work carried out by third parties at our facilities.

As a final part of the risk assessment process, employees perform **pre-check** or **last-minute risk assessments** before starting a job or task.

Before starting work, our employees check for any on-site risks associated with the task to be performed and the surroundings, and make sure that all risks are under control.



47,175 pre-checks in 2021.
1 pre-check for each hour worked.



In addition to the performance of pre-checks, employees are encouraged to **report incidents and/or unsafe situations**, so that by correcting the causes their reporting contributes to preventing accidents before they lead to injuries.

To facilitate this communication, the Group uses a propriety tool, Applus+ IncidentA to notify cases by computer or smartphone.

15,834 communications in 2021.

0.35 for every 1000 hours worked.

All incidents are investigated in a systematic way to ascertain the root cause of the problem and to define action plans to prevent its reoccurrence. We share the **lessons learned** with the entire organisation of such accidents, where the actual or potential consequences are relevant.

HEALTH SURVEILLANCE

Applus+ has implemented health surveillance programmes to assess the physical fitness of our employees through **specific medical check-ups** in respect of the job position and the risks to which they are exposed, both by the activity itself and by the facilities of the client where the work is carried out. Collectively, we carry out **epidemiological studies** to identify incidents on health that could be related to the work.

To deliver these programmes, we use **external medical services**, which, in accordance with the regulations of each country and the General Data Protection Regulation (GDPR), take custody and safeguard the confidentiality of the employees' personal data, solely bringing in an aptitude assessment relating to the job position.

Moreover, through different programmes and initiatives at the local level, Applus+ facilitates access to medical services among its employees.

TRAINING IS KEY FOR APPLUS+

Employee participation is essential to pursue the objective of zero accidents, and to this aim, **health and safety training and awareness campaigns** are essential elements to foster a **safety culture** that allows us to achieve this goal.

The training of all employees on health and safety issues is an essential aspect of the company's training programmes when employees join, and regularly during their employment. The Group has established a compulsory basic training programme for new employees, which is complemented locally with specific programmes.

These programmes have a common element referring to how health and safety is managed at Applus+, which is complemented with their specific training needs in each job profile or position, such as mechanical risks, working at heights, working in confined spaces, electrical hazards, etc.

CASE STUDY: SAFETY DAY

3 GOOD HEALTH AND WELL-BEING

This annual event sees the entire global workforce participate, and we also invite our clients and contractors to join the Safety Day's events.

Material translated into 13 languages.

100% of countries where Applus+ operates.

In 2021, we focused on promoting health, especially on **mental health** and the impact caused by the pandemic.

In 2021, we had an internationally recognised specialist to talk on mental wellbeing and provide our employees with emotional management tools. This activity has been highly valued by our employees, as reflected in the comments on the event's **social wall at our Global Intranet**.

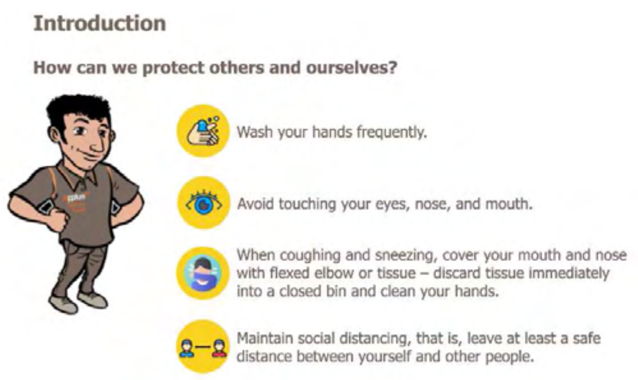
THE CORONAVIRUS PANDEMIC

In 2021, we continued to develop our **action plans** to **prevent and control the risk of contagion** in our activities' environments, establishing corporate directives and safety protocols based on the situation of the pandemic at any given time.

We have **monitored the impact** of the pandemic at Applus+, gathering data using our GRC tool.

COVID-19 **training** continues to be a fundamental tool to raise awareness and prevent the transmission of the virus during the development of our activities.
In 2021, we maintained the specific COVID-19 course and preventive measures at work as part of the initial training programme in health and safety.

11,027 new employees have been trained in this course.



In some countries, like Colombia and India, we have promoted vaccination campaigns, and carried out voluntary diagnostic tests in Spain, both preventively using some of our larger facilities, and reactively based on confirmed cases among employees in a given centre.

The number of confirmed cases in 2021 (including quarantines) amounted to a total of 2,164 cases from 32 countries. The large majority of the cases were mild, and the source of contagion came from outside the Group.

FOLLOW-UP AND RESULTS

To monitor the performance of health and safety and the Group's safety culture, we have a reporting procedure that applies to the Group's overall activities at a worldwide level. This process includes **proactive indicators that are precursor of incidents,** and help measure the Group's safety culture and **reactive indicators** that refer to the Group's performance in health and safety.

The local representatives for QHSE are responsible for reporting accident data using the Governance Risk Compliance (GRC) tool and for sending the training reports to the corporate department for QHSE. The corporate department reviews and consolidates the data, performs a quantitative and qualitative analysis of the information, and prepares the related reports for forwarding to the management team and the Board of Directors as part of their regular review of the process.

The accident indicators for the last three years are as follows.

HEALTH AND SAFETY INDICATORS	2019	2020	2021
Working hours (in thousands)	47,065	43,376	48,383
Fatalities	0	2	0
Fatality rate	0.00	0.01	0.00
Number of high-consequence work-related injuries	0	0	0
Rate of high-consequence work-related injuries	0.00	0.00	0.00
Recordable cases	240	165	247
Total recordable cases frequency (TRCF)	1.02	0.76	1.02
Total recordable cases frequency (TRCF) Female rate	0.08	0.08	0.09
Total recordable cases frequency (TRCF) Male rate	0.94	0.68	0.93
Lost working days	5,759	4,368	6,880
Severity	0.12	0.10	0.14
Severity Female rate	0.01	0.01	0.02
Severity Male rate	0.11	0.09	0.12
Professional illness	1	0	0
Professional illness Female	1	0	0
Professional illness Male	0	0	0

In some countries where we operate, musculoskeletal disorders are classified as accidents as opposed to professional illnesses. As a consequence, we adopted this criterion globally for data consistency. Therefore, any cases of musculoskeletal disorders have been included as accidents in the calculations.

*Carpal tunnel syndrome with 10 lost workdays, which is a professional illness according to the Spanish law.

We analysed the data by comparing 2021 with 2019, considering the limited representativeness of the figures in 2020 due to the pandemic. In 2021, the TRCF continues the downward trend, while the severity increased slightly.

The main causes of the accidents in the Group in 2021 were, as in prior years, slips and trips and over-exertion.

In the analysis, for the contribution-by-gender to the accident rates in relation to the proportion of our employees, any bias or significant differences regarding the exposure to hazards and their consequences are observed.

07. ENVIRONMENT

GRI 102-11 GRI 102-12 GRI 102-15 GRI 201-2 GRI 302-1 GRI 302-3 GRI 303-1 GRI 303-2 GRI 303-3 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 306-3 GRI 308-1

Our environmental strategy

At Applus +, we actively work to avoid and limit the possible adverse effects our activities have on the environment. The Group has policies and management systems in place that are based on internationally recognised standards, and which transcend mere compliance with environmental legislation.

Corporate Quality, Prevention and Environment Policy governs our operating rationale to achieve the preservation of the environment**.**

- ✓ Prioritising the preventive approach over the corrective measures, the Applus+ Group's management reinforces its commitment to promote the process of continuous improvement in our environmental management, providing the most suitable human and financial resources.
- ✓ All employees, and those working on behalf of Applus+, are aware of the policy and are duty bound to comply with it.

We develop our policy through **Environmental Management Systems (EMS),** based on the continuous improvement cycle defined by the international standard **ISO 14001.** The Group's EMS is audited by third parties periodically, which allows us to maintain our certificates over time.

More than 54% of our operations are certified according to this standard.
Our main **environmental aspects** are related to energy consumption, its associated greenhouse gas (GHG) emissions, water consumption and to a much lesser extent, waste generation.

Environmental Aspects			
Energy	Emissions	Water	Waste
The energy consumption derived from our operations is due to the consumption of electricity and fuels[1] such as petrol, diesel or natural gas.	Our carbon footprint is the result of GHG emissions, due to the Group's energy consumption. Most of our emissions come from the use of fuel in our fleet of vehicles, employees' travel and commuting, purchased goods and services and electricity usage.	At our facilities, water is mainly used for sanitation and the largest consumption is concentrated at the 2 sites with vehicle test tracks.	The Group's waste generation and management activities are basically concentrated in our testing activities.
Our management strategy is based on **reducing consumption, choosing renewable sources and offsetting residual emissions**.		At Applus+, we make a conscious decision to reduce water use implementing reuse processes whenever possible to develop our activities.	At our facilities, we are moving towards the implementation of the pillars of the circular economy, the 7R model.

The activities of the Applus+ Group do not generate direct impacts on biodiversity; and the location of our facilities does not pose any risk for the natural areas of the countries where the Group operates.

[1]Petrol, diesel, biodiesel, natural gas, propane, liquid natural gas, compressed natural gas and liquid propane are the fuels consumed within the Group.

During the supplier approval process, the **mandatory QHSE requirements are duly** integrated. Our suppliers must understand and adhere to the ***Corporate Quality, Health & Safety and Environmental Policy*****.** Furthermore, we foster the implementation of environmental management systems (EMS), positively assessing the certification according to the ISO 14001 Standard or the European EMAS regulation.

Spending on suppliers adhering to the QHSE policy.	**71%**

CDP Climate Change

Applus+ presents its commitment to transparency by disclosing its environmental performance through the annual CDP questionnaire, a non-profit organisation whose aim is to encourage a sustainable economy amongst investors, companies, cities and governments to measure and act on environmental impacts, recognising those that are the most active in the world in the fight against climate change.

For the fourth consecutive year, the organisation has awarded the Applus+ Group a **"B" rating** for our actions to address the global challenge of climate change.

This recognition is the reward for the strident efforts made by the Group to integrate climate issues into our management.

Due to the impact of the pandemic, the figures for the year 2020 do not show a sturdy and representative basis to allow comparison with later years. For this reason, the consumption and emissions of 2019 are more representative of normalized activity, and that is why we take them as a reference for the comparative analyses of 2021.

Climate change: risks and opportunities

Climate change offers us opportunities and can generate risks of a different nature in our business. Mitigating and managing these risks, as well as identifying potential opportunities, is essential to Applus+ and assists us to maximise our value to society.

We work to understand the implications that climate change may have on our activities, and improve our strategy regarding our services and operations. We identify opportunities that, once internally analysed, allow us to **develop strategies** that we can take full advantage of. We do this with three time frames in mind:

- ⇨ Short term: <3 years
- ⇨ Medium term: 3 - 6 years
- ⇨ Long term: > 6 years.

In 2021, as in previous years, we have continued to adopt the recommendations of the **Task Force on Climate-related Financial Disclosures** (**TCFD).** To date, the Group has conducted a qualitative risk assessment, and following its recommendations, the Group will introduce the scenario analysis into the process for future reports. This initiative assists us to improve our financial information on climate change regarding four key elements: Government, Strategy, Management risk, and Metrics and objectives.

Based on the TCFD methodology, we classify our risks into two categories:

- ✓ **Physical risks,** emanating from climate change, which can be event-driven (acute), such as increased severity of extreme weather events.
- ✓ **Transition risks,** associated with the transition to a lower-carbon global economy; the most common of which relate to policy and legal actions, technology changes, market responses, and reputational considerations.

Risk / Opportunity	Description	Time frame	Impact	Level of impact	Action
PHYSICAL RISKS					
Acute risks	Increase in extreme weather events	Present	Disruptions in activities, impact on the health and safety of our employees, absenteeism, and reduction in income due to project delays or cancellations	Medium	Business continuity planning
Chronic risks	No relevant risks have been identified				
TRANSITION RISKS					
Market risk	Change in consumer behaviour with a reduction in the use of fossil fuels to decarbonize the economy.	Long term	Possible impact on the services that the Group provides to the oil and gas sector	High	Diversification plan, which has reduced the Group's exposure to this sector from 50% in 2014 to the current 25%.
Opportunity	Development of services in the renewable energy sector	Present	Growth in revenue in the renewables sector	High	Investment in new business and development of services in the renewables sector. Expansion plan in countries where our presence in this sector is more limited
Legal risk	Lower revenue due to new legal requirements for sustainable mobility	Long term	Partial impact on the environmental control of emissions in the statutory-vehicle-inspection business	High	Development and investment in new testing activities associated with the electric / green connected vehicle
Opportunity	Design and develop services that assist our clients to comply with the new regulations	Present	Develop tests for: ✓ emissions or homologation ✓ clean and connected vehicles ✓ insulating and construction material Increase in revenue associated with testing, engineering and homologation, of both green vehicles and components	High	Innovation plan with priority lines of action in each line of business

Legal risk	Regulations that require greater use of renewable energy	Medium term	Legal breaches or increased costs associated with energy	Low	Annual increase in the Group's % of renewable electrical energy following the established strategy
Reputation risk	Increase in reporting obligations	Present	Perception of lack of transparency or credibility by stakeholders	Low	Monitoring of legislative changes accompanied by a deployment of internal reporting and control tools

We identify risks and manage them appropriately, so we do not expect any significant impacts. In the same way, we deploy plans to make the most of the opportunities that climate change offers us, which will more than compensate for the possible impacts that, although limited, may occur.

To date, the financial impact on the Group's operations has been low because the events have been brief and occasional. However, given the geographic spread of our operations, the likelihood of these events happening simultaneously in many different locations is considered low.

Science Based Targets initiative (SBTi)

At Applus + we understand that the private sector has an obligation to contribute to the fulfillment of the objectives of the Paris Agreement, which aims to prevent the increase in the average global temperature of the planet from exceeding 2ºC with respect to pre-industrial levels and also seeks to promote additional efforts to ensure that global warming does not exceed 1.5ºC. In this sense, our group has joined the Science Based Targets initiative, committing ourselves to setting ambitious emission reduction targets to meet a 1.5ºC scenario.

In this way, Applus+ is part of a global initiative in which more than 2,200 companies participate worldwide, and which collaborate with the most influential organisations in the field of climate change such as CDP, the United Nations Global Compact, World Resources Institute (WRI) and Worldwide Fund for Nature (WWF).

We are defining medium-term **goals** with the ambition of becoming a net-zero carbon company by **2050**.

This commitment marks another milestone on our path to a low-carbon future, which began in 2017 when we joined the CDP objective, publicising the actions that the Group takes to mitigate climate change, and which continued in 2018 by adhering to the principles of the United Nations' Global Compact.

Energy and emissions

The Applus + Group is firmly committed to contributing to the mitigation of climate change. We have transferred this commitment to our 2022-2024 Strategic Plan, setting short-, medium- and long-term targets aimed at effectively reducing our carbon footprint, and defining action plans for their fulfilment. The targets defined for the next three years are:

1. Reduction of Scope 1 and 2 emissions by 30% compared to the base year, 2019.
2. Offsetting the rest of Scope 1 and 2 emissions for the year 2023.

Furthermore, we have incorporated these targets into the company's remuneration scheme, thereby reaching all management levels of the organisation.

We have devised an action plan that includes, amongst others, the creation and deployment of new policies, energy efficiency plans applied to the facilities/offices with the highest consumption, increasing the consumption of green energy at our facilities, and the gradual renewal of our vehicle fleet for more sustainable technologies. This plan is accompanied by training and awareness campaigns for our employees.

The Applus + ***Good Environmental Practices Guide*** complements the action plan by defining clear guidelines for all of our employees to **reduce energy consumption** at the Group's facilities, as well as **fuel consumption**, both in fleet vehicles and in private cars.

ENERGY

To perform our operations, we use **fuel, electricity and district heating as** energy sources.

Of the total energy consumed in the organisation (901,978 GJ), fuel is the majority source of consumption, constituting 70% of total energy. Fuel consumption is directly related to our activities, many of them are carried out on-site, which requires our employees to travel to our clients' facilities.

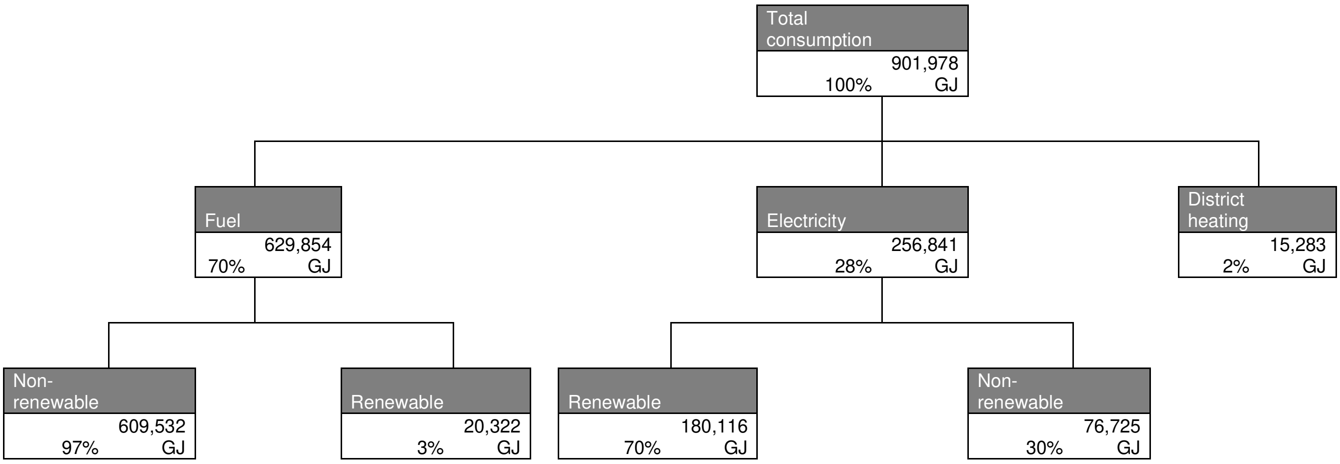
The remaining 30% of the energy corresponds mainly to electric energy and, in compliance with one of the objectives established for 2021, we have increased the use of renewable sources by more than 3 times with respect to the previous year. In doing so, we are promoting the **transition from fossil energy sources to renewable sources**, which are more environmentally, climate and health friendly.

Electricity consumed in the Group of renewable origin	**70%**

Energy intensity

Energy intensity per employee (GJ / employee) **38.15**	Energy intensity per revenue (GJ / M€) **531.31**

The 9% increase in energy intensity compared to the previous year is due to two main reasons. On the one hand, the increase in energy consumption associated with the economic recovery following the impact of the pandemic caused by COVID-19. On the other hand, caused by the incorporation of consumption data from our IDIADA facilities located in Shandong (China), whose consumption is assumed by Applus+ as of 2021.



CASE STUDY: ARTIFICIAL INTELLIGENCE TO REDUCE HEATING CONSUMPTION

Since early 2021, we have been testing a smart-heating regulation system at one of our inspection centres located in Holbæk, Denmark.

With the assistance of controllers, energy consumption can be regulated according to the level of activity in the vehicle inspection centres. For example, the energy consumption used for heating can be reduced at night and on weekends when the centre is closed.

With this initiative, we hope to achieve a **saving of 20% in energy consumption** related to heating, thereby preventing the release of more than 5 tonnes of CO_2eq per year into the atmosphere. The ultimate goal is to implement a sustainable and efficient way to control and reduce heating-related energy consumption.

CASE STUDY: SOLAR ENERGY IN AUSTRALIA

In June 2021, we installed solar panels on the roof of our Bibra Lake facility in Perth, Australia.

With these panels, we save 40% of energy, which avoids the emission of more than 35 tonnes of CO_2 per year into the atmosphere.

Our goal is to work actively to reduce the impacts of our activities on the climate, focusing on optimising consumption and demonstrating our commitment to renewable energy.

CASE STUDY: LEED CERTIFICATION

The business park where Applus+ headquarters in Madrid is located was recognized with the most prestigious certification in the field of environmentally sustainable building certification, the LEED Certification, developed by the U.S. Green Building Council in the area of "Existing Buildings. Operations and Maintenance", obtaining the highest score.

Applus+ has actively participated in obtaining this certification by providing data on energy consumption, sustainable purchasing, waste management and cleaning. Necessary to be able to make a correct evaluation of the sustainability of the buildings on the site.

This recognition goes beyond a certification, as it encourages the reduction of energy use, water waste and improve air quality and habitability, to make the facilities healthier and more sustainable.

EMISSIONS

At Applus+, we pursue advancement in our commitment to reduce carbon emissions into the atmosphere, and we want to be part of the change that is taking place to combat the climate emergency. In 2021, we communicated our commitment to be net zero by 2050, and carbon neutral for Scopes 1 and 2 in 2023.

In 2021, more than 70% of our electrical energy and 22% of our total energy comes from **renewable sources**, which means that we are avoiding the emission of 11,127 tonnes of CO_2 into the atmosphere.

In 2021, continuing the process initiated in previous years, we carried out an exhaustive analysis **of our company's Scope 3** emissions to obtain all of those indirect GHG emissions that were relevant. The result of this analysis concluded that 6 of the fifteen categories defined by the GHG protocol were significant.

Scope 1 Direct emissions from fuel combustion	43,768 tCO_2eq
Scope 2 Indirect emissions from power generation	8,402 tCO_2eq
Scope 3 Purchased goods and services. Capital goods. Activities related to fuel and energy (not included in scope 1 or scope 2). Upstream transportation and distribution. Business travel. Employee commuting.	236,070 tCO_2eq

Emission intensity[2]

Emission intensity per employee (tonnes of tCO_2eq / employee)	Emission intensity per revenue (tonnes of tCO_2eq / M€)
2.21	**30.73**

This year, compared to the previous year, the emission intensity has decreased by 9%.

CASE STUDY: OUR RENEWABLE ENERGY SOURCES CONTINUE TO EXPAND

From within the Applus + Group, we wish to continue the path started in 2020 with the agreement with our largest electricity supplier in Spain.

Thanks to this agreement, all the facilities in Spain where we are responsible for purchasing electricity are supplied with 100% renewable electricity.

In 2021, we wanted to go one step further and expand the number of countries where we consume green electricity. The countries that have joined the plan are Sweden, Ireland, Costa Rica and Italy, with an annual consumption equivalent to 11.79 GWh.

This change represents an **annual saving of more than 10,000 tonnes of CO_2 emissions**, which allows us to perform our services in an increasingly sustainable and environmentally-friendly way.

[2] The emission intensity indicator covers Scope 1 and 2 emissions.

CASE STUDY: AGREEMENT WITH CAIXABANK

In 2021, the Applus+ Group and Caixabank, a leading Spanish banking institution, signed a line of credit worth €100 million linked to sustainability criteria.

The agreement is based on a gradual reduction in the intensity of the emission-per-employee until 2023 by 17%, with respect to the intensity of the base year. The selection of this indicator as the unit of measurement is based on its representativeness to evaluate the environmental impact of our activities.

This financial operation becomes the first linked to the environmental performance of the Applus+ Group.

This commitment drives us to continue improving in reducing our emissions and thereby minimising our environmental impact. Thanks to the effort made in 2021, we have achieved a reduction of 26%.

Water

Consumed Water Total water extraction	1,092,500 ML
Agua subterránea	327,696 ML
Water from third parties	764,804 ML

The total fresh water consumed during 2021 in the Group was 1,092,500 ML, part being from groundwater origin.

The most relevant consumption occurs at the facilities of the IDIADA Division in Tarragona (Spain) and in second place Shandong (China), since both locations account for 68% of the Group's consumption.

Water in Tarragona is used for buildings, irrigation of green areas and the tests carried out on four of its fourteen vehicle proving tracks (two braking tracks, one track driving on wet pavement and one track for fatigue testing). The most intensive use of water is consumed on the proving test tracks, and to minimise this consumption, the water is filtered and recirculated for reuse, without requiring oil and grease separators. In this process, the lost water is only between 7-11%.

The controls that are carried out are:

- ✓ In the case of water used on test tracks and buildings, pH and chlorine levels are determined.
- ✓ Furthermore, for test track water, an osmosis treatment is available, and conductivity is analysed.
- ✓ And, only in building water, organic and chemical parameters are controlled.

Waste

At Applus +, a wide-ranging portfolio of solutions is offered for a large variety of needs, and therefore generates different types of waste. Following our brand motto *Together beyond the standards*, we aim to go further than our legal obligations and carry out comprehensive management of our waste to allow us to move towards a **7R circular model**:

We have published the ***Guide to Good Environmental Practices***, which covers the guidelines for **waste management** in the Group. This document defines our behaviour to minimise the environmental impact of the activities developed by Applus+, applying the pillars of the **circular economy.**

Both in our offices and in the provision of our services at our client's facilities, all employees must apply these good practices to manage the waste generated.

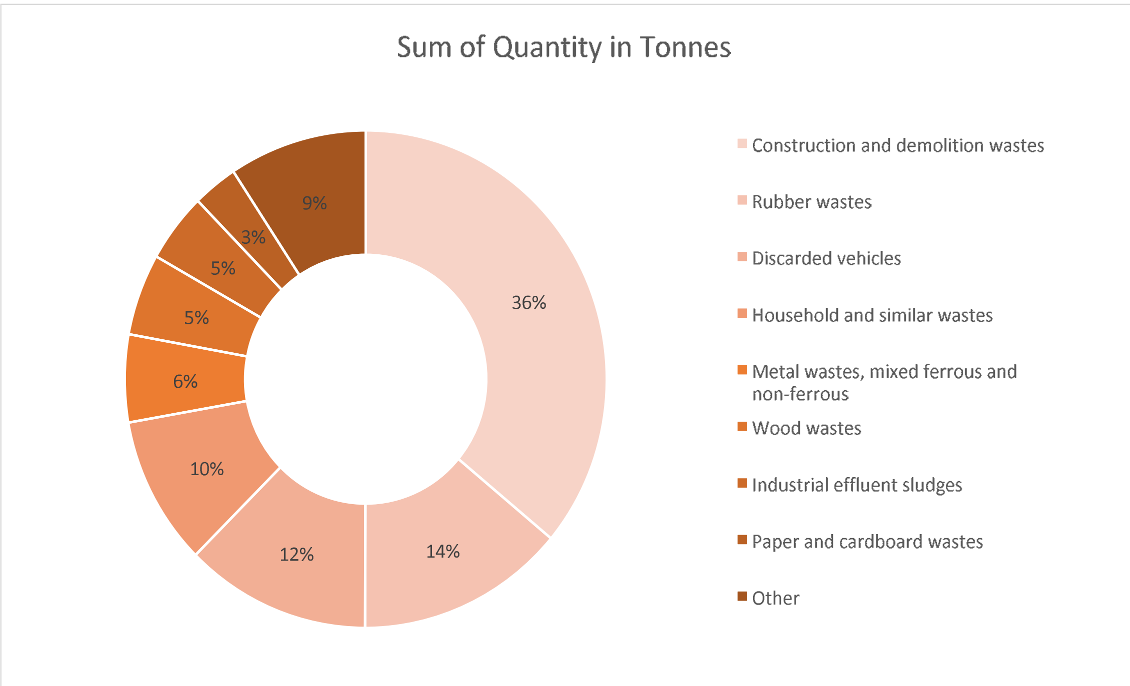
At Applus+ facilities, waste is segregated when the country has a public or private infrastructure that makes recycling and selective treatment possible. The managers of the work centres are responsible for providing the necessary resources to comply with these management policies, as well as for controlling their application.

Waste typology, despite being diverse, is concentrated in **construction waste**, **vehicles and their derivatives** and finally in **municipal waste mixtures**.

Due to the nature of the facilities and services provided, the IDIADA and Laboratories divisions concentrate most of the generation and management of waste.

The hazardous and specific waste generated in both divisions is always managed through duly authorised companies, and the necessary documentary evidence is stored to verify the traceability of its management. All of the waste is segregated at source according to their category to facilitate their management and valuation.

Waste[3]	
Hazardous waste	749 tonnes
Non-hazardous waste	1,692 tonnes
Total	**2,440 tonnes**



[3]The waste data cover the data for 22% of 2021 revenue.

CASE STUDY: WASTE MANAGEMENT IN SOUTH AFRICA	

In South Africa, we have implemented a recycling management system at our facilities. In this way, we carry out responsible waste management that helps to disseminate good practices among our employees, which they can later apply to other environments in which they carry out their activities.

All of the employees at the office collaborate in the segregation of waste and in the proper use of the containers, being aware of the importance of contributing to environmental preservation. Containers are monitored daily to ensure separation that allows for their subsequent recovery.

Environmental benefits include reducing the amount of waste sent to landfills and combustion facilities, and conserving natural resources by reducing the need to extract new raw materials, thereby raising awareness.

GRI 413-1

Social action

Applus+ is firmly **committed to local communities** in the countries and regions where we provide services. We give special attention to the **most vulnerable groups** and launch different projects to provide them with the best support. Our **commitment to diversity, equality and inclusion** is also manifested through these projects.

Although there were many initiatives promoted by our centres around the world in 2021, here we highlight a selection.

CASE STUDY: "CONVIVIO" PROJECT IN PANAMA	
Every December since 2015, 40 Applus+ employees visit villages where vulnerable families live in Panama to bring them a message of hope, as well as toys and food. In 2021, one hundred and sixty children from the communities and schools of Quebrada León, Gandona, Escobalito, Nueva Sevilla and Icacal Arriba received toys thanks to this project. In addition to supporting the most disadvantaged groups, this project strengthens and energises the connections between the individuals who make up our organisation.	

- **Online charity market in Spain**

Applus+ annually organises solidarity Christmas markets in various offices, where they sell various products made by young people with intellectual disabilities. The profits go to the training and the social and workforce inclusion of this group.

This initiative is part of our goal of fostering a working atmosphere that is diverse and inclusive, through which we seek to consolidate the incorporation of people with disabilities at a global level, thanks to the collaboration agreement with the Prodis foundation.

CASE STUDY: VOLUNTEER PROGRAMME IN COSTA RICA

The Applus+ volunteer programme in Costa Rica, running since 2014, is aimed at all employees who wish to participate. Each centre has a volunteer leader who promotes the activity among his or her colleagues.

The projects are designed and promoted by a volunteer committee led by the Communication and Social Responsibility Department and are related to road safety and environmental protection.

In 2021, employees volunteered a total of 1,837 hours.

Throughout the eight years of the programme, employees have volunteered a total of 12,485 hours.

- **Remanga2 Project "Manitas limpias" (Clean Hands)**

As a result of the pandemic, public schools in Costa Rica needed to make structural adjustments to reopen, with protocols to ensure the health and safety of their students. One of the requirements was the installation of sinks and disinfection points at the entrances of schools.

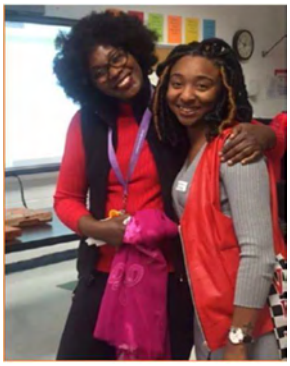
Through the "Remanga2" project, whose purpose is to support neighbouring communities, and with the help of volunteers from the “Fuerza Riteve” programme, the necessary renovations were carried out to allow children from underprivileged communities to return to school in safety as quickly as possible.

1,178 children from three schools benefited: Escuela Oasis in Buenos Aires, Puntarenas; Cristóbal Colón School in Santo Domingo, Heredia; Jesús de Nazareth School in Liberia, Guanacaste.

- **Volunteer programme in the United States**

Applus+ employees in the United States are invited to take part in the Volunteer Time Off (VTO) programme to work with different organisations and social projects for 8 hours per year.

One of this year's volunteer activities was in a centre for children with disabilities.



- **Multiply the impact campaign with Banco Tapitas**

In Mexico, Applus+ collaborates with the Banco Tapitas Foundation to collect and recycle plastic bottle caps to raise money in support of a number of welfare programmes for children under 21 diagnosed with cancer.

Fifty-three and a half kilograms of caps were collected in the first delivery in April 2021 and 58 kg in the second delivery in October.

For every kilogram, Applus+ buys 100 pesos worth of products at the foundation's Tapitienda shop, which are given to volunteers who have collaborated in the collection.

Banco Tapitas then converts these caps into resources for the purchase of medicines.

- Applus+ sponsors the **Northern Lights Hospital Foundation's Spring Fling Event** in Fort McMurray, Alberta (Canada).

  Since 1985, this foundation has provided funds to support health care in the regional municipality of Wood Buffalo. Each year, it holds the event to raise money for new technology programs, services, infrastructure, developments, and innovations that support healthcare initiatives in the Fort McMurray region.

- Applus+ sponsors the **Bakersfield Women's Business Conference**, in Kent County (USA).

  Founded in 1989, this initiative aims to foster the personal and professional growth of women in all facets of business and industry sectors through skills development and networking opportunities.

  The conference is designed to encourage, educate and empower women to achieve professional success at every stage of their careers.

- Once again, this year we sponsored the **Solidarity Race** organised by the Autonomous University of Barcelona in Spain, whose 2021 edition aimed to raise awareness about the importance of **mental health**.
- We participated in the "Gran Recapte d'Aliments" (Big Food Drive) initiative organised by the **Barcelona Food Bank** to collect funds for the purchase of fresh and chilled products. This year we encouraged our employees to make online money donations, and doubled the amount donated by each of them, tripling the amount donated.
- We provide **financial donations** to organisations that support people with some type of dependency. Every year, we donate €30,000 to the Adcor foundation and €3,000 to the Prodis foundation.
- In Italy, we sold lottery tickets to raise **funds for a local hospital**.

Contribution to development

At Applus+, we contribute to **local employment**, direct and indirect, by directly hiring local people and suppliers. This contributes to the development of local communities in the 70+ countries where we are present around the world.

In addition, our services support the implementation of **key projects for a country's structural development**, thereby contributing to local social and economic growth. The Applus+ Group's contribution to the improvement of transportation networks, drinking water infrastructure and energy supply networks, as well as wastewater collection and sewage treatment infrastructures, are essential to promote economic activity, safeguard public health, and increase the quality of life of local communities.

Our contribution is particularly important in developing countries.

- **Supervision of water delivery and waste sanitation within the Ngábe Buglé region of Panama.**

Applus+ provides technical assistance and monitoring services to guarantee the correct use of vital water resources in the region. This project aims to improve access to drinking water and the management of wastewater in Indigenous communities through the application of international best practices.

Applus+ contributes to providing the Indigenous communities in Chichica and Las Lajitas with uninterrupted service of high quality water directly to their homes. In addition, our services help provide better wastewater treatment before being discharged. These infrastructures are essential for the social and environmental development of the region.

CASE STUDY: CONSTRUCTION OF ROAD INTERCHANGES IN COSTA RICA

Applus+ is providing management and inspection services for the infrastructure under construction at the Taras and La Lima road interchanges in the city of Cartago.

The project includes the construction of two overpasses along the 2.8 kilometres of the road connecting Taras and La Lima, including the construction of access and exits, turns, pavements, bus routes, and bicycle lanes at different points.

Some 40,000 vehicles pass through the area every day, so this project is extremely important for all users travelling along the San José - Cartago route and south of the country.

Community health and wellbeing

For Applus+, being part of the community means providing services that improve safety, protect health and enhance the wellbeing of the people who live within our various locations.

We work to improve road safety through multiple services. The IDIADA Division's work in the development of equipment and systems to prevent accidents or reduce their impact on lives is essential to ensuring a safer future for drivers and pedestrians. The Automotive Division's work certifying that the safety condition of vehicles is above the legal minimum standards is vital to reducing accidents.

CASE STUDY: PROTECTIVE INNOVATIONS OF NEW EQUIPMENT FOR ENHANCED RIDER SAFETY

This European project is formed by a consortium made up of 16 international partners led by the IDIADA Division, which has developed **new on-board safety devices** aimed at reducing the number of motorbike rider fatalities and severely injured riders.

The main objective of the PIONEERS project is to improve the **safety of powered two-wheel vehicles** by providing user-safety from an integrated perspective, i.e., it refers to both personal protective equipment (PPE) and accessories that are integrated into the vehicle.

The PIONEERS project has made a detailed analysis of more than 1,400 real, serious accidents involving powered two-wheeler riders with the aim of better understanding the factors that generate the most injuries.

Three safety devices have been tested: an automatic pre-impact braking system, an airbag jacket and a safety leg cover.

The research concludes that with these initiatives the number of **motorbike accident victims could be reduced by up to 19%**.

CASE STUDY: WARNING SYSTEMS FOR DRIVER DROWSINESS AND ATTENTION

DDAW is a system capable of **detecting driver drowsiness** based on the driving and/or steering patterns symptomatic of a driver exhibiting reduced alertness caused by drowsiness. As soon as the system detects possible signs of fatigue, it warns the driver through the vehicle interface.

The IDIADA Division, anticipating the requirements of this future regulation, has designed and developed a **new testing methodology** to assess these types of systems, for which a state of drowsiness and fatigue must be intentionally generated in the driver while driving a vehicle, while ensuring the safety of the test driver at all times.

The drowsiness induction method was developed by IDIADA Division's ADAS department's Human Factors team, in collaboration with the Homologation team, to combine all those elements which, according to accident studies, generate driver drowsiness.

This validation system is a step forward in developing a new testing methodology that will be **useful and safe** for the testing and validation of DDAW systems, which may be equipped on many vehicles in the coming years.

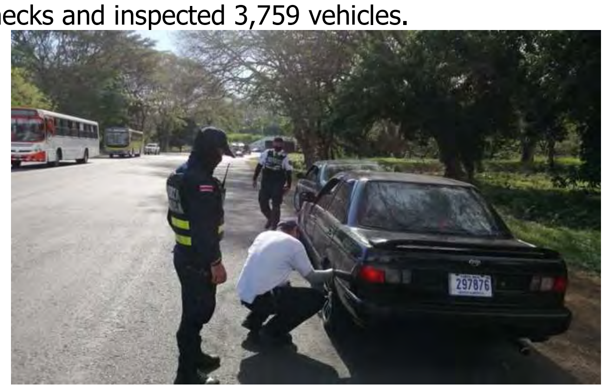
- **Free pre-MOT in Montevideo, Uruguay**

  Applus+ in Uruguay carried out free statutory vehicle inspections on 150 motorbikes in different parts of Montevideo using a mobile plant, with the aim of reinforcing road safety.

- **Road controls in Costa Rica**

  Applus+ collaborates with different authorities in the country in road controls, which aim to regulate and prevent accidents, contributing to its technical knowledge through visual inspections.

  These operations are performed all over the country. In 2021, we carried out 79 days of on-the-spot checks and inspected 3,759 vehicles.



We contribute to the **safety of various types of infrastructures** through the inspection services of the Energy & Industry Division. For example, we offer structural asset-integrity services that identify potential structural damage, or leak testing of substances hazardous to health or that could cause fires or explosions. Our services thereby enable the adoption of actions to prevent damage to human health and the environment.

CASE STUDY: STORAGE TANK INSPECTIONS

Applus+ implements the HEX access system for the internal inspection and maintenance of spherical tanks at a chemical plant.

This system, in combination with rope access techniques, provides 360-degree access for our technicians to perform advanced non-destructive testing. By deploying a multidisciplinary, competent and trained team, we were able to concurrently perform internal and external inspections on the spherical tank.

These inspections prevent the emission of substances harmful to human health and the environment.

- **Leak detection at an offshore wind farm**

Applus+ tests for bromide gas leaks in the turbines of the world's second largest offshore wind farm. Based on a previously developed test methodology, and having trained our technicians, we successfully carried out these tests. The gas is associated with risks to human health and the environment.

09. FINANCIAL INFORMATION

European taxonomy

PRELIMINARY CONSIDERATIONS

In June 2020, the European Parliament approved the European Taxonomy regulation (Regulation 2020/852). This aims to establish a classification system for environmentally sustainable economic activities to facilitate the flow of capital and investments and to assess the environmental sustainability of an investment. The Taxonomy covers a wide spectrum of sectors.

Activities are qualified as **environmentally sustainable** when these:

1. Make a substantial contribution to one or more of the environmental objectives:

   a) Climate change mitigation
   b) Climate change adaptation
   c) The sustainable use and protection of water and marine resources
   d) The transition to a circular economy
   e) Pollution prevention and control
   f) The protection and restoration of biodiversity and ecosystems

2. Do no significant harm to other environmental objectives.

3. Meet minimum social safeguards based on: the guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational companies; the guiding principles of the United Nations on business and human rights; and the principles and rights established in the eight fundamental conventions referred to in the Declaration of the International Labor Organization's Declaration on Fundamental Rights and Principles at Work and the International Bill of Human Rights.

4. Comply with the technical-screening criteria established by the European Commission.

With regards to **the taxonomy approach:**

a) It covers a wide spectrum of sectors, which represent 93.2[4]% of GHG emissions within the European Union, with a focus towards specific industrial activities, rather than service companies like Applus+ belonging to the TIC (testing, inspection and certification) sector.

b) During 2021 of the six environmental objectives established, only the regulations corresponding to the first two (climate change mitigation and adaptation) have been published. As a result, the indicators at present only include part of the activities, and the number of indicators will increase as the new regulations are approved.

c) Applus+, and the TIC sector, carries out voluntary or regulatory activities that are facilitating and, sometimes essential, for the activities considered eligible in the taxonomy to be developed. However, these activities are not included in the Taxonomy.

[4]Source:https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/190618-sustainable-finance-teg-report-taxonomy_en.pdf

PROCESS OF SELECTING ELIGIBLE ACTIVITIES AND QUANTIFICATION

Our process to determine eligible activities follows:

Denominator

The information used is published in the Applus+ Group's annual accounts, following the guidelines set out in Annex I of the Delegated Regulation of 6th July 2021:

- Revenues corresponds to the Applus+ Group's total revenues.
- In the case of Capex, the denominator figure is the Group's total Capex, which includes investments in intangible assets, investments in property, plant and equipment, investments in assets for rights of use, and assets transferred without consideration.
- In the Opex indicator, only non-capitalised direct costs related to research and development, short-term leases, and maintenance and repairs have been considered. Due to limitations in the identification within the Opex concepts used in the Group's internal accounting, other direct costs related to the daily maintenance of property, plant and equipment assets, by the company, or by a third party to whom activities are outsourced and which are necessary to ensure the continued effective operation of such assets, have been left out of the indicator.

Numerator

a) Based on the structure of operating divisions used in the consolidation of financial information (the Energy & Industry Division, the Laboratories Division, the Automotive Division and the IDIADA Division), we have identified the activities carried out by each of the divisions based on the Group's portfolio of services that are eligible activities according to Delegated Acts and which, according to the Taxonomy, could substantially contribute to climate change mitigation and/or adaptation, in order to determine our potentially eligible activities. In those cases where the activities could raise doubts regarding its eligibility, a conservative criterion has been adopted by not including it in the calculation of the numerator therein.

b) Some activities are carried out horizontally in various markets where the Group operates, which in the Taxonomy are set for specific markets. In these cases, we have identified the verticals limited to the market in question.

c) In both cases, activities at Applus+ have been analysed based on the Taxonomy's classification of eligible activities in compliance with the Delegated Acts that can substantially contribute to climate change mitigation and/or adaptation: agriculture; environmental protection and restoration activities; manufacturing; energy; water supply, sewerage, waste treatment and remediation; transport; construction and real estate development activities; information and communication; professional, scientific and technical activities; financial and insurance activities; education; human health and social work activities; and arts, entertainment and recreation.

d) For both a and b above, only services with a certain relevance have been included, not services whose revenues can be considered inconsequential for purposes within the Taxonomy on the total KPIs. For the remaining eligible services, we have identified the net revenues for 2021, in compliance with the guidelines of Annex I of the Delegated Regulation published on 6th July 2021.

e) For each of the eligible activities, both OPEX and CAPEX costs have been included in compliance with the guidelines of Annex I of the Delegated Regulation. Both, in the Opex and Capex indicators are included same costs as those included into the denominator related to eligible activities and they have been calculated using same percentage as in revenues eligibility based on legal entities which represent the eligible activities in revenues.

In this regard, the sum of 'CapEx/Opex/Revenues' allocated to eligible activities, plus that allocated to non-eligible activities, totals the amount reported in the denominator of the KPI calculation, and this is consistent with the breakdowns in the notes to the consolidated financial statements relating to movements in 'fixed assets/operating expenses/Group revenues'.

PROCESS OF CONSOLIDATION INFORMATION AND CALCULATION OF INDICATORS (KPIS)

First, each of the divisions at Applus+ prepared a file to analyse which activities could, according to the Taxonomy, substantially contribute to climate change mitigation and/or adaptation, as well as their associated revenue metrics.

Subsequently, in the case of revenues, the consolidation of the information provided by the divisions, and the calculation of the consolidated indicators of the different eligible activities according to the Taxonomy have been carried out by the Finance area. No extrapolations or estimates have been made of activity data that, due to the nature of the projects, could not be extracted from the individualised information.

Indicators

KPI	Total (EUR)	Eligible (%)	Non-eligible (%)
Revenues	1,776,745	3.2%	96.8%
Operating expenses	108,831	1.9%	98.1%
Investments in fixed assets	60,319	3.0%	97.0%

The activities we have identified as eligible, in relation to climate change mitigation and adaptation regulations, are those related to the renovation of water distribution systems (in compliance with activity 5.2 of Annex I of the Delegated Regulation published on 6th July 2021), infrastructure testing and inspection services for rail transport(in compliance with activity 6.14 of Annex I of the Delegated Regulation published on 6th July 2021), carbon road transport, public transport (in compliance with activity 6.15 of Annex I of the Delegated Regulation published on 6th July 2021), and energy-efficiency services (in compliance with activity 9.3 of Annex I of the Delegated Regulation published on 6th July 2021).

Management report

GRI 102-45

FULL YEAR REPORT 2021

Overview of Performance

The financial performance of the Group is presented in an "adjusted" format alongside the statutory ("reported") results. The adjustments are made in order that the underlying financial performance of the business can be viewed and compared to prior periods by removing the financial effects of other results.

Where stated, organic revenue and profit is adjusted for acquisitions or disposals in the prior twelve-month period and is stated at constant exchange rates, taking the current year average rates used for the income statements and applying them to the results in the prior period.

In the table below the adjusted results are presented alongside the statutory results.

	FY 2021			FY 2020			
EUR Million	**Adj. Results**	**Other results**	**Statutory results**	**Adj. Results**	**Other results**	**Statutory results**	**+/- % Adj. Results**
Revenue	**1,776.7**	**0.0**	**1,776.7**	**1,557.6**	**0.0**	**1,557.6**	**14.1%**
Ebitda	**286.0**	**0.0**	**286.0**	**218.4**	**0.0**	**218.4**	**31.0%**
Operating Profit	**175.2**	**(73.7)**	**101.5**	**118.4**	**(235.8)**	**(117.4)**	**48.0%**
Net financial expenses	(25.9)	0.0	(25.9)	(24.8)	0.0	(24.8)	
Profit Before Taxes	**149.4**	**(73.7)**	**75.6**	**93.6**	**(235.8)**	**(142.3)**	**59.7%**
Current Income tax	(38.3)	12.7	(25.6)	(29.4)	30.6	1.2	
Non controlling interests	(17.8)	0.0	(17.8)	(17.2)	0.0	(17.2)	
Net Profit	**93.3**	**(61.1)**	**32.2**	**47.0**	**(205.2)**	**(158.2)**	
Number of Shares	143,018,430		143,018,430	143,018,430		143,018,430	
EPS, in Euros	**0.65**		**0.23**	**0.33**		**(1.11)**	
Income Tax/PBT	***(25.6)%***		***(33.9)%***	***(31.4)%***		***(0.8)%***	

The figures shown in the table above are rounded to the nearest €0.1 million

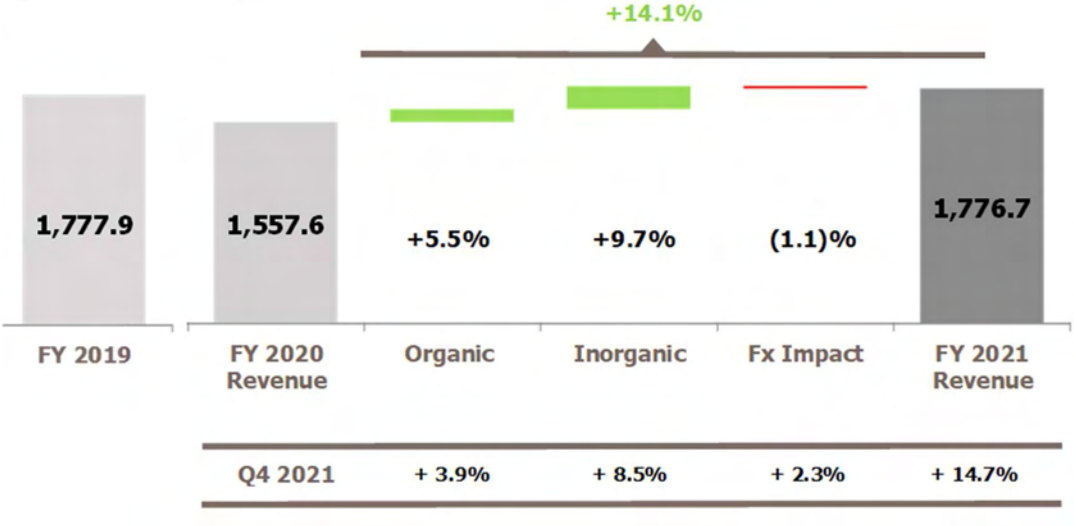
Other results of €73.7 million (2020: €235.8m) in the Operating Profit represent amortisation of acquisition intangibles of €65.6 million (2020: €58.4m); severance costs on restructuring of €3.6 million (2020: €8.1m); transaction costs relating to acquisitions of €2.6 million (2020: €3.5m) and; other gains and losses that net to a charge of €2.0 million (2020: €0.8m). Furthermore, in 2020 there was impairment of goodwill and non-current assets of €165.0 million and none in 2021.

A reduction in the deferred tax liability is booked against these Other results of €12.7 million (2020: €13.9m). Furthermore, in 2020 there was a reduction of the deferred tax liability €16.7 million booked against the impairment of €165.0 million.

Revenue

Revenue for 2021 of €1,776.7 million was higher by 14.1% compared to the previous year.

The revenue bridge for the year in € million is shown below and the change in the percentage figures for the last quarter of 2021 are shown below the waterfall chart.



The total revenue increase of 14.1% for the year was made up of an increase in organic revenue at constant exchange rates of 5.5%, the addition of revenue from acquisitions (Inorganic) of 9.7% and an unfavourable currency translation impact of 1.1%. The net resulting revenue for the full year of 2021 was in-line with the revenue in 2019 which was the last full year unaffected by the coronavirus pandemic.

The organic revenue growth for the year came from all four divisions of the Group, with Energy & Industry having the lowest of 1.1% and is showing the slowest recovery from the pandemic and the Auto division with the highest at 12.7%, with the strongest recovery from the pandemic. Labs and IDIADA divisions also had strong organic revenue growth rates of 8.7% and 11.1% respectively.

Compared to 2019, for the full year 2021, the Automotive division is comfortably ahead in both total and organic revenue with the Laboratories division significantly ahead in total revenue and only 1% below in organic. Revenue from the IDIADA division in 2021 where there have been no acquisitions, is 6% below 2019 and Energy & Industry is 11% below in total revenue due to the Oil & Gas Capex end market not yet having recovered by the end of 2021.

The revenue sequentially increased every quarter of last year with the third and fourth quarters reaching record high revenues.

In the final quarter of the year, the total revenue was €470.5 million. This was an increase of 14.7% from the prior year´s final quarter revenue of €410.2 million. This was made up of an organic revenue increase of 3.9%, the addition of revenue from acquisitions (Inorganic) of 8.5% and a favourable currency translation impact of 2.3%.

In the final quarter of the year, three of the four divisions had organic revenue above the final quarter of 2019, with Energy & Industry division below.

The revenue increase of 9.7% from acquisitions relates to a partial year of revenue from the five acquisitions closed in 2020 until they had been owned for twelve months plus revenue from five acquisitions closed in 2021 from the date of ownership to the end of the year.

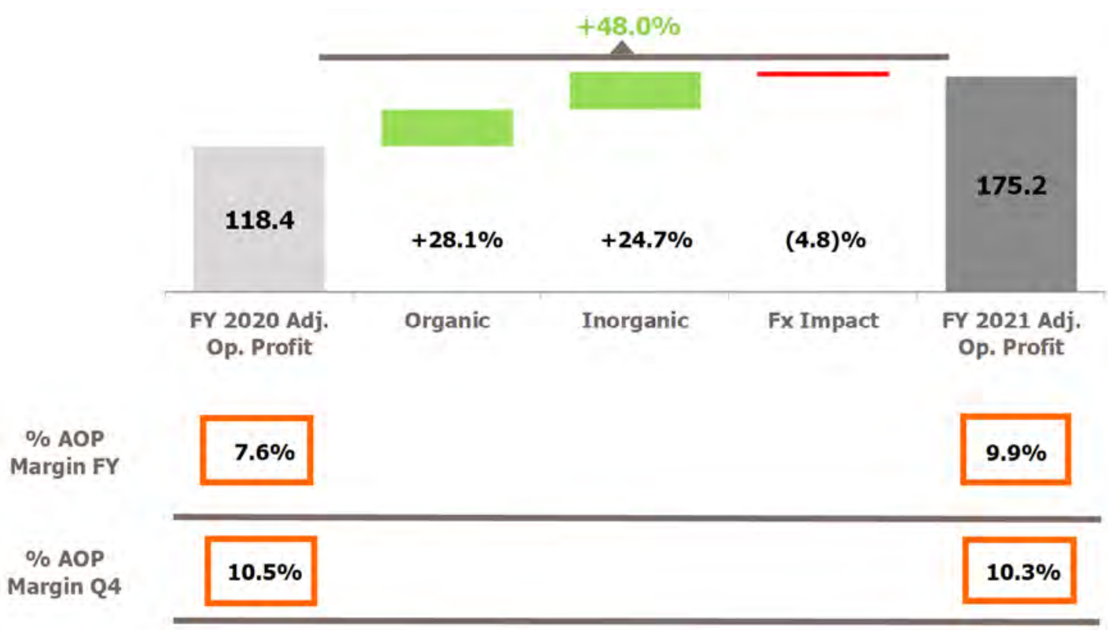
The largest acquisition made in 2021 was IMA Dresden, a materials testing laboratory in Germany with over 200 people and currently generates approximately €25 million of annual revenue. The largest contribution to acquisition revenue in the year was from SAFCO which was closed in 2021 with €29 million of annual revenue.

Of the revenue in 2021, 47% was generated in the reporting currency of the Group which is the euro and 53% in other currencies. The largest of these other currencies is the US dollar and those linked to the US dollar which in 2020 made up 24% of the revenue and in 2021, this reduced to 18%. The exchange rates changed materially during the year with the US dollar rate used for the translation of the profit and loss in the first half being 8.6% weaker against the Euro and the second half was 1.7% stronger and for the full year was 3.7% weaker. The Canadian dollar was also stronger in the second half than the first half although the Swedish kroner and Australian dollar moved in the opposite directions with the first half stronger than the second. This resulted in the first half of the year having a negative currency impact of 3.9% and the second half a positive currency impact of 1.2% resulting in a full year net negative currency impact of 1.1%.

Adjusted Operating Profit

Adjusted operating profit for 2021 of €175.2 million was higher by 48.0% compared to the previous year.

The adjusted operating profit bridge for the year in € million is shown below and the margins for the years and the last quarter of 2021 are shown below the waterfall chart.



The total adjusted operating profit increase of 48.0% for the year was made up of an increase in organic adjusted operating profit at constant exchange rates of 28.1%, acquisitions (Inorganic) of 24.7% and an unfavourable currency translation impact of 4.8%.

The adjusted operating profit increase in the period came from all four divisions due to the strong recovery in the business after the impact in 2020 from the coronavirus pandemic.

The resulting adjusted operating profit margin for the year was 9.9%, significantly higher than the margin of 7.6% in the prior year and the margin for the last three quarters was over 10%. The improvement in the margin came from both the organic business and the acquisitions which, in total and individually, were all at higher margins than the Group level.

Compared to the adjusted operating profit margin in 2019 of 11.1%, the margin is still below due to lower margins still in Energy & Industry, Automotive and IDIADA. Laboratories division in 2021 was the only division with a higher margin than was reported in 2019.

In the final quarter of the year, the total adjusted operating profit was €48.5 million an increase of 12.9% from the prior year final quarter of €43.0 million and in-line with the final quarter of 2019 total adjusted operating profit of €48.6 million. This growth in last quarter adjusted operating profit was made up of a decrease in the organic component of 3.2%, the addition of 15.7% from acquisitions and a positive foreign currency impact of 0.4%.

Other Financial Indicators

The reported operating profit was €101.5 million in the year compared to a reported operating loss of €117.4 million in the previous period. The reported operating profit is after deducting the Other results of €73.7 million from the adjusted operating profit as detailed above.

The net financial expense in the profit and loss for the period was €25.9 million and includes €7.5 million relating to the charge from IFRS16 and this is €1.1 million higher than the previous period expense of €24.8 million mainly due to the increase in net debt.

The profit before tax on an adjusted basis was €149.4 million compared to €93.6 million in 2020 and on a statutory basis was €75.6 million compared to a loss of €142.3 million in 2020. The adjusted profit before tax was significantly higher than for the corresponding period last year due mainly to the higher adjusted operating profit. The statutory profit before tax was additionally significantly greater due to the impairment charge in the prior year.

The effective tax charge for the year was €38.3 million which was higher than the prior year of €29.4 million. This gave an effective tax rate of 25.6% being lower than the rate in the prior period of 31.4% and in line with rate in 2019 of 25.2%. The lower effective tax rate is due to some operations in 2020 having losses which are not normally the case and where no deferred tax assets had been recognised against those losses. On a statutory basis, the reported tax was a charge of €25.6 million versus a credit of €1.2 million in the prior year. The prior year had tax credits due to a release of the deferred tax liabilities of €16.7 million related to the one-off impairment in 2020.

Non-controlling interests increased from €17.2 million in 2020 to €17.8 million in 2021. The increase of €0.6 million in the period is mainly due to the higher profit from the minority interests, especially within the Automotive contracts in Galicia, Costa Rica and for the IDIADA business.

The adjusted net profit was €93.3 million (2020: €47.0m) and the adjusted earnings per share was 0.65 euros (or 65 cents) (2020: 0.33 euros) for the year. The statutory or reported net position was a net profit of €32.2 million versus the net loss of €158.2 million in the prior year, due mainly to the non-cash impairment charge of €165.0 million in 2020.

Cash Flow and Debt

Cash flow generation was good in the year due to a strong increase in EBITDA of €67.6 million or 31% and this was despite the increase in the level of working capital by €48.2 million from the year end position compared to the exceptional decrease in working capital of €86.1 million in the corresponding period. The increase in working capital in 2021 reflects the change in revenue trends with 2021 increasing revenue and in 2020 there was a decrease in revenue.

Net capital expenditure on expansion of existing and into new facilities was €60.3 million (2020: €50.2m) which represented 3.4% (2020: 3.2%) of Group revenue.

Adjusted operating cash flow (after capital expenditure) was €177.5 million being €76.8 million or 30.2% lower than for the prior year period and this corresponded to a cash conversion rate of 62% (2020: 116%).

The increase in taxes paid of €19.4 million from €16.7 million paid in 2020 to €36.1 million paid in 2021, was due to the higher taxable profit as well as the prior year benefiting from some tax refunds and some permitted tax payment delays as part of the COVID-19 Government assistance schemes. The cash tax paid amount in 2021 is aligned with the effective tax charge of €38.3 million.
Summary of cash flow in € million is show below.

	FY			
	2021	2020	Change	
Adjusted Ebitda	**286.0**	**218.4**	**67.6**	**31.0%**
Change in Working Capital	(48.2)	86.1		
Capex	(60.3)	(50.2)		
Adjusted Operating Cash Flow	**177.5**	**254.2**	**(76.8)**	**(30.2)%**
Taxes paid	(36.1)	(16.7)		
Interest paid	(12.9)	(11.4)		
Adjusted Free Cash Flow	**128.5**	**226.2**	**(97.6)**	**(43.2)%**
Extraordinaries & Others	(8.5)	(2.3)		
Applus+ Dividend	(21.5)	0.0		
Dividends to Minorities	(18.5)	(11.5)		
Operating Cash Generated	**80.0**	**212.4**	**(132.4)**	**(62.3)%**
Acquisitions	(82.0)	(216.8)		
Cash b/Changes in Financing & FX	**(2.0)**	**(4.4)**		
Payments of lease liabilities (IFRS 16)	(60.3)	(53.0)		
Other changes in financing	46.6	113.7		
Treasury Shares	(2.1)	(1.3)		
Currency translations	4.9	(10.8)		
Cash Increase	**(12.9)**	**44.3**		

The figures shown in the table above are rounded to the nearest €0.1 million

Adjusted Free Cash Flow was €128.5 million being €97.6 million or 43.2% lower than for the previous year.

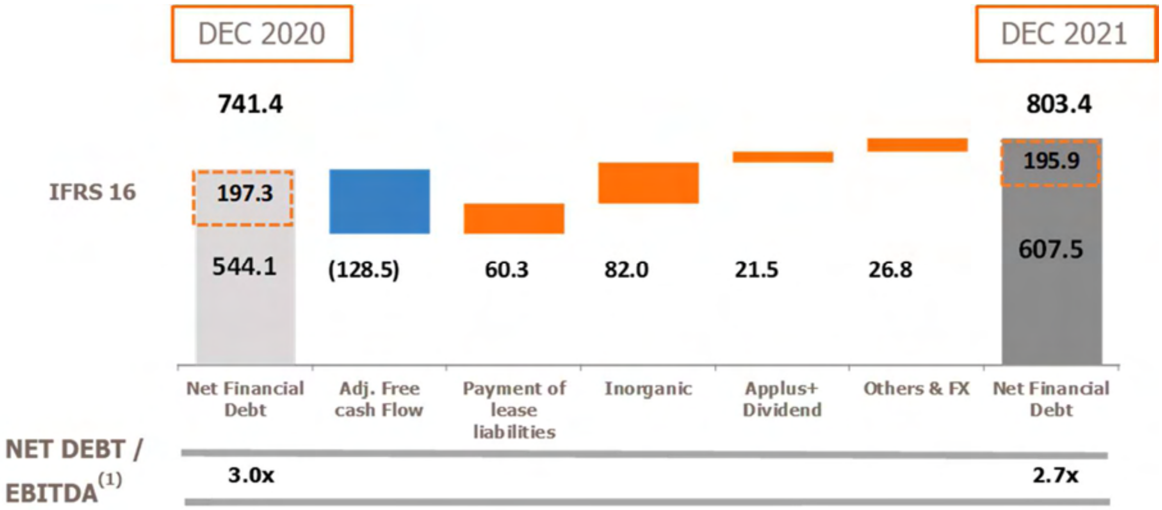
There was an increase in the dividend distributions made in the period. The dividend to Applus+ Group shareholders was resumed in 2021 at the rate of 15 cents per share based on the 2020 full year adjusted net profit of €47.0 million. The dividend to be paid in 2020, previously declared on the 2019 adjusted net profit, was cancelled due to the uncertainty surrounding the financial impact arising from the outbreak of COVID-19. The dividends paid to Minority share interests were increased due to higher profits following the recovery of revenue and profit in those subsidiaries.

The cash outflow for acquisitions of €82.0 million relates to five that were closed in the period plus deferred consideration on acquisitions made in prior periods.

The final net cash decrease in the period was €12.9 million. This was from the cash outflow after acquisitions and before financing and foreign exchange of €2.0 million, less the payment of lease liabilities of €60.3 million that before the new accounting standard of IFRS 16 used to be included within operating costs, a net increase in the drawdown of borrowings of €46.6 million, outflows relating to the purchase of treasury shares for management incentive plans of €2.1 million and favourable currency differences of €4.9 million.

Net Debt was €803.4 million at the end of the year which was €62.0 million higher than the Net Debt position at the end of 2020 despite incurring €82.0 million in acquisitions and €21.5 million in dividend payments to Applus+ Group shareholders.

The Net Debt waterfall chart in € million is shown below.



(1) Stated at annual average rates and excluding IFRS 16 as defined by bank covenant. Including IFRS 16 the ratio is 2.8x (31 December 2020: 3.1x)

The resulting financial leverage of the Group measured as Net Debt to last twelve months Adjusted EBITDA was 2.7x (as defined by the bank covenant for the syndicated debt facilities and the US Private Placement notes) which was lower than at the end of the previous year (3.0x) due mainly to the higher EBITDA in the year compared to the previous year which was adversely impacted by the coronavirus pandemic. The covenant from the lenders is set at 4.0x to be tested twice a year at the end of June and the end of December.

The financial leverage calculation using the covenant definitions except for using current accounting standards including IFRS 16, is also shown in the footnote below the table and at 31 December 2021 was 2.8x compared to 3.1x at 31 December 2020.

At the end of the year, the available liquidity position was €588 million that is made up mostly of cash and long dated undrawn loan commitments.

Dividend

In recognition of the net adjusted earnings for 2021, strong cash flow, comfortable financial leverage, liquidity position and favourable future earnings and cash flow potential, the Board will propose to shareholders at the forthcoming Annual General Meeting on the 31st May 2022, a dividend of 15 cents per share. This is the same amount as was last declared last year and paid in 2021 and is equivalent to €21.5 million (2020: €21.5 million) and is 23.0% (2020: 45.6%) of the adjusted net income of €93.3 million as shown in the summary financial results table. If approved at the Annual General Meeting, the dividend will be paid to shareholders on the 7th July 2022.

The dividend policy for the Group was updated and announced at the recent Strategy Update on 30th November 2021 that included the capital allocation plan for the three years 2022 to 2024. It is to pay an annual dividend equivalent to 20% of the prior year adjusted net earnings and subject to a minimum payment of 15 cents per share.

Share buyback programme

A share buyback programme was announced would commence in 2022 as part of the strategic plan for 2022 – 2024 that was presented to the market on 30 November. The target is to buy back 5% of the issued share capital of the Group and subsequently cancel these. On the 26th January 2022 this was formally approved by the Board and on the 27th January, this was communicated to the CNMV which is the Spanish regulatory authorities with the limits and conditions behind the programme.

To monitor the progress of the share buyback and see the number of shares held in Treasury until such time as they are transferred or cancelled, please visit the investor relations section of the Applus Group website.

Acquisitions

Applus+ has always been active in investing in companies that add complementary services and end-markets and this has accelerated over the last 2 years with the acquisition of ten companies in 2020 and 2021 for a consideration of €307 million. These bring to the Group an additional €192 million of annual revenue and are already delivering material synergies whilst accelerating the mix in the portfolio of businesses towards markets with higher growth and margins.

In 2021 the Group signed four acquisitions and closed five. The acquisition of SAFCO was agreed and announced in 2020 but was not closed until 2021. The four acquisitions agreed and closed in 2021 were:

Inecosa and Adícora, services for the Power sector in Spain in March 2021 with revenue of €6 million. Joined the Energy & Industry division.

IMA Dresden, a materials testing laboratory in Germany in May 2021 with revenue of €25 million. Joined the Laboratories division.

Enertis, services for solar power, in July 2021 with revenue of €20 million. Joined the Energy & Industry division.

Mipel SA, a metrology services company, in October 2021 with revenue of under €2 million. Joined the Laboratories division.

The acquisition of SAFCO, the construction testing and inspection services company in Saudi Arabia, was signed and agreed in 2020 but closed in June 2021. Annual revenue of this company is €29 million and the company joined the Energy & Industry division.

Environmental, Social and Governance

2021 was another year of strong progress in the ambit of environmental, social and governance (ESG). The Group is moving towards embedding environmental changes within its business and operations including reducing the adverse impact of its operations on the environment and diversifying the portfolio of services to better manage the risks and opportunities that come with climate change. The Group comprises a wide range of over 25,000 people in more than 70 countries around the world. Applus+ recognises the importance of keeping all the employees safe, managing their training as well as the well-being and fairness in the workplace as this benefits the individuals and in turn this benefits the business and society. As a trusted partner to our stakeholders, the Group has also been strengthening key areas to deliver our vision for good governance and is proud to have an industry leading governance framework.

2021 was the first year that the Group set specific targets to be achieved relating to environmental, social and governance and not only was this an effective learning experience, but it also had a successful outcome with most of the targets being met. At the strategy presentation at the end of the November, new targets were presented to the market for the period 2022 to 2024 and for these to be linked to remuneration. There will be new targets set for the annual bonus for management and this will be filtered down to lower levels of management as well as new targets that will be linked to the long-term incentive plan. Crucially, the Group has signed up to the Science Based Targets Initiative to become net zero by 2050. At the time of writing this report, Applus+ had been accepted into the programme.

The external ESG ratings´ agencies that perform their independent analysis on the Group, taking different perspectives and approaches, have all recognised and confirmed the Group´s resilience and commitment to sustainability validating the progress made and alignment to the strategic objectives. A new and impressive "low risk" rating (15.6) was received from Sustainalytics during the year together with renewed strong ratings from MSCI ESG Ratings (AA), Gaïa (71/100), the CDP (B) and being included in the FTSE4GoodIBEX.

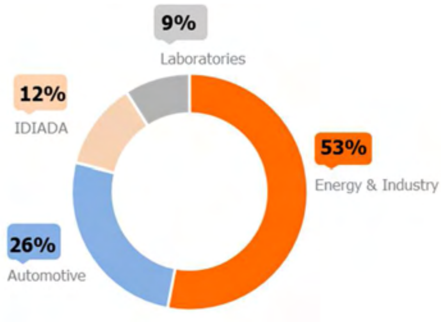
Outlook

The outlook for the current year is in line with the Strategy Plan and includes the continued focus on portfolio mix quality improvement through selected divestments of some non-strategic operations and acquisitions. It is expected that organic revenue will increase by mid to high-single digit and for the adjusted operating profit margin to improve year on year.

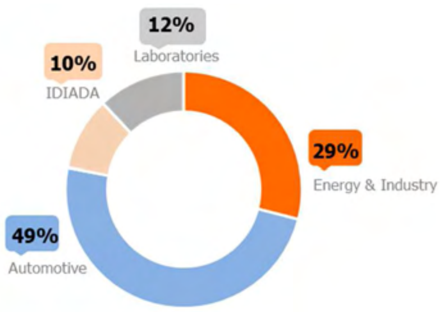
Operating review by division

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division, and the respective shares of 2021 revenue and adjusted operating profit are shown below.

FY 2021 revenue split



FY 2021 adjusted operating profit split



Energy & Industry

The Energy & Industry Division is a world leader in non-destructive testing, industrial and environmental inspection, quality assurance and quality control, engineering and consultancy, vendor surveillance, certification and asset-integrity services.

The Division designs and deploys proprietary technology and industry know-how across diverse sectors, helping our clients to develop and control industry processes, protect assets and increase operational and environmental safety. The services are provided for a wide range of industries including oil and gas, power, construction, mining, aerospace and telecommunications.

Revenue for Energy & Industry for the year was €942.5 million, which was 3.9% higher than the revenue in 2020 and the Adjusted Operating Profit for the year was €59.4 million which was 43.7% higher than in 2020 resulting in an adjusted operating profit margin of 6.3%. These results in € million and the percentage changes from 2020 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	FY					
	2021	2020	Change	Organic	Inorganic	FX
Revenue	942.5	907.3	3.9%	*1.1%*	*4.0%*	*(1.2)%*
Adj. Op. Profit	59.4	41.4	43.7%	*32.9%*	*16.8%*	*(6.0)%*
% AOP Margin	*6.3%*	*4.6%*				

Following the significant reduction in year on year revenue and adjusted operating profit in 2020, due to the impact of the coronavirus pandemic on the business and operations, the division has seen a recovery in the last three quarters of 2021 with strong year on year growth.

Organic revenue at constant exchange rates for the full year increased by 1.1%. There was additional revenue of 4.0% from the three acquisitions closed in the year of Enertis in July, Inecosa and Adícora in March and also SAFCO was the biggest contributor to acquisition revenue, that was closed in June although signed and agreed in December 2020. Currency translation decreased reported revenue by 1.2% mainly because of the weaker US dollar and Latin American currencies against the Euro with some offset from the Australian and Canadian dollars.

At constant exchange rates, organic adjusted operating profit increased by 32.9% being significantly more than the organic revenue increase. There was also a high increase in profit from the contribution from acquisitions of 16.8% and a negative currency impact of 6.0% on adjusted operating profit.

The adjusted operating profit margin increased by 170 basis points from 4.6% for 2020 to 6.3% in 2021 with this increase coming from both the organic and acquisition growth in revenue and profit and some dilution from currency. Further improvement of the margin remains a key focus.

In the final quarter of the year, reported revenue was €253.1 million compared to revenue of €220.4 million in the final quarter of 2020 or 14.8% higher. This was mainly due to an increase in organic revenue of 4.6%, the revenue from the acquisitions added 7.2% and a positive impact from currency translation of 3.0%.

The division has seen a recovery in the business including the resumption of some projects that had been delayed during the pandemic. Furthermore, the division is aligning itself with the global megatrend of the energy transition and using technology and digital tools to provide higher value services and leveraging synergies from the acquisitions made to drive future performance.

By region, Southern Europe and Latin America are strongest and well above pre covid levels due to attractive end markets exposure.

Power, Renewables and Infrastructure end markets that now represent 52% of division revenues, delivered high-single digit organic growth with particular strength in Renewables which made up 5% of the division revenue. It is expected that this part of the business will have strong growth going forward led by geographic expansion and the energy transition where electricity generation and distribution is expected to continue to migrate from fossil fuels to renewables where Applus+ is well positioned to serve through the Energy & Industry division within the Power business line.

The business that services the Oil & Gas end market for operational expenditure for maintenance and inspection work (Opex) is recovering well with low single digit growth at constant rates for the year although as a percentage of the division revenue it decreased from 43% to 40%. This business has been resilient over the last few years and is expected to continue growing as the extensive infrastructure and assets that continue to be used for production and delivery of oil and gas are getting older and regulations tighter, increasing the requirement for inspection.

The business that services the Oil & Gas end market for new investments and new build (Capex) continues to decrease in revenue and now represents 8% of total revenue of the division (4% of the Group) versus 13% (7% of the Group) in 2020.

This business has been heavily impacted since 2015 due to the significant decrease in capex investment by the industry and is the most sensitive to the oil price and the energy transition to lower carbon emissions. The revenue in this part fell by 30% at constant rates in 2021.

The three acquisitions that were completed and included within the Energy & Industry division in 2021 add €55 million of revenue to the division on an annual basis at an overall margin above the division and are expected to grow revenue and profit strongly. The first acquisition that was completed was in Spain of two separate companies called Inecosa and Adícora with €6 million of annual revenue and which were bought from Iberdrola in March and provide services to the power industry including for renewable power and green hydrogen manufacture and distribution.

The second completed deal was that of SAFCO with €29 million of annual revenue, in Saudi Arabia that provides services to the fast-growing construction industry in the region. And the third acquisition closed in the year was of Enertis in Spain, with €20 million of annual revenue and which provides services to the solar energy market as well as for energy storage.

Automotive

The Automotive Division delivers statutory-vehicle-inspection services for safety and emissions, globally. The Division's programmes inspect vehicles in jurisdictions where transport and systems must comply with statutory technical-safety and environmental regulations.

Applus+ is one of the global leaders in statutory vehicle inspection. It operates 30 programmes in 14 countries, carrying out directly over 17 million inspections plus a further 10 million were delivered by third parties across Spain, Ireland, Sweden, Denmark, Finland, Andorra, the United States, Argentina, Georgia, Chile, Costa Rica, Ecuador, Mexico and Uruguay. The market for statutory vehicle inspection for safety and emissions is expected to continue growing well in existing and new markets.

Revenue for Automotive for the year was €456.8 million, which was 28.4% higher than the revenue in 2020 and the Adjusted Operating Profit for the year was €99.9 million which was 21.1% higher than in 2020 resulting in an adjusted operating profit margin of 21.9%. These results in € million and the percentage changes from 2020 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	FY					
	2021	2020	Change	Organic	Inorganic	FX
Revenue	456.8	355.8	28.4%	*12.7%*	*17.6%*	*(1.9)%*
Adj. Op. Profit	99.9	82.5	21.1%	*6.4%*	*17.9%*	*(3.2)%*
% AOP Margin	*21.9%*	*23.2%*				

The division had very strong results for the year due mainly to the recovery in inspections and market share gains in Spain and Sweden. Revenue on some of the contracts in 2020 was impacted by the forced closure of many of the stations due to the coronavirus pandemic and in 2021 the impact was significantly less with all the contracts returning to normal activity levels. Furthermore, in the liberalized markets within Spain and for Sweden, the Automotive division is confident to have won market share due to superior marketing and service to the competitors.

Organic revenue at constant exchange rates increased by 12.7%. There was additional revenue of 17.6% related to ten months of contribution from the acquisition in 2020 of Besikta in Sweden. Currency translation decreased reported revenue by 1.9% mainly because of the weaker South American currencies and US dollar against the Euro.

At constant exchange rates, organic adjusted operating profit increased by 6.4% being less than the organic revenue increase. There was also a high increase in profit from the contribution from acquisitions of 17.9% and a negative currency impact of 3.2% on adjusted operating profit.

The adjusted operating profit margin decreased by 130 basis points from 23.2% for 2020 to 21.9% in 2021. The margin remains strong for this division and this is despite the change in the mix of countries with a higher weighting of lower margin contracts in 2021 versus 2020 with the programmes in Ireland and Sweden being the two key impacts.

In the final quarter of the year, reported revenue was €107.5 million which was in-line with the final quarter of 2020 which had revenue of €107.9 million. This was mainly due to the acquisition revenue of 6.0% for one month from the acquisition of Besikta, less 7.9% organic revenue and a positive impact from currency translation of 1.5%. The organic revenue in the final quarter was less than in the previous year due to the previous year benefiting from additional revenue following pent-up demand after the closure of the stations earlier in the year.

After the period end, the Company was pleased to announce that the contract to perform statutory vehicle inspections in the region of Galicia in Spain will continue until at least the end of 2027. The contract generated €53 million in revenue in 2021 and was otherwise set to end in December 2023. This latest extension is a continuation of the strong renewal track record with 18 in the last ten years accounting for €175 million annual revenue, 19 new programmes awarded with €32 million of annual revenue, two contracts lost to competition accounting for €9 million annual revenue and one discontinued programme with €8 million annual revenue.

There are five contracts that are due to end in 2022, of which three, Costa Rica, Buenos Aires and Massachusetts, are now expected to be extended although it is too soon to say for the other two. New contracts that have been awarded in the last few years in Ecuador and Mexico are expected to be up and running in 2022 contributing €5 million in annual revenue and these will partly compensate for the loss of the contract in Connecticut that had €8 million of annual revenue.

There are further opportunities in Latin America that the division is pursuing.

IDIADA

IDIADA A.T. (80% owned by Applus+ and 20% by the Government of Catalonia) has been operating under an exclusive contract from the 351-hectare technology centre near Barcelona (owned by the Government of Catalonia) since 1999. The contract to operate the business runs until September 2024 and although it is renewable in five-year periods until 2049, it has been decided that there will be no further extensions but a tender for a new 20 or 25 year concession.

IDIADA A.T. provides services to the world’s leading vehicle manufacturers for new product development activities in design, engineering, testing and homologation.

Revenue for IDIADA for the year was €224.3 million, which was 11.3% higher than the revenue in 2020 and the Adjusted Operating Profit for the year was €19.5 million which was 69.0% higher than in 2020 resulting in an adjusted operating profit margin of 8.7%. These results in € million and the percentage changes from 2020 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	FY				
	2021	2020	Change	Organic	FX
Revenue	224.3	201.5	11.3%	*11.1%*	*0.2%*
Adj. Op. Profit	19.5	11.5	69.0%	*68.0%*	*1.0%*
% AOP Margin	*8.7%*	*5.7%*			
Adj. Op. Profit excl. AD (1)	23.7	14.4			
% AOP Margin	*10.6%*	*7.2%*			

(1) AD is IDIADA Accelerated Depreciation to adapt assets useful life to contract/concession duration

Organic revenue at constant exchange rates increased by 11.1% and currency translation was almost flat with a 0.2% benefit to revenue growth.

At constant exchange rates, organic adjusted operating profit increased by 68.0% being significantly more than the organic revenue increase with a 1.0% benefit to profit growth from currency.

The adjusted operating profit margin increased by 300 basis points from 5.7% for 2020 to 8.7% in 2021. There was good margin improvement in the year from the increase in revenue and this is despite the high margin proving ground in Spain operating at 65% capacity which is less than the full capacity it used to be at pre-covid. The capacity has increased each quarter in 2021 with the final quarter running at 80%.

The IDIADA concession is due to end in September 2024 unless it is renewed for a further five years or if as expected, there is a tender for a new 20 or 25 year contract which is won by Applus+. In the meantime, the assets of the business must undergo accelerated depreciation to nil value by the end of the concession. Excluding the IDIADA Accelerated Depreciation the margin would be 190 basis points higher at 10.6% in 2021 and the increase in margin from 2020 to 2021 would be 340 basis points.

In the final quarter of the year, reported revenue was €62.6 million, 21.9% higher than the final quarter revenue in 2020 of €51.4 million and it was in line with the revenue of €62.5 million in the final quarter of 2019. The final quarter revenue growth on 2020 was made up of 20.2% organic and 1.7% from currency translation.

The division was severely impacted by the coronavirus pandemic in 2020 and had a strong recovery in 2021 including a material rebound in activity and revenue in the last quarter of the year with the current revenue run rate now above the levels before the coronavirus pandemic.

The division is geared towards new investment in the rapidly changing vehicle technologies and is currently benefiting from the strong growth in electric and hybrid vehicles that in 2021 accounted for 40% of the division revenue, up from 25% in 2020 with combustion engines becoming a smaller part every year.

The tender for a new 20 or 25-year concession by the Government of Catalonia from September 2024 when the current five-year extension ends is expected to take place within the next few months.

Laboratories

The Laboratories Division provides testing, certification and engineering services to improve product competitiveness and promote innovation. The Division operates a network of multidisciplinary laboratories in Europe, Asia and North America.

With cutting-edge facilities and technical expertise, the Division’s services add high value to a wide range of industries, including aerospace, automotive, electronics, information technology and construction.

In 2021, the Laboratories Division acquired two companies which are discussed below, to add to the three purchased in 2020 and seven purchased in the previous three years.

Revenue for Laboratories division for the year was €153.2 million, which was 64.9% higher than in 2020 and the Adjusted Operating Profit for the year was €25.6 million which was 162.8% higher than in 2020 resulting in an adjusted operating profit margin of 16.7%. These results in € million and the percentage changes from 2020 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	FY					
	2021	2020	Change	Organic	Inorganic	FX
Revenue	153.2	92.9	64.9%	*8.7%*	*56.2%*	*(0.0)%*
Adj. Op. Profit	25.6	9.7	162.8%	*63.3%*	*99.2%*	*0.3%*
% AOP Margin	*16.7%*	*10.5%*				

Organic revenue at constant exchange rates increased by 8.7% for the year. There was additional revenue of 56.2% related to the contribution from the two acquisitions made in 2021 and a part year contribution from the three acquisitions made in 2020. Currency translation had a net nil effect.

At constant exchange rates, organic adjusted operating profit increased by 63.3% being more than the organic revenue increase. There was a contribution from the acquisitions of 99.2% and a flat currency impact of 0.3%.

The adjusted operating profit margin increased by 620 basis points from 10.5% for 2020 to 16.7% in 2021 with this increase coming from the organic revenue increase and the higher margin acquisitions. The 2021 margin of 16.7% is the highest margin ever generated by the division.

In the final quarter of the year, reported revenue was €47.3 million compared to revenue of €30.5 million in the final quarter of 2020 or 55.1% higher. This was mainly due to the acquisitions that had been made during the year adding 40.9% to revenue with organic revenue also adding 12.2% and a positive impact from currency translation of 2.0%. The final quarter revenue growth was very strong and the organic revenue at constant exchange rates had a last quarter revenue in 2021 above that of 2019.

The Laboratories division had strong performance in 2021 compared to 2020 which was significantly affected by the coronavirus pandemic, despite continued challenging conditions in the aerospace market and semi-conductor shortages.

The division is strongly aligned to benefit from the global megatrends of the Energy Transition, Electrification and Connectivity and this will ensure continued strong growth in the years ahead with a target of repeating the doubling of the division size again over the next three years through organic growth and acquisitions.

The Laboratories division has been very active over the last few years in making acquisitions and these are all performing above their respective business plans including some strong synergies with the organic business.

There were two acquisitions made in the year. In May, the Group purchased IMA Dresden which is a materials testing laboratory in Germany with revenue of €25 million per annum. In the final quarter of the year, Mipel SA was purchased which has under €2 million of annual revenue and is a metrology laboratory in Spain.

In the last five years, the Laboratories Division has made 12 acquisitions with a combined revenue of €84 million per annum at accretive margins and this has expanded its testing facilities to reinforce its position in the electrical & electronics, automotive components, fire protection, aerospace parts and calibration sectors. This strong acquisition momentum is expected to continue.

Since the period end, the division has made a further acquisition. Lightship Security is a cybersecurity company in North America and is expected to have revenue of over US$7 million (€6 million) in 2022 and is currently growing at a rate in excess of 20% per annum. Lightship adds a suite of industry recognised North American standards to the Applus+ European and Asian cybersecurity certifications, so clients can now receive a complete portfolio of certifications to sell their products throughout the world.

The division now comprises six key business units: Electrical & Electronic (includes electrical and electromagnetic compatibility testing and product certification for the electronics and automotive sector); Mechanical (includes aerospace and materials testing); Cybersecurity (includes electronic payment system protocol testing and approval); Construction (includes fire and structural testing of building materials); Metrology (includes calibration and measuring instruments) and Systems Certification. In 2021, Electrical & Electronic and Mechanical were the two largest business units with approximately 35% revenue each.

10. ANNEX

About the report

GRI 101 GRI 102-46

Through this report, covering the period from 1st January to 31st December **2021**, we would like to share with all our stakeholders our management approach and our financial and non-financial performance.

In 2021, we submit a more complete and comprehensive report, which better reflects our ESG performance.

The content has been prepared in accordance with new principles added to the ones reported in previous years, as a further step towards greater transparency.

- **GRI Standards, essential option**.
- **Spanish Law 11/2018**, which amends the Commercial Code's revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, and the Audit Act 22/2015, 20th July 2015, on the matters of non-financial information and diversity.
- **Sustainability Accounting Standards Board.**
- **Regulation (EU) 2020/852** of the European Parliament, and of the Council on 18th June 2020, on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (EU taxonomy).
- **Task Force on Climate-related Financial Disclosures.**
- Similarly, this report is part of the Applus+ Group's **'Communication on Progress' (CoP) of the UN's Global Compact 2021.**

In preparing this report, we have analysed the **global context** in which we find ourselves, assessing the **material issues** in that context, and in relation to the expectations of our **stakeholders** to present the results in a **full and comprehensive** manner with accuracy, balance, clarity, comparability, reliability and timeliness.

Description of material topics

GOVERNMENT

1. Risks management: Risk assessment and management procedures.

2. Sustainable Business model and strategy: Our company's plan for operating including strategic ESG objectives & business diversification plan.

3. Brand: Services' image & marketplace.

4. Economic performance: Strategic objectives linked to growth and margins in a sustainable way.

5. Corporate Governance: Rules, practices and processes by which our company is run.

6. Compliance and reputation: Integrity and responsibility by which we make our decisions and run our operations, as well as being perceived as a trusted company.

7. Stakeholders' engagement: Dialogue and commitment with our stakeholders keeping reliable disclosure about our operations to the investors, promoting and providing internal communication channel.

OPERATION

8. Innovation & Digital transformation: Innovation projects for developing new products and services to meet market needs, through digitalisation and implementation new technologies.

9. Service quality and relationships with customer: Overall performance of our service and measured customer experience needed to build long-term relationships and become a trusted partner.

10. Competitiveness: Promotion, development and increase high value services within our portfolio mix.

11. Privacy and data security: Data protection practices for customers and employees.

12. Sustainable supply chain management: Our suppliers' practices to reduce their impact.

13. IT Strategy & cybersecurity: Strategy for improving our cybersecurity and software applications.

SOCIETY

14. Health and Safety: Practices to protect the health, safety and wellbeing of our employees.

15. Talent Management: Practices to attract and retain talented people.

16. Employee engagement: Appropriate level of rotation among employees.

17. Diversity, inclusion and equality: Fair opportunities, recognition, treatment and remuneration for all employees.

18. Respect for human rights: Practices to promote and protect human rights in our operations, including contractors.

19. Local impact and socioeconomic contribution: Encourage of local communities' development (employment, training, technology, etc.).

ENVIRONMENT

20. Energy transition and climate change: Commitment & practices for the reduction of energy consumption and GHG emissions.

21. Biodiversity and natural areas protection: Practices to preserve species and ecosystems.

22. Sustainable Services: Strategy to develop (i) services helping our customers to reduce or mitigate their environmental impact and (ii) more sustainable markets.

23. Waste Management: Practices to reduce and manage waste.

Financial contribution

GRI 201-1 GRI 207-4

ECONOMIC VALUE ADDED (EVA) BREAKDOWN

EVA Breakdown	2021	2020	2019
Economic value generated (thousands of Euros)	**1,782,141**	**1,563,315**	**1,782,620**
Revenue	1,776,746	1,557,614	1,777,944
Revenues equity method	-	-	-
Financial income	2,599	2,284	1,638
Results on disposals of non-current assets	2,796	3,417	3,038
Economic value distributed (thousands of Euros)	**1,555,782**	**1,380,975**	**1,547,604**
Procurements	154,402	145,683	156,517
Staff costs	1,002,151	886,235	979,371
Other operating expenses	334,158	307,292	345,561
Other costs	10,981	15,813	10,244
Financial costs	28,480	27,123	25,535
Corporate income tax	25,610	(1,171)	30,376
Economic value retained (thousands of Euros)	**226,359**	**182,340**	**235,016**

In 2021, 87% out of the EVA generated by Applus+ was distributed and 13% was retained by the organisation.

TAX BREAKDOWN

	THOUSANDS OF EUROS IN 2021						
REGION	Number of employees	Revenues - Unrelated Party	Revenues - Related Party	Profit before Tax (individual) (*)	Tangible Assets other than Cash and Cash Equivalents	Corporate Income Tax Paid (on a cash basis)	Corporate Income Tax Accrued
Spain	8,445	556,010	78,050	53,053	83,161	(4,720)	1,844
Rest of Europe	3,965	418,721	36,399	23,429	74,974	(5,916)	(8,190)
Latin America	5,820	189,452	2,546	24,792	25,993	(11,617)	(9,789)
US and Canada	2,068	299,000	6,541	(792)	45,094	(4,359)	(554)
Asia Pacific	1,753	173,574	13,387	20,535	16,316	(5,225)	(6,341)
Middle East and Africa	3,227	141,611	2,144	11,160	8,236	(4,233)	(2,580)
Total	**25,278**	**1,778,368**	**139,068**	**132,177**	**253,774**	**(36,071)**	**(25,610)**

	THOUSANDS OF EUROS IN 2020						
REGION	Number of employees	Revenues - Unrelated Party	Revenues - Related Party	Profit before Tax (individual) (*)	Tangible Assets other than Cash and Cash Equivalents	Corporate Income Tax Paid (on a cash basis)	Corporate Income Tax Accrued
Spain	8,047	496,622	71,573	(44,708)	85,386	(1,345)	21,808
Rest of Europe	3,769	312,171	38,474	(5,787)	56,572	(2,356)	(2,098)
Latin America	5,167	161,681	1,723	19,067	26,967	(6,395)	(10,113)
US and Canada	2,334	286,558	4,081	(14,401)	46,396	(1,442)	(2,448)
Asia Pacific	1,781	152,501	14,465	(2,921)	12,536	(2,219)	(4,769)
Middle East and Africa	2,289	149,734	2,779	6,843	4,721	(2,920)	(1,209)
Total	**23,387**	**1,559,267**	**133,095**	**(41,908)**	**232,578**	**(16,677)**	**1,171**

	THOUSANDS OF EUROS IN 2019						
REGION	Number of employees	Revenues - Unrelated Party	Revenues - Related Party	Profit before Tax (individual) (*)	Tangible Assets other than Cash and Cash Equivalents	Corporate Income Tax Paid (on a cash basis)	Corporate Income Tax Accrued
Spain	7,829	539,276	80,234	66,491	79,008	(15,673)	(1,039)
Rest of Europe	3,336	369,695	45,762	19,085	50,826	(5,706)	(7,179)
Latin America	5,166	190,437	2,152	22,064	28,823	(10,382)	(7,845)
US and Canada	2,340	334,600	4,534	10,946	53,875	(5,459)	(7,522)
Asia Pacific	1,758	175,693	13,816	12,485	7,838	(1,737)	(3,814)
Middle East and Africa	2,622	170,275	3,253	22,817	6,365	(2,388)	(2,977)
Total	**23,051**	**1,779,976**	**149,752**	**153,889**	**226,734**	**(41,346)**	**(30,376)**

(*) The individual profit before tax per regions is net of dividends and security portfolio paid between legal entities within the Group. The other main difference from the consolidated profit before tax is the annual amortisation charge associated with the intangible assets combinations.

Data related to Human Resources

GRI 202-1 GRI 401-2 GRI 404-1 GRI 405-1

NUMBER OF EMPLOYEES

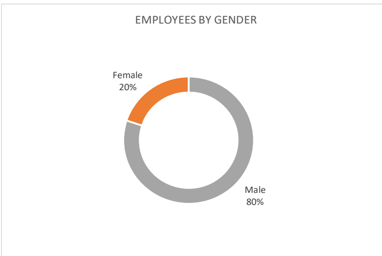
NUMBER OF EMPLOYEES	
2021	25,278
2020	23,387
2019	23,051

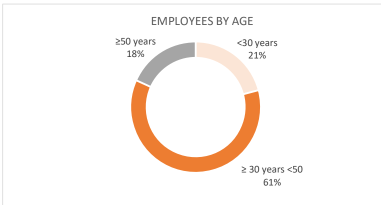
WORKFORCE PROFILE

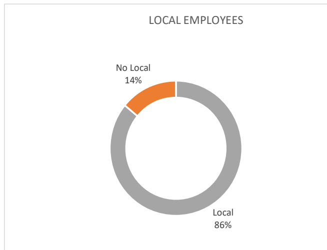
	EMPLOYEES BY GENDER	
	Male	Female
2021	80%	20%
2020	80%	20%
2019	80%	20%

	EMPLOYEES BY AGE			
	<30 years	≥ 30 years <50	≥50 years	Total
2021	21%	61%	18%	100%
2020	22%	60%	18%	100%
2019	23%	60%	17%	100%

	LOCAL EMPLOYEES		
	Local	No Local	Total
2021	86%	14%	100%
2020	88%	12%	100%
2019	86%	14%	100%

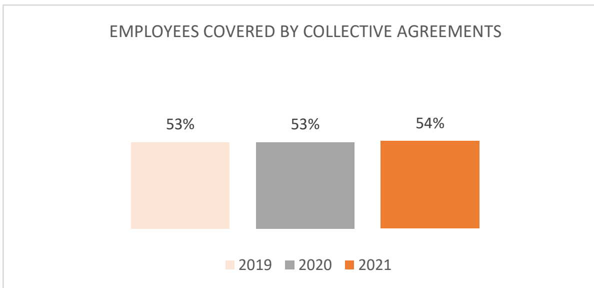






EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS

EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS	
2021	54%
2020	53%
2019	53%



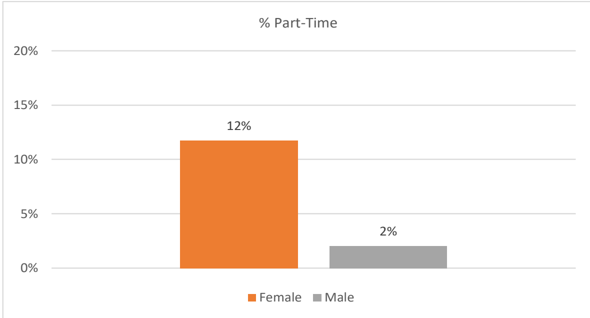
	NUMBER OF COUNTRIES WITH COLLECTIVE-BARGANING AGREEMENTS
2021	18
2020	25
2019	16

Currently, there are 18 countries where the Group has collective-bargaining agreements. The majority of these agreements include Health and Safety issues.

The 2021 figures cover 99.84% of Applus+ employees

ORGANISATION OF WORK

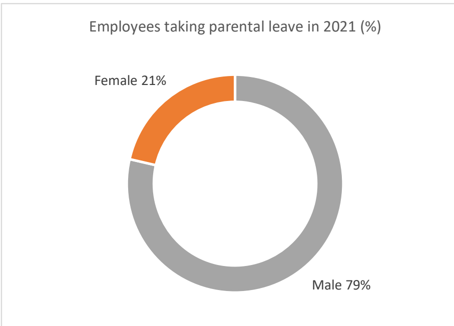
	% Part-Time		
	2021	2020	2019
Male	2%	3%	3%
Female	12%	13%	14%

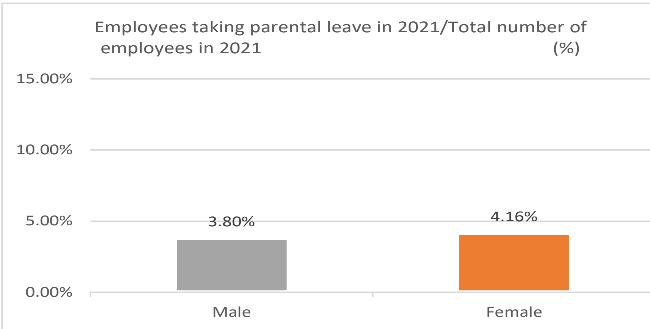


The 2021 figures cover 99.84% of Applus+ employees

MATERNITY AND PATERNITY LEAVE

978 employees benefited from this leave with their families in 2021, with 76.78% returning at the end of the leave period.





	Number of employees taking parental leave		
	2021	2020	2019
Male	769	405	387
Female	209	236	268
Total	978	641	655

	Employees taking parental leave(%)		
	2021	2020	2019
Male	79%	63%	59%
Female	21%	37%	41%

	Employees taking parental leave/Total number of employees		
	2021	2020	2019
Male	*3.80%*	*2%*	*2%*
Female	*4.16%*	*5%*	*6%*

	From employees entitled to parental leave, total number of employees that returned to work in the reporting period after parental leave ended		
	2021	2020	2019
% Returning	76.78%	63.34%	58.17%

The 2021 figures cover 99.84% of Applus+ employees

EMPLOYEES WITH FUNCTIONAL DIVERSITY

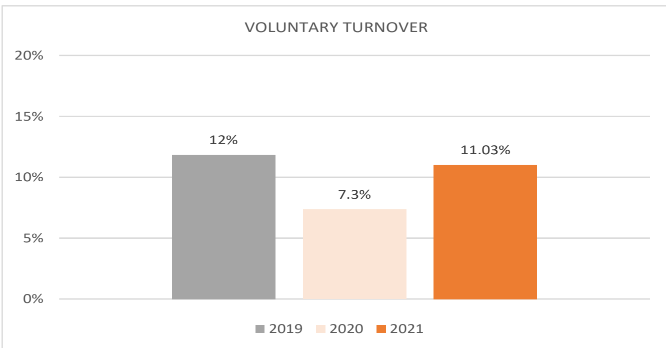
	EMPLOYEES WITH FUNCTIONAL DIVERSITY	RATIO
2021	280	1.11%
2020	293	1.26%
2019	259	1.13%

The 2021 figures cover 99.84% of Applus+ employees

TALENT MANAGEMENT

Voluntary turnover

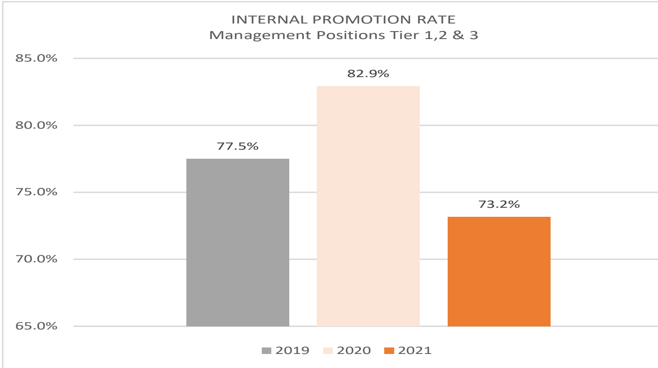
VOLUNTARY TURNOVER	
2021	11.03%
2020	7.3%
2019	12%



The 2021 figures cover 99.84% of Applus+ employees

Internal promotion

INTERNAL PROMOTION RATE Management Positions Tier 1,2 & 3	
2021	73.2%
2020	82.9%
2019	77.5%

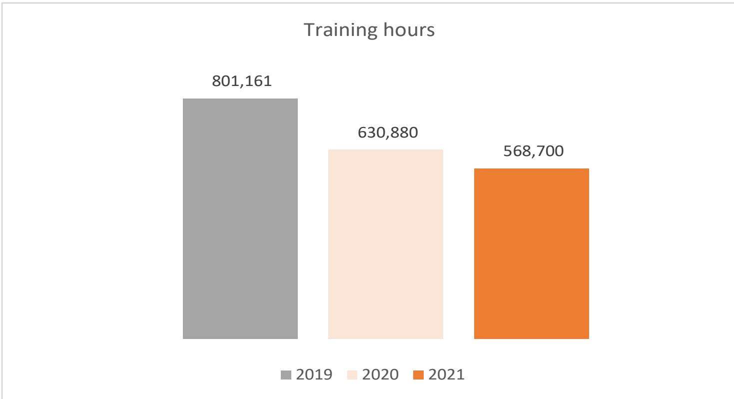


The 2021 figures cover 99.84% of Applus+ employees

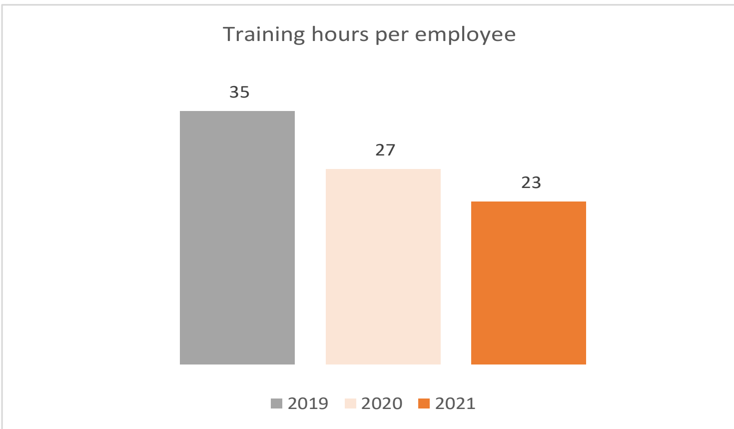
TRAINING

Training hours

	Training hours
2021	568,700
2020	630,880
2019	801,161

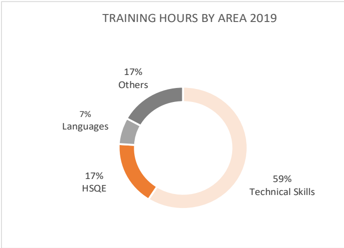


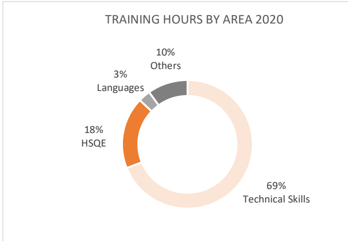
	Training hours per employee
2021	23
2020	27
2019	35

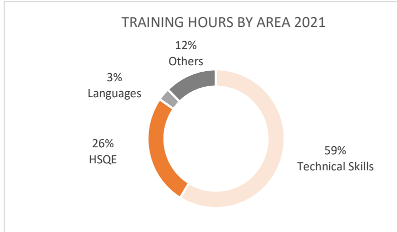


The 2021 figures cover 99.84% of Applus+ employees

TRAINING HOURS BY AREA







The 2021 figures cover 99.84% of Applus+ employees

Training hours by area

	TRAINING HOURS BY AREA			
	Technical Skills	HSQE	Languages	Others
2021	**59%**	**26%**	**3%**	**12%**
2020	**69%**	**18%**	**3%**	**10%**
2019	**59%**	**17%**	**7%**	**17%**

The 2021 figures cover 99.84% of Applus+ employees

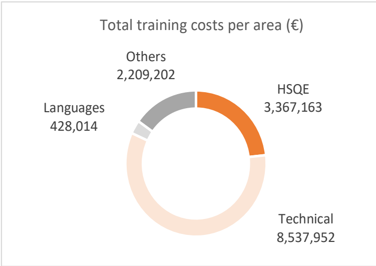
Training by Tier

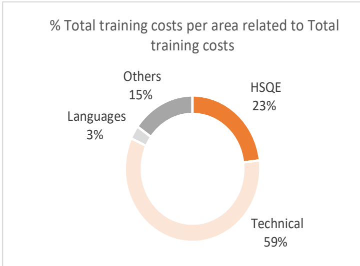
	2021		2020		2019	
Organisational Level	Training hours	% Training hours	Training hours	% Training hours	Training hours	% Training hours
Tier 1, 2 &3	6,486	1.1%	4,342	0.7%	8,758	1.1%
Tier 4	14,383	2.6%	12,373	2.0%	20,776	2.6%
Tier Operational Employees	547,831	96.3%	614,166	97.4%	771,627	96.3%
TOTAL	**568,700**	**100%**	**630,880**	**100%**	**801,161**	**100%**

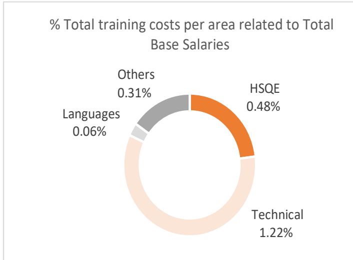
The 2021 figures cover 99.84% of Applus+ employees

TRAINING COSTS

	Total training costs per area (€)	% Total training costs per area related to Total training costs	% Total training costs per area related to Total Base Salaries
HSQE	3,367,163	23%	0.48%
Technical	8,537,952	59%	1.22%
Languages	428,014	3%	0.06%
Others	2,209,202	15%	0.31%
-			
Total	**14,542,330.36**	**100.00%**	**2.07%**





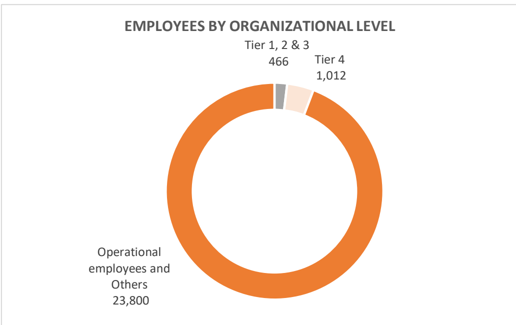


The 2021 figures cover 99.84% of Applus+ employees

BREACKDOWN OF THE DATA RELATED TO HUMAN RESOURCES

Number of employees by organizational level

ORGANISATIONAL LEVEL	NUMBER OF EMPLOYEES 2021	NUMBER OF EMPLOYEES 2020	NUMBER OF EMPLOYEES 2019
Tier 1, 2 & 3	466	501	463
Tier 4	1,012	995	768
Operational employees and Others	23,800	21,891	21,820
Total	**25,278**	**23,387**	**23,051**



Tier 1: Managers who report directly to Applus+ Group's CEO

Tier 2: Managers who report directly to Tier 1 (corporate area directors, regionals, business unit area managers or country managers if they report directly to Tier 1)

Tier 3: Managers who report directly to Tier 2 (corporate areas managers, heads of departments, regionals, business unit area managers or country managers, key account managers, business line managers if they report directly to Tier 2).

Tier 4: Managers who report directly to Tier 3.

Operational employees and Others: Any other employee not included in the categories detailed above.

Number of employees by organizational level and gender

NUMBER OF EMPLOYEES BY TIER & GENDER	2021	2020	2019
Overall employees	Tier 4 81% M - 19% F	Tier 4 80% M - 20% F	Tier 4 79% M - 21% F
	Operational employees and Others 80% H - 20% F	Operational employees and Others 80% M - 20% F	Operational employees and Others 80% M - 20% F
Management	Tier 1, 2 & 3 76% M - 24% F	Tier 1, 2 & 3 77% M - 23% F	Tier 1, 2 & 3 78% M - 22% F

The 2021 figures cover 99.84% of Applus+ employees

Number of employees by organisational level and gender in 2021

NUMBER OF EMPLOYEES BY GENDER 2021						
REGION	REGION/COUNTRY	GENDER	TIER 1, 2 & 3	TIER 4	OPERATIONAL EMPLOYEES & OTHERS	TOTAL
Asia Pacific	Australia	M-Male	5	14	436	455
		F-Female	1	2	60	63
	Other Countries	M-Male	21	61	793	875
		F-Female	7	22	331	360
Latin America	Brazil	M-Male	2	15	485	502
		F-Female	-	3	58	61
	Chile	M-Male	2	32	878	912
		F-Female	1	4	315	320
	Colombia	M-Male	2	9	1,537	1,548
		F-Female	1	-	543	544
	Guatemala	M-Male	-	-	23	23
		F-Female	-	-	2	2
	Panama	M-Male	1	6	251	258
		F-Female	-	1	89	90
	Otros países	M-Male	13	47	1,185	1,245
		F-Female	2	9	302	313
Middle East and Africa	Oman	M-Male	1	13	361	375
		F-Female	-	-	15	15
	Qatar	M-Male	1	9	342	352
		F-Female	1	-	26	27
	Saudi Arabia	M-Male	2	61	1,708	1,771
		F-Female	-	6	60	66
	Other Countries	M-Male	12	22	520	554
		F-Female	2	4	46	52
Rest of Europe	Germany	M-Male	8	30	517	555
		F-Female	-	3	82	85
	Ireland	M-Male	20	-	684	704
		F-Female	2	-	141	143
	Netherlands	M-Male	14	144	315	473
		F-Female	7	23	31	61
	Other Countries	M-Male	33	86	1,558	1,677
		F-Female	6	19	231	256
Spain	Spain	M-Male	170	152	5,947	6,269
		F-Female	65	50	2,048	2,163
USA and Canada	USA and Canada	M-Male	48	117	1,501	1,666
		F-Female	15	46	341	402
Total			465	1,010	23,762	25,237

The 2021 figures cover 99.84% of Applus+ employees

Number of employees by organisational level and gender in 2020

NUMBER OF EMPLOYEES BY GENDER 2020						
REGION	REGION/COUNTRY	GENDER	TIER 1, 2 & 3	TIER 4	OPERATIONAL EMPLOYEES & OTHERS	TOTAL
Asia Pacific	Australia	M-Male	3	10	464	477
		F-Female	2	1	64	67
	Other Countries	M-Male	47	60	776	883
		F-Female	13	36	305	354
Latin America	Brazil	M-Male	11	12	470	493
		F-Female	3	1	62	66
	Chile	M-Male	2	33	709	744
		F-Female	-	4	256	260
	Colombia	M-Male	1	12	1,323	1,336
		F-Female	1	2	545	548
	Guatemala	M-Male	-	-	26	26
		F-Female	-	-	2	2
	Panama	M-Male	1	4	232	237
		F-Female	-	2	74	76
	Otros países	M-Male	13	41	1,054	1,108
		F-Female	2	8	261	271
Middle East and Africa	Oman	M-Male	1	14	366	381
		F-Female	-	-	14	14
	Qatar	M-Male	-	8	292	300
		F-Female	-	1	24	25
	Saudi Arabia	M-Male	2	12	966	980
		F-Female	-	-	7	7
	Other Countries	M-Male	14	33	470	517
		F-Female	1	6	58	65
Rest of Europe	Germany	M-Male	6	12	372	390
		F-Female	4	4	55	63
	Ireland	M-Male	14	7	671	692
		F-Female	1	1	138	140
	Netherlands	M-Male	13	193	296	502
		F-Female	7	30	26	63
	Other Countries	M-Male	34	96	1,529	1,659
		F-Female	7	20	227	254
Sapin	Spain	M-Male	180	141	5,685	6,006
		F-Female	59	48	1,921	2,028
USA and Canada	USA and Canada	M-Male	43	98	1,644	1,785
		F-Female	13	38	365	416
Total			498	988	21,749	23,235

Number of employees by organisational level and gender in 2019

NUMBER OF EMPLOYEES BY GENDER 2019						
REGION	REGION/COUNTRY	GENDER	TIER 1, 2 & 3	TIER 4	OPERATIONAL EMPLOYEES & OTHERS	TOTAL
Asia Pacific	Australia	M-Male	3	13	503	519
		F-Female	2	1	71	74
	Other Countries	M-Male	36	71	755	862
		F-Female	8	25	269	302
Latin America	Brazil	M-Male	11	13	497	521
		F-Female	4	1	62	67
	Chile	M-Male	2	24	523	549
		F-Female	1	4	201	206
	Colombia	M-Male	2	9	1,494	1,505
		F-Female	-	1	525	526
	Guatemala	M-Male	1	2	44	47
		F-Female	-	1	4	5
	Panama	M-Male	1	5	219	225
		F-Female	-	2	76	78
	Otros países	M-Male	14	41	1,127	1,182
		F-Female	2	9	244	255
Middle East and Africa	Oman	M-Male	1	14	527	542
		F-Female	-	-	16	16
	Qatar	M-Male	-	9	357	366
		F-Female	-	1	28	29
	Saudi Arabia	M-Male	2	9	992	1,003
		F-Female	-	-	5	5
	Other Countries	M-Male	9	30	519	558
		F-Female	-	3	60	63
Rest of Europe	Germany	M-Male	17	17	407	441
		F-Female	5	2	70	77
	Ireland	M-Male	12	7	645	664
		F-Female	3	1	144	148
	Netherlands	M-Male	4	9	531	544
		F-Female	1	-	70	71
	Other Countries	M-Male	29	83	1,009	1,121
		F-Female	9	9	157	175
Sapin	Spain	M-Male	175	162	5,438	5,775
		F-Female	57	62	1,867	1,986
USA and Canada	USA and Canada	M-Male	37	86	1,769	1,892
		F-Female	11	35	402	448
Total			459	761	21,627	22,847

Number of employees by gender and age in 2021

NUMBER OF EMPLOYEES BY GENDER & AGE 2021							
REGION	**REGION/ COUNTRY**	**MALE<30 YEARS OLD**	**FEMALE<30 YEARS OLD**	**MALE 30≥YEARS OLD<50**	**FEMALE 30≥YEARS OLD<50**	**MALE≥50 YEARS OLD**	**FEMALE ≥50 YEARS OLD**
Asia Pacific	**Australia**	50	13	308	38	97	12
	Other Countries	276	128	519	221	80	11
Latin America	**Brazil**	115	21	345	38	42	2
	Chile	297	96	443	178	172	46
	Colombia	304	179	1,059	345	185	20
	Guatemala	10	-	13	2	-	-
	Panama	130	48	110	39	18	3
	Other Countries	413	152	694	144	138	17
Middle East and Africa	**Oman**	86	4	212	11	77	-
	Saudi Arabia	394	34	1,169	30	208	2
	Other Countries	128	13	683	58	95	8
Rest of Europa	**Germany**	46	11	326	47	183	27
	Ireland	74	16	477	87	153	40
	Netherlands	37	7	270	29	166	25
	Other Countries	258	68	930	142	489	46
Spain	**Spain**	1,193	287	3,839	1,502	1,237	374
USA and Canada	**USA and Canada**	287	78	872	192	507	132
Total		**4,098**	**1,155**	**12,269**	**3,103**	**3,847**	**765**

The 2021 figures cover 99.84% of Applus+ employees

Number of employees by gender and age in 2020

NUMBER OF EMPLOYEES BY GENDER & AGE 2020							
REGION	**REGION/ COUNTRY**	**MALE<30 YEARS OLD**	**FEMALE<30 YEARS OLD**	**MALE 30≥YEARS OLD<50**	**FEMALE 30≥YEARS OLD<50**	**MALE≥50 YEARS OLD**	**FEMALE≥50 YEARS OLD**
Asia Pacific	**Australia**	38	17	342	42	97	8
	Other Countries	271	122	516	221	96	11
Latin America	**Brazil**	115	26	326	38	52	2
	Chile	192	59	403	167	149	34
	Colombia	319	271	890	262	127	15
	Guatemala	13	-	13	2	-	-
	Panama	126	49	95	24	16	3
	Other Countries	396	114	606	146	106	11
Middle East and Africa	**Oman**	92	5	221	9	68	-
	Saudi Arabia	301	5	576	2	103	-
	Other Countries	103	16	623	69	91	5
Rest of Europa	**Germany**	23	7	223	33	144	23
	Ireland	77	15	448	82	167	43
	Netherlands	52	9	289	29	161	25
	Other Countries	265	69	894	136	500	49
Spain	**Spain**	1,300	274	3,670	1,453	1,036	301
USA adn Canada	**USA adn Canada**	359	86	962	201	464	129
Total		**4,042**	**1,144**	**11,097**	**2,916**	**3,377**	**659**

Number of employees by gender and age in 2019

NUMBER OF EMPLOYEES BY GENDER & AGE 2019							
REGION	REGION/ COUNTRY	MALE< 30 YEARS OLD	FEMALE<30 YEARS OLD	MALE 30≥YEARS OLD<50	FEMALE 30≥YEARS OLD<50	MALE≥50 YEARS OLD	FEMALE≥ 50 YEARS OLD
Asia Pacific	Australia	49	17	366	44	104	13
	Other Countries	185	99	544	182	133	21
Latin America	Brazil	92	35	365	27	64	5
	Chile	112	50	309	134	128	22
	Colombia	401	245	951	270	153	11
	Guatemala	44	4	3	1	-	-
	Panama	121	45	88	30	16	3
	Other Countries	421	97	656	148	105	10
Middle East and Africa	Oman	139	9	325	7	78	-
	Saudi Arabia	329	3	565	2	109	-
	Other Countries	132	18	716	69	76	5
Rest of Europa	Germany	38	15	243	35	160	27
	Ireland	66	12	442	92	156	44
	Netherlands	74	11	305	32	165	28
	Other Countries	210	42	598	101	313	32
Spain	Spain	1,274	292	3,540	1,426	961	268
USA adn Canada	USA adn Canada	409	103	1,004	216	479	129
Total		**4,096**	**1,097**	**11,020**	**2,816**	**3,200**	**618**

Number of dismissals by gender and organisational level

NUMBER OF DISMISSALS BY GENDER & ORGANISATIONAL LEVEL						
GENDER	MALE		FEMALE		TOTAL	
ORGANISATIONAL LEVEL	Tier 2 & Tier 3	Others	Tier 2 & Tier 3	Others	Dismissals	%
2021	7	1,255	5	222	1,489	5.9%
2020	12	1,527	3	275	1,817	7.8%
2019	11	1,766	-	315	2,092	9.2%

The 2021 figures cover 99.84% of Applus+ employees

Number of employees by gender and contract in 2021

NUMBER OF EMPLOYEES BY GENDER & CONTRACT 2021					
REGION	REGION/COUNTRY	GENDER	PERMANENT	NON-PERMANENT	TOTAL
Asia Pacific	Australia	M-Male	269	186	455
		F-Female	44	19	63
	Other Countries	M-Male	488	387	875
		F-Female	220	140	360
Latin America	Brazil	M-Male	495	7	502
		F-Female	59	2	61
	Chile	M-Male	904	8	912
		F-Female	319	1	320
	Colombia	M-Male	195	1,353	1,548
		F-Female	70	474	544
	Guatemala	M-Male	23	-	23
		F-Female	2	-	2
	Panama	M-Male	252	6	258
		F-Female	79	11	90
	Other Countries	M-Male	785	460	1,245
		F-Female	204	109	313
Middle East and Africa	Oman	M-Male	181	194	375
		F-Female	15	-	15
	Qatar	M-Male	96	256	352
		F-Female	26	1	27
	Saudi Arabia	M-Male	1,722	49	1,771
		F-Female	61	5	66
	Other Countries	M-Male	293	261	554
		F-Female	35	17	52
Rest of Europe	Germanay	M-Male	514	41	555
		F-Female	78	7	85
	Ireland	M-Male	689	15	704
		F-Female	129	14	143
	Netherlands	M-Male	470	3	473
		F-Female	60	1	61
	Other Countries	M-Male	1,485	192	1,677
		F-Female	210	46	256
Spain	Spain	M-Male	4,734	1,535	6,269
		F-Female	1,676	487	2,163
USA and Canada	USA and Canada	M-Male	1,665	1	1,666
		F-Female	400	2	402
Total			18,947	6,290	25,237

The 2021 figures cover 99.84% of Applus+ employees

Number of employees by gender and contract in 2020

NUMBER OF EMPLOYEES BY GENDER & CONTRACT 2020					
REGION	REGION/COUNTRY	GENDER	PERMANENT	NON-PERMANENT	TOTAL
Asia Pacific	Australia	M-Male	336	141	477
		F-Female	56	11	67
	Other Countries	M-Male	525	358	883
		F-Female	237	117	354
Latin America	Brazil	M-Male	444	49	493
		F-Female	63	3	66
	Chile	M-Male	744	-	744
		F-Female	260	-	260
	Colombia	M-Male	260	1,076	1,336
		F-Female	72	476	548
	Guatemala	M-Male	26	-	26
		F-Female	2	-	2
	Panama	M-Male	227	10	237
		F-Female	70	6	76
	Other Countries	M-Male	760	348	1,108
		F-Female	195	76	271
Middle East and Africa	Oman	M-Male	207	174	381
		F-Female	14	-	14
	Qatar	M-Male	109	191	300
		F-Female	24	1	25
	Saudi Arabia	M-Male	980	-	980
		F-Female	7	-	7
	Other Countries	M-Male	351	166	517
		F-Female	48	17	65
Rest of Europe	Germanay	M-Male	363	27	390
		F-Female	61	2	63
	Ireland	M-Male	622	70	692
		F-Female	76	64	140
	Netherlands	M-Male	493	9	502
		F-Female	62	1	63
	Other Countries	M-Male	1,560	99	1,659
		F-Female	239	15	254
Spain	Spain	M-Male	4,478	1,528	6,006
		F-Female	1,561	467	2,028
USA and Canada	USA and Canada	M-Male	1,776	9	1,785
		F-Female	413	3	416
Total			17,721	5,514	23,235

Number of employees by gender and contract in 2019

NUMBER OF EMPLOYEES BY GENDER & CONTRACT 2019					
REGION	REGION/COUNTRY	GENDER	PERMANENT	NON-PERMANENT	TOTAL
Asia Pacific	Australia	M-Male	377	142	519
		F-Female	58	16	74
	Other Countries	M-Male	359	503	862
		F-Female	142	160	302
Latin America	Brazil	M-Male	466	55	521
		F-Female	62	5	67
	Chile	M-Male	549	-	549
		F-Female	206	-	206
	Colombia	M-Male	1,505	-	1,505
		F-Female	526	-	526
	Guatemala	M-Male	47	-	47
		F-Female	5	-	5
	Panama	M-Male	210	15	225
		F-Female	58	20	78
	Other Countries	M-Male	737	445	1,182
		F-Female	190	65	255
Middle East and Africa	Oman	M-Male	287	255	542
		F-Female	16	-	16
	Qatar	M-Male	118	248	366
		F-Female	24	5	29
	Saudi Arabia	M-Male	1,003	-	1,003
		F-Female	5	-	5
	Other Countries	M-Male	333	225	558
		F-Female	44	19	63
Rest of Europe	Germanay	M-Male	405	36	441
		F-Female	67	10	77
	Ireland	M-Male	656	8	664
		F-Female	131	17	148
	Netherlands	M-Male	484	60	544
		F-Female	59	12	71
	Other Countries	M-Male	1,044	77	1,121
		F-Female	152	23	175
Spain	Spain	M-Male	4,385	1,390	5,775
		F-Female	1,515	471	1,986
USA and Canada	USA and Canada	M-Male	1,878	14	1,892
		F-Female	441	7	448
Total			18,544	4,303	22,847

Parental leave by gender in 2021

PARENTAL LEAVE BY GENDER 2021		TOTAL NUMBER OF EMPLOYEES WHO ENJOYED PARENTAL LEAVE WITHIN THE PERIOD OF THIS REPORT		FROM THESE EMPLOYEES, TOTAL NUMBER WHO RETURNED TO WORK IN THE REPORTING PERIOD AFTER THE PARENTAL LEAVE ENDED		% RETURN	
		Male	Female	Male	Female	Male	Female
Asia Pacific	Australia	-	2	-	1	0%	50%
	Other Countries	17	9	16	18	94%	200%
Latin America	Brazil	-	-	-	-	0%	0%
	Chile	-	5	-	2	0%	40%
	Colombia	34	1	34	1	100%	100%
	Guatemala	-	-	-	-	0%	0%
	Panama	-	8	-	3	0%	38%
	Other Countries	14	11	14	10	100%	91%
Middle East and Africa	Oman	-	-	-	-	0%	0%
	Qatar	-	-	-	-	0%	0%
	Saudi Arabia	-	-	-	-	0%	0%
	Other Countries	4	-	-	1	0%	0%
Rest of Europe	Germany	26	7	26	4	100%	57%
	Ireland	66	16	66	14	100%	88%
	Netherlands	12	-	10	-	83%	0%
	Other Countries	114	35	101	15	89%	43%
Spain	Spain	458	89	367	47	80%	53%
USA and Canada	USA and Canada	24	26	-	1	0%	4%
Total		769	209	634	117	82%	56%

The 2021 figures cover 99.84% of Applus+ employees

Parental leave by gender in 2020

PARENTAL LEAVE BY GENDER 2020		TOTAL NUMBER OF EMPLOYEES WHO ENJOYED PARENTAL LEAVE WITHIN THE PERIOD OF THIS REPORT		FROM THESE EMPLOYEES, TOTAL NUMBER WHO RETURNED TO WORK IN THE REPORTING PERIOD AFTER THE PARENTAL LEAVE ENDED		% RETURN	
		Male	Female	Male	Female	Male	Female
Asia Pacific	Australia	-	4	-	2	0%	50%
	Other Countries	8	7	7	5	88%	71%
Latin America	Brazil	-	6	-	-	0%	0%
	Chile	-	77	6	8	0%	10%
	Colombia	19	27	19	21	100%	78%
	Guatemala	-	1	-	1	0%	100%
	Panama	-	1	-	-	0%	0%
	Other Countries	13	9	13	6	100%	67%
Middle East and Africa	Oman	-	-	-	-	0%	0%
	Qatar	-	1	-	-	0%	0%
	Saudi Arabia	-	-	-	-	0%	0%
	Other Countries	-	1	-	1	0%	100%
Rest of Europe	Germany	12	4	8	1	67%	25%
	Ireland	20	6	20	6	100%	100%
	Netherlands	13	1	-	-	0%	0%
	Other Countries	139	38	96	5	69%	13%
Spain	Spain	181	50	145	34	80%	68%
USA and Canada	USA and Canada	-	3	-	2	0%	67%
Total		405	236	314	92	78%	39%

Parental leave by gender in 2019

PARENTAL LEAVE BY GENDER 2019		TOTAL NUMBER OF EMPLOYEES WHO ENJOYED PARENTAL LEAVE WITHIN THE PERIOD OF THIS REPORT		FROM THESE EMPLOYEES, TOTAL NUMBER WHO RETURNED TO WORK IN THE REPORTING PERIOD AFTER THE PARENTAL LEAVE ENDED		% RETURN	
		Male	Female	Male	Female	Male	Female
Asia Pacific	Australia	11	5	11	4	100%	60%
	Other Countries	6	20	6	4	100%	15%
Latin America	Brazil	-	-	-	-		
	Chile	-	10	-	6		50%
	Colombia	7	21	6	8	86%	38%
	Guatemala	3	-	3	-	100%	
	Panama	-	11	-	9		82%
	Other Countries	17	3	11	3	65%	100%
Middle East and Africa	Oman	-	1	-	1		100%
	Qatar	-	2	-	-		0%
	Saudi Arabia	-	-	-	-		
	Other Countries	-	5	-	1		20%
Rest of Europe	Germany	10	7	2	1	20%	14%
	Ireland	14	9	14	9	100%	100%
	Netherlands	8	6	-	2	0%	33%
	Other Countries	20	18	6	3	30%	11%
Spain	Spain	274	144	192	78	70%	53%
USA and Canada	USA and Canada	17	6	-	1	0%	17%
Total		387	268	251	130	65%	46%

Number of employees covered by collective agreements in 2021

NUMBER OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS 2021			
REGION	**REGION/ COUNTRY**	**EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS**	**% EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS**
Asia Pacific	**Australia**	373	72%
	Other Countries	166	13%
Latin America	**Brazil**	563	100%
	Chile	182	15%
	Other Countries	299	7%
Middle East and Africa	**Other Countries**	-	0%
Rest of Europe	**Germany**	534	83%
	Ireland	825	97%
	Netherlands	523	98%
	Other Countries	1,090	56%
Spain	**Spain**	8,432	100%
USA and Canada	**USA and Canada**	563	27%
Total		13,550.00	54%

The 2021 figures cover 99.84% of Applus+ employees

Number of employees covered by collective agreements in 2020

NUMBER OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS 2020			
REGION	**REGION/ COUNTRY**	**EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS**	**% EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS**
Asia Pacific	**Australia**	135	25%
	Other Countries	353	29%
Latin America	**Brazil**	535	96%
	Chile	137	14%
	Other Countries	286	8%
Middle East and Africa	**Other Countries**	-	
Rest of Europe	**Germany**	343	76%
	Ireland	809	97%
	Netherlands	554	98%
	Other Countries	558	29%
Spain	**Spain**	8,034	100%
USA and Canada	**USA and Canada**	647	29%
Total		12,391.00	53%

Number of employees covered by collective agreements in 2019

NUMBER OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS 2019			
REGION	**REGION/ COUNTRY**	**EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS**	**% EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS**
Asia Pacific	**Australia**	175	30%
	Other Countries	330	28%
Latin America	**Brazil**	588	100%
	Chile	111	15%
	Other Countries	295	8%
Middle East and Africa	**Other Countries**	-	0%
Rest of Europe	**Germany**	332	64%
	Ireland	789	97%
	Netherlands	598	97%
	Other Countries	469	36%
Spain	**Spain**	7,761	100%
USA and Canada	**USA and Canada**	640	27%
Total		12,088.00	53%

Number of employees by gender and dedication in 2021

NUMBER OF EMPLOYEES BY GENDER & DEDICATION 2021					
REGION	**REGION/COUNTRY**	**GENDER**	**FULL TIME**	**PART TIME**	**TOTAL**
Asia Pacific	Australia	M-Male	455	-	455
		F-Female	57	6	63
	Other Countries	M-Male	856	19	875
		F-Female	352	8	360
Latin America	Brazil	M-Male	502	-	502
		F-Female	61	-	61
	Chile	M-Male	912	-	912
		F-Female	320	-	320
	Colombia	M-Male	1,548	-	1,548
		F-Female	542	2	544
	Guatemala	M-Male	23	-	23
		F-Female	2	-	2
	Panama	M-Male	258	-	258
		F-Female	90	-	90
	Other Countries	M-Male	1,245	-	1,245
		F-Female	305	8	313
Middle East and Africa	Oman	M-Male	375	-	375
		F-Female	15	-	15
	Qatar	M-Male	352	-	352
		F-Female	27	-	27
	Saudi Arabia	M-Male	1,771	-	1,771
		F-Female	66	-	66
	Other Countries	M-Male	554	-	554
		F-Female	52	-	52
Rest of Europe	Germany	M-Male	526	29	555
		F-Female	49	36	85
	Ireland	M-Male	683	21	704
		F-Female	64	79	143
	Netherlands	M-Male	453	20	473
		F-Female	29	32	61
	Other Countries	M-Male	1,609	68	1,677
		F-Female	222	34	256
Spain	Spain	M-Male	6,102	167	6,269
		F-Female	1,806	357	2,163
USA and Canada	USA and Canada	M-Male	1,581	85	1,666
		F-Female	374	28	402
Total			24,238	999	25,237

The 2021 figures cover 99.84% of Applus+ employees

Number of employees by gender and dedication in 2020

NUMBER OF EMPLOYEES BY GENDER & DEDICATION 2020					
REGION	REGION/COUNTRY	GENDER	FULL TIME	PART TIME	TOTAL
Asia Pacific	Australia	M-Male	477		477
		F-Female	59	8	67
	Other Countries	M-Male	882	1	883
		F-Female	349	5	354
Latin America	Brazil	M-Male	446	47	493
		F-Female	66	-	66
	Chile	M-Male	744	-	744
		F-Female	259	1	260
	Colombia	M-Male	1,336	-	1,336
		F-Female	548	-	548
	Guatemala	M-Male	26	-	26
		F-Female	2	-	2
	Panama	M-Male	237	-	237
		F-Female	75	1	76
	Other Countries	M-Male	1,107	1	1,108
		F-Female	269	2	271
Middle East and Africa	Oman	M-Male	381	-	381
		F-Female	14	-	14
	Qatar	M-Male	300	-	300
		F-Female	25	-	25
	Saudi Arabia	M-Male	980	-	980
		F-Female	7	-	7
	Other Countries	M-Male	511	6	517
		F-Female	65	-	65
Rest of Europe	Germany	M-Male	384	6	390
		F-Female	35	28	63
	Ireland	M-Male	660	32	692
		F-Female	76	64	140
	Netherlands	M-Male	486	16	502
		F-Female	31	32	63
	Other Countries	M-Male	1,570	89	1,659
		F-Female	213	41	254
Spain	Spain	M-Male	5,833	173	6,006
		F-Female	1,630	398	2,028
USA and Canada	USA and Canada	M-Male	1,679	106	1,785
		F-Female	381	35	416
Total			22,143	1,092	23,235

Number of employees by gender and dedication in 2019

NUMBER OF EMPLOYEES BY GENDER & DEDICATION 2019					
REGION	**REGION/COUNTRY**	**GENDER**	**FULL TIME**	**PART TIME**	**TOTAL**
Asia Pacific	Australia	M-Male	519	-	519
		F-Female	74	-	74
	Other Countries	M-Male	862	-	862
		F-Female	301	1	302
Latin America	Brazil	M-Male	484	37	521
		F-Female	67	-	67
	Chile	M-Male	549	-	549
		F-Female	206	-	206
	Colombia	M-Male	1,505	-	1,505
		F-Female	526	-	526
	Guatemala	M-Male	47	-	47
		F-Female	5	-	5
	Panama	M-Male	225	-	225
		F-Female	77	1	78
	Other Countries	M-Male	1,180	2	1,182
		F-Female	252	3	255
Middle East and Africa	Oman	M-Male	542	-	542
		F-Female	16	-	16
	Qatar	M-Male	366	-	366
		F-Female	29	-	29
	Saudi Arabia	M-Male	1,003	-	1,003
		F-Female	5	-	5
	Other Countries	M-Male	542	16	558
		F-Female	58	5	63
Rest of Europe	Germany	M-Male	427	14	441
		F-Female	40	37	77
	Ireland	M-Male	636	28	664
		F-Female	69	79	148
	Netherlands	M-Male	526	18	544
		F-Female	35	36	71
	Other Countries	M-Male	1,081	40	1,121
		F-Female	143	32	175
Spain	Spain	M-Male	5,612	163	5,775
		F-Female	1,574	412	1,986
USA and Canada	USA and Canada	M-Male	1,749	143	1,892
		F-Female	401	47	448
Total			21,733	1,114	22,847

Annual comparison ratio

ANNUAL COMPARISON RATIO		RATIO 2021	RATIO 2020	RATIO 2019
Asia Pacific	Australia	2.8	4.0	4.2
	Other Countries	8.3	14.2	16.6
Latin America	Brazil	13.0	7.5	3.1
	Chile	9.1	8.4	7.8
	Colombia	9.9	10.0	10.7
	Guatemala	1.8	N/A	N/A
	Panama	5.9	5.1	5.7
	Other Countries	10.7	11.3	11.4
Middle East and Africa	Oman	8.8	8.3	12.2
	Qatar	17.1	17.4	4.3
	Saudi Arabia	9.3	6.3	7.4
	Other Countries	21.4	16.4	13.3
Resto of Europe	Germany	3.6	2.9	3.2
	Ireland	3.1	3.0	4.2
	Netherlands	3.2	3.5	4.8
	Other Countries	6.1	6.9	7.8
Spain	Spain	6.9	5.4	6.0
USA and Canada	USA and Canada	5.2	4.5	5.9

The 2021 figures cover 99.81% of Applus+ employees. Executive Committee in Spain not included.

Ratio: Annual Compensation of the highest paid individual compared to the AVG Compensation W/O the highest paid individual.

Ratio of minimum salary in 2021

RATIO OF MINIMUM SALARY AND AVG SALARY BY LAW WITHIN THE COUNTRY COMPARED TO THE LOCAL COUNTRY 2021		Minimum salary within the Region/Country by law		Minimum salary within the Region Country (Applus+)		Minimum salary gap by Gender (Applus+)	% Δ Minimum salary		% Δ Medium salary	
		Male	Female	Male	Female		Male	Female	Male	Female
Asia Pacific	Australia	24,442	24,442	29,577	36,651	24%	21%	50%	0%	0%
	Other Countries	1,007	1,007	8,605	7,876	-8%	755%	682%	27%	-7%
Latn America	Brazil	1,966	1,966	2,366	2,183	-8%	20%	11%	81%	40%
	Chile	4,559	4,559	5,753	7,212	25%	26%	58%	84%	109%
	Colombia	2,468	2,468	5,382	2,468	-54%	118%	0%	0%	0%
	Guatemala	4,290	4,290	4,290	4,290	0%	0%	0%	0%	0%
	Panama	7,247	7,247	7,247	7,247	0%	0%	0%	0%	0%
	Other Countries	2,221	2,221	5,803	5,271	-9%	161%	137%	42%	8%
Middle East and Africa	Oman	5,413	5,413	6,859	6,583	-4%	27%	22%	0%	0%
	Qatar			2,743	8,229	200%	0%	0%	0%	0%
	Saudi Arabia	10,733	10,733	10,733	13,416	25%	0%	25%	0%	0%
	Other Countries	549	549	5,547	7,713	39%	911%	1306%	1257%	1305%
Resto of Europe	Germany	18,468	18,468	25,629	29,068	13%	39%	57%	-2%	4%
	Ireland	20,686	20,686	26,040	26,040	0%	26%	26%	-7%	-7%
	Netherlands	20,272	20,272	45,781	30,202	-34%	126%	49%	0%	0%
	Other Countries	4,390	4,390	23,620	23,956	1%	438%	446%	25%	22%
Spain	Spain	13,510	13,510	18,390	19,666	7%	36%	46%	19%	24%
USA and Canada	USA and Canada	12,640	12,640	31,479	30,996	-2%	149%	145%	-2%	-25%

The 2021 figures cover 99.81% of Applus+ employees. Executive Committee in Spain not included.

Minimum salary within the Region/Country by law: minimum salary by law provided by HR local teams.
Minimum salary within the Region/Country (Applus+): minimum salary received by an employee within the region/country.
Minimum salary gap by Gender (Applus+): gap between male and female minimum salary as a percentage of male minimum salary.
% Δ Minimum salary: gap between the minimum salary paid in Applus+ and the minimum salary by law, compared to the latter if available.
% Δ AVG salary: gap between the average salary in Applus+ and the published average salary, compared to the latter if available.

Ratio of minimum salary in 2020

RATIO OF MINIMUM SALARY AND AVG SALARY BY LAW WITHIN THE COUNTRY COMPARED TO THE LOCAL COUNTRY 2020		Minimum salary within the Region/Country by law		Minimum salary within the Region Country (Applus+)		Minimum salary gap by Gender (Applus+)	% Δ Minimum salary		% Δ Medium salary	
		Male	Female	Male	Female		Male	Female	Male	Female
Asia Pacific	Australia	25,285	25,285	34,203	32,917	-4%	35%	30%		
	Other Countries	1,134	1,134	5,691	6,358	12%	402%	461%	19%	-1%
Latn America	Brazil	2,169	2,169	2,364	3,262	38%	9%	50%		
	Chile	4,730	4,730	7,137	5,200	-27%	51%	10%	59%	85%
	Colombia	2,729	2,729	2,729	2,729	0%	0%	0%		
	Guatemala	-	-	-	-					
	Panama	8,356	8,356	8,356	8,356	0%	0%	0%		
	Other Countries	869	869	5,952	4,086	-31%	585%	370%	6%	-6%
Middle East and Africa	Oman	-	-	3,890	6,771	74%				
	Qatar	-	-	3,165	9,495	200%				
	Saudi Arabia	-	-	6,706	15,326	129%	0%	0%		
	Other Countries	633	633	14,138	9,628	-32%	2133%	1420%	1520%	2971%
Resto of Europe	Germany	19,610	19,610	24,335	23,681	-3%	24%	21%	-4%	-4%
	Ireland	22,422	22,422	28,505	28,505	0%	27%	27%		
	Netherlands	20,160	20,160	51,911	37,172	-28%	157%	84%		
	Other Countries	4,174	4,174	21,136	24,310	15%	406%	482%	73%	75%
Spain	Spain	14,509	14,509	24,592	21,113	-14%	69%	46%		
USA and Canada	USA and Canada	14,575	14,575	28,112	25,135	-11%	93%	72%	4%	9%

Ratio of minimum salary in 2019

RATIO OF MINIMUM SALARY AND AVG SALARY BY LAW WITHIN THE COUNTRY COMPARED TO THE LOCAL COUNTRY 2019		Minimum salary within the Region/Country by law		Minimum salary within the Region Country (Applus+)		Minimum salary gap by Gender (Applus+)	% Δ Minimum salary		% Δ Medium salary	
		Male	Female	Male	Female		Male	Female	Male	Female
Asia Pacific	Australia	23,933	23,933	30,228	29,017	-4%	26%	21%	-	-
	Other Countries	1,170	1,170	9,948	9,963	0%	750%	725%	57%	2%
Latn America	Brazil	2,724	2,724	4,236	5,770	36%	55%	112%	411%	539%
	Chile	4,639	4,639	5,084	5,546	9%	10%	20%	154%	169%
	Colombia	2,702	2,702	2,702	4,241	57%	0%	57%	-	-
	Guatemala	-	-	-	-	-	-	-	-	
	Panama	7,572	7,572	7,572	7,572	0%	0%	0%	-	-
	Other Countries	1,793	1,793	6,468	5,913	-9%	261%	230%	-	-
Middle East and Africa	Oman	5,761	5,761	6,188	15,394	149%	7%	167%	-	-
	Qatar	-	-	2,849	8,786	208%	-	-	-	-
	Saudi Arabia	8,569	8,569	11,139	9,997	-10%	30%	17%	-	-
	Other Countries	2,087	2,087	7,690	14,485	88%	268%	594%	0%	50%
Resto of Europe	Germany	17,976	17,976	28,538	31,012	9%	59%	73%	-4%	15%
	Ireland	19,874	19,874	26,040	26,040	0%	31%	31%	-1%	-3%
	Netherlands	21,197	21,197	25,849	35,222	36%	22%	66%	-	-
	Other Countries	2,523	2,523	18,526	19,860	7%	634%	687%	82%	101%
Spain	Spain	12,600	12,600	18,998	19,895	5%	51%	58%	-	-
USA and Canada	USA and Canada	13,460	13,460	27,864	30,224	8%	107%	125%	24%	9%

Benefits in 2021

Number of employees with benefits		Life Insurance		Health Care		Educational Allowance		Disability and Invalidity Cover		Parental leave		Retirement Provision		Stock Ownership		Others	
		Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time
Asia Pacific	Australia	-	-	-	-	-	-	3	2	-	2	307	211	-	-	-	-
	Other Countries	243	76	573	190	32	-	56	-	25	1	-	4	-	-	-	-
Latin America	Brazil	573	10	573	10	6	-	-	-	-	-	-	-	-	-	-	-
	Chile	986	-	213	-	-	-	928	-	5	-	-	-	-	-	-	-
	Colombia	358	2,938	59	13	25	4	-	-	8	27	-	-	-	-	-	-
	Guatemala	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Panama	331	2	1	-	-	-	44	-	8	-	-	-	1	-	-	-
	Other Countries	76	546	23	-	1	-	5	112	7	18	-	-	2	-	51	-
Oman	Oman	16	14	16	14	-	-	-	-	-	-	-	-	-	-	-	-
	Qatar	29	135	29	135	-	-	-	-	-	-	-	-	-	-	-	-
	Saudi Arabia	1	13	1,851	35	-	-	-	-	-	-	-	-	-	-	-	-
	Other Countries	347	129	416	188	-	-	-	-	4	-	-	-	3	-	-	-
Resto of Europe	Germany	284	49	1	-	-	-	18	-	30	3	4	-	2	-	3	1
	Ireland	734	113	22	-	-	-	22	-	73	9	734	113	-	-	-	-
	Netherlands	533	63	525	61	-	-	5	3	12	-	526	61	1	-	-	-
	Other Countries	1,415	98	1,367	87	663	-	4	-	147	2	815	4	2	-	4,714	-
Spain	Spain	125	2	437	17	-	-	2,045	1,363	377	170	40	-	51	1	77	-
USA and Canada	USA and Canada	1,161	4	1,085	4	-	-	469	-	50	-	986	8	1	-	-	-
Total		7,236	4,192	7,191	754	727	4	3,599	1,480	746	232	3,412	401	63	1	4,845	1

The 2021 figures cover 99.81% of Applus+ employees. Executive Committee in Spain not included.

Life insurance. Employees who had life insurance as a benefit. In Spain most of the collective agreements have this due to business trips.

Health Care. Employees who had Health Care as benefit.

Educational allowance. Employees who enjoyed specific training programmes as Masters, PhD, etc.

Disability and Invalidity cover. Employees who enjoyed disability or invalidity cover.

Parental leave. Employees who enjoyed parental leave.

Retirement provision. Employees who received monetary assignations in their retirement plans to top of the local regulations.

Stock ownership. Employees who received RSUs

Others. Employees who received any other benefit.

Benefits in 2020

Number of employees with benefits		Life Insurance		Health Care		Educational Allowance		Disability and Invalidity Cover		Parental leave		Retirement Provision		Stock Ownership		Others	
		Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time
Asia Pacific	Australia	-	-	-	-	-	-	373	84	4	-	390	154	-	-	-	-
	Other Countries	458	150	603	495	51	15	244	62	9	6	12	2	-	-	-	-
Latin America	Brazil	1,248	228	1,248	228	72	-	436	-	6	-	-	-	1	-	-	-
	Chile	1,244	27	236	-	-	-	-	-	77	-	-	-	-	-	-	-
	Colombia	370	1,451	50	7	1	-	113	651	12	34	361	1,436	2	-	4	-
	Guatemala	19	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-
	Panama	258	13	1	1	-	-	-	-	1	-	-	-	-	-	-	-
	Other Countries	65	370	22	-	3	-	3	71	5	17	-	-	2	-	7	-
Middle East and Africa	Oman	-	4	-	4	-	-	-	-	-	-	-	-	-	-	-	-
	Qatar	4	256	4	256	-	-	-	-	1	-	-	-	-	-	-	-
	Saudi Arabia	-	-	34	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other Countries	311	106	349	160	-	-	-	-	1	-	1	-	1	1	-	-
Resto of Europe	Germany	307	37	31	-	1	-	-	-	15	1	-	-	-	-	-	-
	Ireland	751	81	53	-	-	-	22	-	22	4	491	10	1	-	752	81
	Netherlands	555	10	-	-	-	-	544	10	14	-	550	10	1	-	-	-
	Other Countries	854	31	795	35	237	6	19	2	176	1	212	8	2	-	252	-
Spain	Spain	124	-	427	4	-	-	1,202	489	192	39	38	-	69	-	160	-
USA and Canada	USA and Canada	1,320	-	1,156	-	127	-	458	-	3	-	672	-	3	-	1	-
Total		7,888	2,765	5,009	1,190	492	21	3,414	1,369	539	102	2,727	1,620	82	1	1,176	81

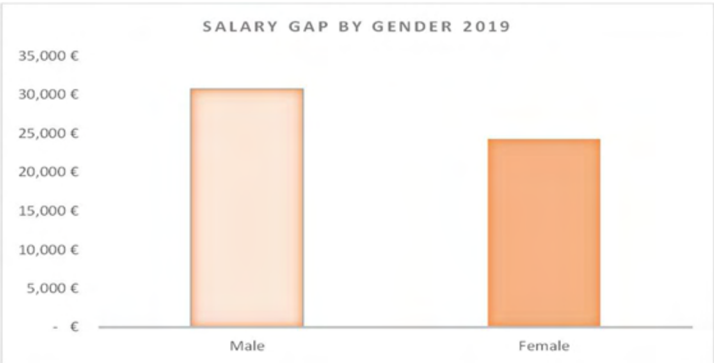
Benefits in 2019

Number of employees with benefits		Life Insurance		Health Care		Educational Allowance		Disability and Invalidity Cover		Parental leave		Retirement Provision		Stock Ownership		Others	
		Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time	Permanent	Temporary/ Part-Time
Asia Pacific	Australia									16		19	28				
	Other Countries	315	22	410	354	44	1	51		25	1	15	3	2		1	
Latin America	Brazil	110	33	111	33	17								1			
	Chile	170	12	29				15		10				1			
	Colombia	214		1				108		28						63	
	Guatemala									3							
	Panama	112		1		12				7	4						
	Other Countries	63	513	85		1		5	41	9	11			2		41	
Middle East and Africa	Oman	286	238	286	238	1				1				1			
	Qatar	24	331	28	331			1	1	2							
	Saudi Arabia			193													
	Other Countries	134	55	119	124					5		1		3		175	54
Resto of Europe	Germany	271	63	27	6		1	1		13	4						
	Ireland	698	114	23						17	6	643		1		117	6
	Netherlands	491	112	494	121			491	112	14		491	112	3			
	Other Countries	90	15	97	22	117	4	36	20	31	7	172	25	1		4,004	
Spain	Spain	447	6	669	17	3		1,396	589	328	90	141		48		2,448	6
USA and Canada	USA and Canada	918		815	3	476		425	2	21	2	883	2	4		1	
Total		4,343	1,514	3,388	1,249	671	6	2,529	765	530	125	2,365	170	67	-	6,850	66

SALARY GAP

Salary gap by gender

	SALARY GAP BY GENDER					
	2021		2020		2019	
	AVG by Gender	Gap Gender	AVG by Gender	Gap Gender	AVG by Gender	Gap Gender
Male	24,711 €	-18.67%	27,903 €	-19.62%	30,770 €	-21.15%
Female	20,097 €		22,427 €		24,264 €	



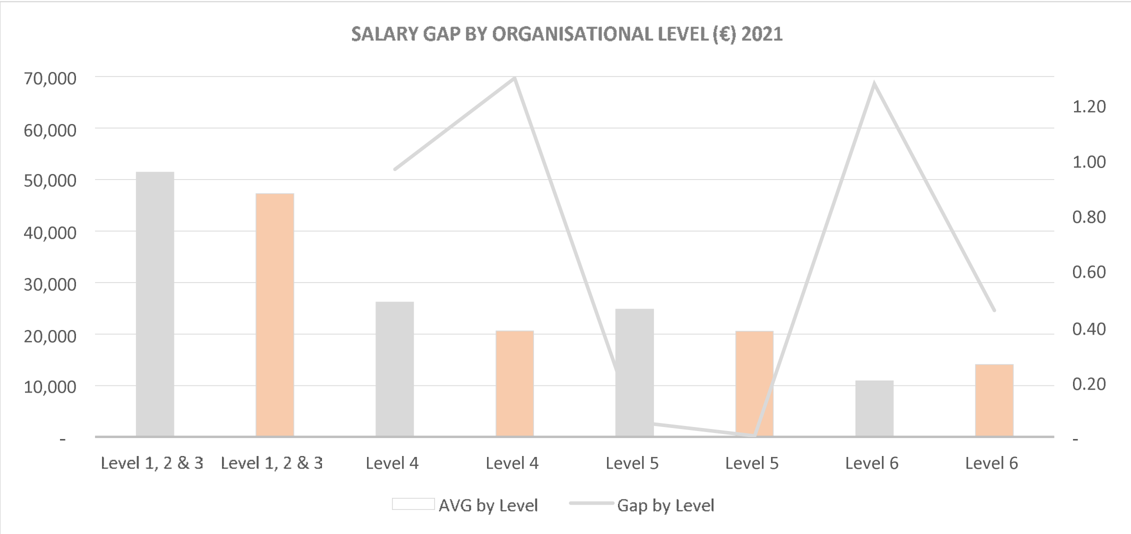
(*) Salary gap: understood as the difference between the gross hourly wage of men and of women, expressed as a percentage of the gross hourly wage of men. Advisedly, the calculation of this indicator is not adjusted to the individual characteristics and may explain part of the salary differences between men and women.

(**) The remuneration data provided in this Annex only considers our employees' base salary because, due to the peculiarity of our activities, allowances, overtime and bonus systems are closely linked to the projects performed; and therefore including these would distort the data provided for gender. Moreover, to guarantee the comparability of the information, data regarding part-time and employees contracted for less than a year has been extrapolated to full-time employees for the whole year.

The 2021 figures cover 99.81% of Applus+ employees. Executive Committee in Spain not included.

Salary gap by organisational level in 2021

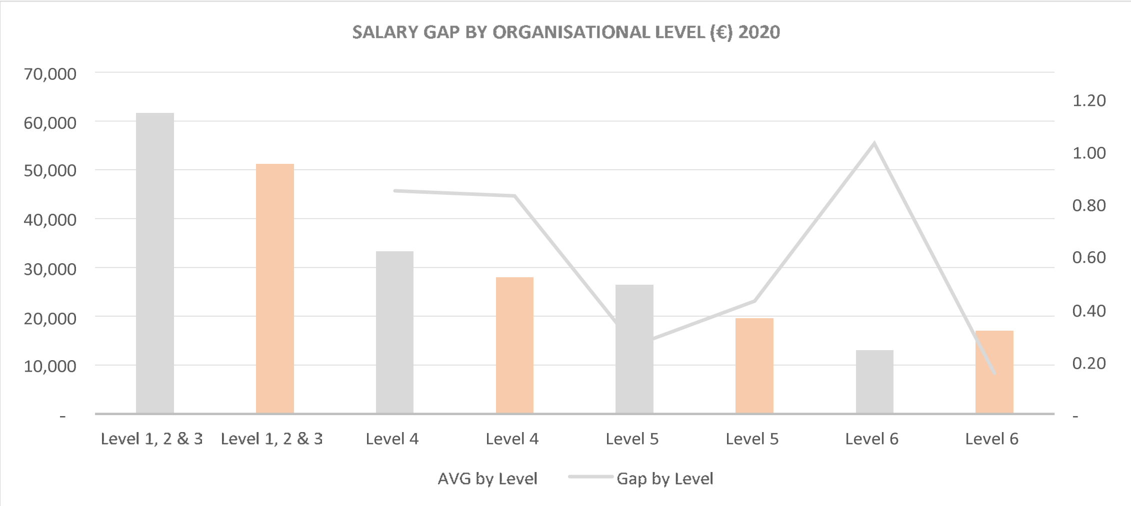
SALARY GAP BY ORGANISATIONAL LEVEL (€) 2021			
Level	**Gender**	**AVG by Level**	**Gap by Level**
Level 1, 2 & 3	Male	**51,438**	
Level 1, 2 & 3	Female	**47,265**	
Level 4	Male	**26,176**	**97%**
Level 4	Female	**20,606**	**129%**
Level 5	Male	**24,804**	**6%**
Level 5	Female	**20,534**	**0%**
Level 6	Male	**10,912**	**127%**
Level 6	Female	**14,098**	**46%**



The 2021 figures cover 99.81% of Applus+ employees. Executive Committee in Spain not included.

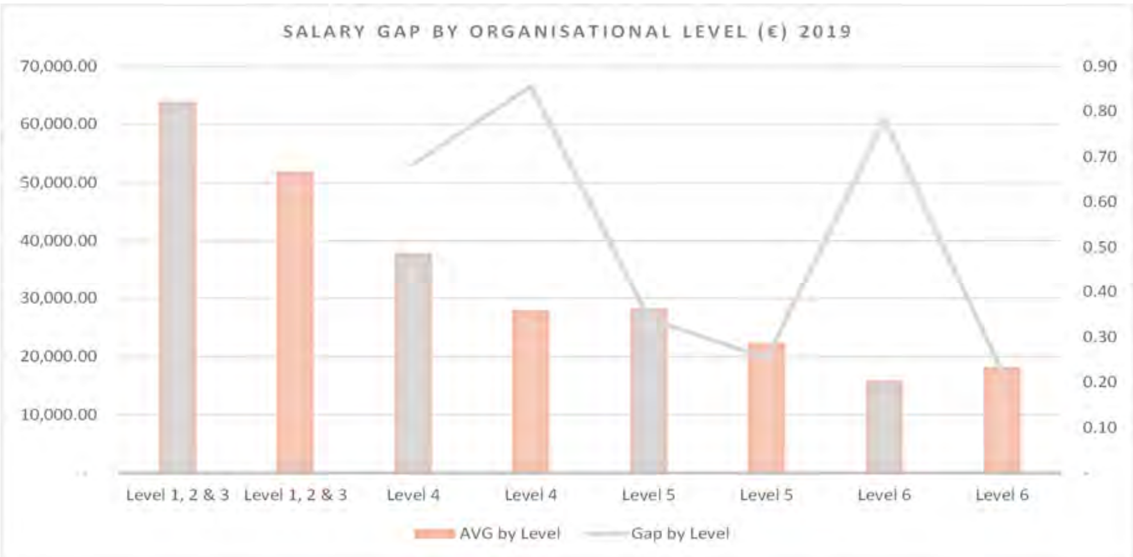
Salary gap by organisational level in 2020

SALARY GAP BY ORGANISATIONAL LEVEL (€) 2020			
Level	**Gender**	**AVG by Level**	**Gap by Level**
Level 1, 2 & 3	Male	**61,620**	
Level 1, 2 & 3	Female	**51,220**	
Level 4	Male	**33,338**	**85%**
Level 4	Female	**28,000**	**83%**
Level 5	Male	**26,468**	**26%**
Level 5	Female	**19,599**	**43%**
Level 6	Male	**13,045**	**103%**
Level 6	Female	**16,989**	**15%**



Salary gap by organisational level in 2019

SALARY GAP BY ORGANISATIONAL LEVEL (€) 2019			
Level	**Gender**	**AVG by Level**	**Gap by Level**
Level 1, 2 & 3	Male	**63,836.37**	
Level 1, 2 & 3	Female	**51,956.60**	
Level 4	Male	**37,916.11**	**68%**
Level 4	Female	**27,998.30**	**86%**
Level 5	Male	**28,260.22**	**34%**
Level 5	Female	**22,342.48**	**25%**
Level 6	Male	**15,848.03**	**78%**
Level 6	Female	**18,286.23**	**22%**



Salary gap by age in 2021

	SALARY GAP BY AGE 2021		
	<30 years	≥ 30 years <50	≥50 years
Male	16,234	23,973	36,162
Female	12,159	21,259	28,195
Salary Gap by Age	-25%	-11%	-22%

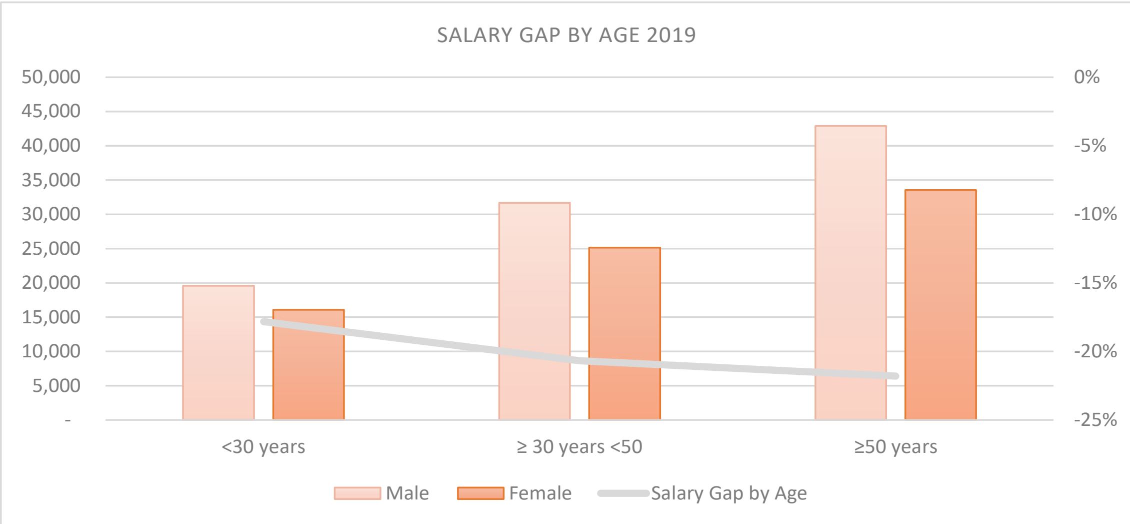
The 2021 figures cover 99.81% of Applus+ employees. Executive Committee in Spain not included.

Salary gap by age in 2020

	SALARY GAP BY AGE 2020		
	<30 years	≥ 30 years <50	≥50 years
Male	16,867	28,579	40,704
Female	14,114	23,176	33,642
Salary Gap by Age	-16%	-19%	-17%

Salary gap by age in 2019

	SALARY GAP BY AGE 2019		
	<30 years	≥ 30 years <50	≥50 years
Male	19,535	31,663	42,866
Female	16,049	25,113	33,519
Salary Gap by Age	-18%	-21%	-22%



Shareholder information

GRI 102-5

We set up annual **corporate-governance road shows** to maintain the constructive dialogue held with institutional investors and proxy advisors, in line with our *Policy for the communication of economic-financial, non-financial and corporate information, communication, and contact with shareholders, institutional investors and proxy advisors.* In 2020, the Group's executives attended 207 meetings with investors and 22 conferences and roadshows.

CAPITAL AND SHAREHOLDER STRUCTURE

On 31st December 2021, the share capital of the head company, Applus Services, SA amounted to €14,301,843 which was represented by 143,018,430 shares, each with a value of €8.09. Each share ranks equally with the same economic and voting rights. The shares are listed on the Spanish Stock Exchanges through the automated quotation system (*Sistema de Interconexión Bursátil or Mercado Continuo*).

On the 9th May 2014, the company listed 130,016,755 shares in its initial public offering and on the 29th September 2017 a further 13,001,675 shares were admitted following a capital increase.

Per the notifications of the number of shares submitted to the Spanish National Securities Market (CNMV), the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 31st December 2021 were as follows:

SHAREHOLDER	PERCENTAGE
Southeastern Asset Management Inc	5.1%
River & Mercantile Group PLC	5.0%
Threadneedle Asset Management Limited	3.1%
Harris Associates LP	3.0%
Invesco Ltd	3.0%

DIVIDEND INFORMATION

On 31st May 2022, at the Group's AGM, the Board will propose the payment of a dividend of cents 15 per-share. This is equivalent to €21.5 million (2019: Nil) and represents 23% of the adjusted net profit of €93.30 million. On approval by the shareholders at the AGM, the dividend will be paid on 7th July 2022.

ADJUSTED NET PROFIT

YEAR	M€	
2017	€	82.80
2018	€	97.20
2019	€	108.60
2020	€	47.00
2021	€	93.30

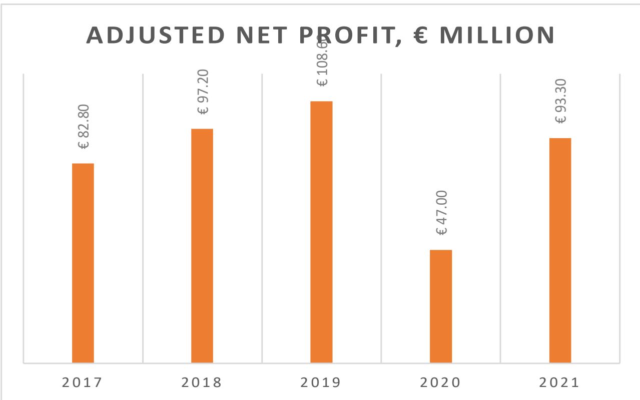
DIVIDEND

YEAR	M€	
2017	€	18.60
2018	€	21.50
2019	€	-
2020	€	21.50
2021	€	21.45

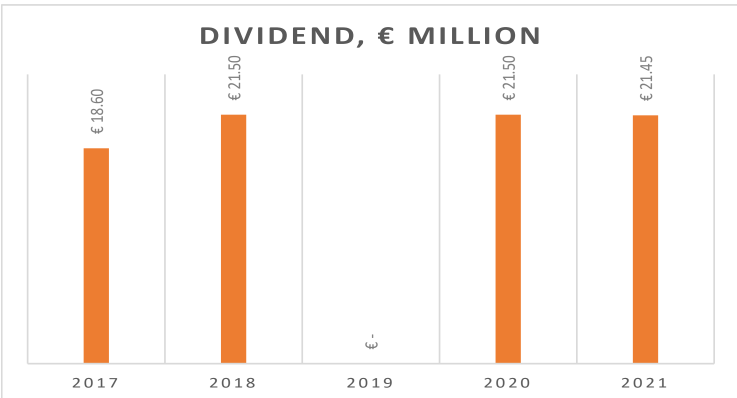
DIVIDEND ADJUSTED NET PROFIT

YEAR	M€
2017	22.5%
2018	22.1%
2019	0.0%
2020	45.6%
2021	23.0%

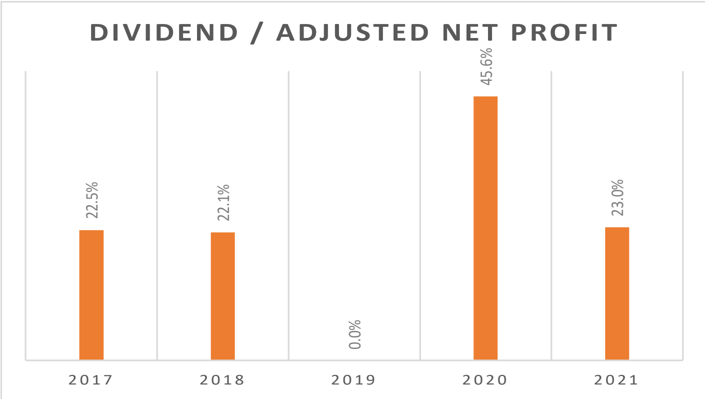
ADJUSTED NET PROFIT



DIVIDEND



DIVIDEND/ADJUSTED NET PROFIT



The total cumulative amounts of Adjusted net profit and the Dividends paid over the eight year period since the Company was listed on the Stock Exchange are shown in the table below showing the Dividend to Adjusted net profit % over this period has been 19%.

TOTAL 2014-2020	
Adjusted net profit, € million	698.2
Dividend, € million	133.8
Dividend/Adjusted net profit, %	19%

FINANCIAL CALENDAR

EVENT	DATE*
Q1 Trading Update	10/05/2022
Annual General Meeting of Shareholders	31/05/2022
Q2 and H1 2022 Results Announcement	26/07/2022
Q3 Trading Update	31/10/2022
Q4 and Full Year 2022 Results Announcement	28/02/2023

*These dates may be subject to variation. All the updates can be found on the Applus+ website.

CONTACTS AND SHARE INFORMATION

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Auditors
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Applus Services, S.A. Head Offices

- Parque Empresarial Las Mercedes Campezo, 1, Edif. 3, 4ª planta 28022 Madrid
- Campus UAB – Ronda de la Font del Carme, s/n 08193 Bellaterra – Barcelona

Share Information

Security number: 79396
ISIN: ES0105022000
CIF: A64622970
Shares issued as of the date of this report: 143,018,430
Listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges within Mercado Continuo.
Ticker Symbol: APPS-MC.

Energy and emissions indicators: methodology and results

GRI 302-1 GRI 302-3 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 306-3

ENERGY CONSUMPTION AND GHG EMISSIONS FOR SCOPES 1 AND 2

The Group uses the ASM platform to obtain energy and GHG emissions data from all the facilities where we operate, applying the guidelines set out in the Greenhouse Gas Protocol (GHG Protocol) Corporate Accounting and Reporting Standard technical report.

The consumption period under consideration runs from the 1st of November 2020 until the 31st of October 2021. The scope for countries is the same as that of the financial perimeter.

Electricity

CO_2 emissions from electricity are accounted according to the market-based method defined in the GHG protocol, and are the product of the energy consumption in kWh and each country's and provider's emission factors.

The **sources for the conversion factors** are:

- GJ value: Massachusetts Institute of Technology (MIT) (2013) Units & Conversions.
- TCO_2 value: International Energy Agency (IEA). Emission factors: Database documentation (2020 edition); CO_2 emission factors for electricity and heat generation for world countries (in CO_2 per kWh, 1990 to 2018).

Gaseous fuel and liquid fuel

To ascertain the GHG emissions of CO_2, CH_4 and N_2O, we use the product of the energy units and the emission factors for each fuel. Finally, to calculate the carbon-dioxide equivalent emissions (CO_2eq), we use the GWP (Global Warming Potential) index.

The **sources for the conversion factors** are:

- Fuel price: Global Petrol Prices, (2021) <https://www.globalpetrolprices.com/>, Energy Efficiency and Renewable Energy from the U.S. Department of Energy <https://afdc.energy.gov>, Numbeo (2021) <https://www.numbeo.com>.

- Density: Engineering ToolBox (2020) <https://www.engineeringtoolbox.com>, CNMC, the National Commission of Markets and Competition; The National Energy Commission and the table of equivalences of SEDIGAS and GASNAM, Massachusetts Institute of Technology (2013).

- Lower calorific power: Intergovernmental Panel on Climate Change. 2006 IPCC Guidelines for National Greenhouse Gas Inventories (Ch.1, Vol. 2).

- Emission factors: Intergovernmental Panel on Climate Change. IPCC Guidelines for National Greenhouse Gas Inventories 2006 (Ch.2, Vol. 2).

GHG EMISSIONS FOR SCOPE 3

Fuel and energy-related activities (not included in Scopes 1 or 2)

The emissions not included in Scopes 1 or 2 relating to fuel and energy come from the emissions due to losses from the transport and distribution of the electricity, and those due to the value chain of the fuels and electricity.

To calculate the **emission factor of the losses in the transmission and distribution of electricity**, we use the gross-production indicators for each country and the electricity transmission and distribution losses from Electricity Information (2020), published by the International Energy Agency (IEA). For the countries in which these indicators are not available, we use the indicators for their region.

To calculate the **emission factor associated with the electricity value** chain by country, we use the following electricity-generation sources and their percentage of electricity generation on the total electric energy produced in each country: nuclear, hydroelectric, geothermal, solar, wind, coal, oil, natural gas, biofuels, energy from waste and others (offshore wind farms, wave and tidal power, etc.), according to the Electricity Information (2021) report published by the IEA. For the countries in which these indicators are not available, we use the indicators for their region.

For the aforementioned sources, we use the Well-to-Tank emission factors from the WELL-TO-TANK report Appendix 2 - Version 4a, published by the European Commission, to obtain the related CO_2 emissions per kWh. As in some cases, the types of fuel used by the IEA do not coincide with those used by the European Commission, so we select the data following these criteria:

Oil: According to the IEA, within the "Oil" category there are the fossil fuels (Diesel oil, Petrol, Petroleum coke, etc.) In the WELL-TO-TANK Appendix 2, we find the CO_2 emissions of petrol and diesel oil for using them to generate electricity. We used the Diesel oil value as it is more restrictive.

Other: According to the methodology of the IEA, the "Other" category encompasses processes that do not need fuel to produce energy; therefore, their emissions associated with the value chain are zero.

The **electricity-emissions factor** is obtained using the electric-emissions factor for each of the countries included in the population, according to data from the IEA. For the countries in which the electricity-emissions factor is not available, we used the factor for their region.

For the **factor associated with the combustion of fuels**, we use the Well-to-Tank factors contained in the WELL-TO-TANK report Appendix 2 (Version 4a) published by the European Commission. And for Biodiesel, we used the value of the POME process: Meal as AF, no CH4 rec., no-heat credit, glycerine-to-biogas to produce biodiesel as palm oil is the most used vegetable oil worldwide for producing biodiesel, and it is the most restrictive of the oils included in the related Appendix 2. As there is no factor associated with propane, and it is mainly extracted from natural gas, we used the natural-gas factor. Finally, for LPG it has been used the most restrictive one - the process LNG, road and vapour.

The countries included in the calculation of fuel and energy-related activities (not included in Scopes 1 or 2) are the same as those used to calculate Scope 1 and 2.

Business travel by plane, train and taxi[5]

The travel agencies where we book the trips provide us with CO_2 emissions data per passenger, which are calculated based on the kilometres travelled, the occupancy of the aircraft (weight) and the type of aircraft, which are based on the rules set out by the UK's Department for Environment, Food and Rural Affairs (DEFRA).

With regards to the emissions generated during taxi rides, Applus+ calculates the emissions of the journeys of our employees by using a taxi-management application. The emissions generated when travelling by taxi are calculated based on the distance travelled and the fleet-emissions ratio, which is measured with the percentage of hybrid and electric cars operated in their fleet.

Employee commuting[6]

The commuting emissions of each employee were calculated based on the mode of transport (car, train, bicycle, etc.), the distance travelled and the number of days travelling per year, applying emission factors.

The evaluation of this data was done through a biennial survey to ascertain the mobility habits. The last survey was conducted in 2021. The results allowed us to understand the different modes of transport used at each location where we operate.

Most of the factors used were published by DEFRA in the "Conversion Factors 2021: Full set for advanced-users" document, both for calculating the direct emissions and for the indirect ones. In the case of vehicles which consumption is assumed to be 100% electric (electric car and motorbike, electric scooter and the underground railway), we used distance/energy consumption conversion factors from other sources since DEFRA does not provide this information.

Emissions derived from acquired goods and services

Emissions from "purchased goods and services", "capital goods" and "upstream transport and distribution", a PwC proprietary tool based on the World Input-Output Database (WIOD) macroeconomic model was used.

The WIOD model is based on input-output methodologies recognized by the GHG protocol as a method for calculating the above Scope 3 emission categories.

In order to process data, we have used consumer price indexes in the USA (source: Federal Reserve), and the OECD average euro-dollar exchange rate, using the information available in the procurement systems at the end of November and linearly extrapolating the emissions data according to the audited profit and loss account.

[5] Business travel emissions cover the data for 60% of 2019 revenue, the 63% of 2020 and the 58% of 2021.

[6] Employee commuting emissions cover the data for 70% of 2019 revenue, the 70% of 2020 and the 88% of 2021.

RESULTS

Dimensions	2019	2020	2021[7]
Energy			
Total energy consumption (GJ)	895,493	816,932	901,978
Fuel consumption (GJ)	683,735	594,165	629,854
Non-renewable fuel consumption (GJ)	677,585	585,280	609,532
Renewable fuel consumption (GJ)	6,150	8,886	20,322
Electricity consumption (GJ)	211,758	214,367	256,841
Renewable electricity percentage (%)	0%	23%	70%
Heating consumption (GJ)	0	8,400	15,283
Energy intensity per revenue (GJ / M€)	504	524	531
Energy intensity per employee (GJ / employee)	38.85	34.93	38.15
Change from base year (%)	0%	-10%	-2%
Emissions			
GHG total emissions (CO2eq tonnes)	68,535	56,484	52,170
Scope 1 (CO2eq tonnes)	47,788	41,328	43,768
Scope 2 (CO2eq tonnes)	20,747	15,157	8,402
Scope 3 (CO2eq tonnes)	251,877	218,937	236,070
Purchased goods and services	99,789	93,965	96,990
Capital goods	18,821	14,843	16,955
Fuel-and energy-related activities (not Included in scope 1 or scope 2)	66,269	56,248	55,321
Upstream transportation and distribution	3,133	2,705	2,770
Business travel	8,263	1,899	1,965
Employee Commuting	55,602	49,277	62,071
Emission intensity (Scope 1 and 2) per revenue (CO2eq tonnes/ M€)	38.55	36.26	30.73
Emission intensity (Scope 1 and 2) per employee (CO2eq tonnes/ employee)	2.97	2.42	2.21
Change from base year (%)	0%	-19%	-26%
Water			
Water withdrawal (mega liters)	643,129	654,949	1,092,500
Groundwater (mega liters)	379,008	346,615	327,696
Third-party water (mega liters)	264,121	308,334	764,804
Waste			
Total waste weight (tonnes)			2,440
Total weight of hazardous waste (tonnes)			749
Total weight of non-hazardous waste (tonnes)			1,692

[7] In 2021, the consumption data of the new additions is added.

References table

GRI 102-55

GRI AND GLOBAL COMPACT: UNIVERSAL STANDARDS			
GRI indicator	**DEFINITION**	**Financial and non-financial information Report 2021**	**UN Global Compact**
101	Foundation	About the report	
102-1	Name of the organisation	Applus Services, SA	▪ Organisation's profile and operational context
102-2	Activities, brands, products and services	Applus+ in brief	
102-3	Location of headquarters	Applus+ Services, S.A. head offices: • Parque Empresarial Las Mercedes Campezo, 1, Edif. 3, 4ª planta 28022 Madrid • Campus UAB – Ronda de la Font del Carme, s/n 08193 Bellaterra - Barcelona	
102-4	Location of operations	Applus+ in brief	
102-5	Property	Shareholder information	
102-6	Markets served	Applus+ in brief	
102-7	Scale of the organisation	Applus+ in brief	▪ Principle 6
102-8	Information on employees and other workers	Value to people	▪ Principle 6
102-9	Supply chain	Supply chain management	▪ Principle 1 ▪ Principle 7 ▪ Principle 10
102-10	Significant changes to the organisation and its supply chain	Applus+ has not made significant organisational changes, nor regarding its supply chain during 2021	
102-11	Precautionary principle or approach	Business model and value creation Sustainability approach Environment Health and safety	▪ Principle 7
102-12	External initiatives	Sustainability approach Value to people Integrity and Compliance Environment Health and safety	▪ Sustainability context
102-13	Membership of associations	Sustainability approach Strategic alliances	
102-14	Statement from senior decision-maker	Letter from the Chairman and the CEO	Statement by the Chief Executive
102-15	Main repercussions, risks and opportunities	Risk management Climate change: risks and opportunities	

GRI AND GLOBAL COMPACT: UNIVERSAL STANDARDS			
GRI indicator	**DEFINITION**	**Financial and non-financial information Report 2021**	**UN Global Compact**
102-16	Values, principles, standards and norms of behaviour	Business model and value creation Sustainability approach Value to customer Governance Value to people Environment Health and safety	▪ Principle 10 ▪ Decision-making process
102-17	Advisory mechanisms and ethical concerns	Integrity and Compliance	Principle 10
102-18	Corporate structure	Corporate governance	▪ Decision-making process
102-40	List of stakeholders	Stakeholder engagement and materiality	
102-41	Collective bargaining agreements	Value to people Human Resources database	▪ Principle 3
102-42	Identifying and selecting stakeholders	Stakeholder engagement and materiality	▪ Stakeholder engagement
102-43	▪ Approach to stakeholder engagement	Stakeholder engagement and materiality	
102-44	Key topics and concerns raised	Stakeholder engagement and materiality	▪ Commitments, strategies or policies, and management systems to integrate the principles
102-45	Entities included in the consolidated financial statements	Financial information	
102-46	Defining report content and topic Boundaries	Annex – About the report	
102-47	List of material topics	Stakeholder engagement and materiality	
102-48	Restatements of information	No restatements of information	
102-49	Changes in reporting	Stakeholder engagement and materiality	
102-50	Reporting period	January 1st to December 31st 2021	
102-51	▪ Date of most recent report	February 2021	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	teresa.sanfeliu@applus.com	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI standards' Core option	
102-55	GRI content index	References table	

GRI AND GLOBAL COMPACT: UNIVERSAL STANDARDS			
GRI indicator	**DEFINITION**	**Financial and non-financial information Report 2021**	**UN Global Compact**
102-56	External assurance	Report's verification statement	
103-1	▪ Explanation of the material topic and its boundary	Stakeholder engagement and materiality	
103-2	▪ The management approach and components	Our company Value to customer Corporate governance Value for people Environment Value to society Financial information Annex	Integrity Practical actions description and measurement of outcomes
103-3	▪ Evaluation of the management approach		

GRI AND GLOBAL COMPACT: ECONOMIC TOPICS			
GRI indicator	**DEFINITION**	**Financial and non-financial information Report 2021**	**UN Global Compact**
201-1	Direct economic value generated and distributed	Annex Finance database	
201-2	Financial implications and other risks and opportunities due to climate change	Risks management Climate change: risks and opportunities	▪ Principle 7
202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Human Resources database	▪ Principle 6
203-2	Significant indirect economic impacts	Stakeholder engagement and materiality	
204-1	Proportion of spending on local suppliers	Supply chain management	
205-2	Communication and training on about anti-corruption policies and procedures	Integrity and Compliance	▪ Principle 10
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Integrity and Compliance	▪ Principle 10
207-1	Approach to tax	Sustainability approach	
207-2	Tax governance, control and risk management	Sustainability approach Risk management	

GRI AND GLOBAL COMPACT: ECONOMIC TOPICS			
GRI indicator	**DEFINITION**	**Financial and non-financial information Report 2021**	**UN Global Compact**
207-3	Stakeholder engagement and management of concerns related to tax	Stakeholder engagement and materiality	
207-4	Country-by-country reporting	Finance database	

GRI AND GLOBAL COMPACT: ENVIRONMENTAL TOPICS			
GRI indicator	**DEFINITION**	**Financial and non-financial information Report 2021**	**UN Global Compact**
301	Materials	Due to the nature of our activity, all environmental impacts derived from activities inherent to manufacturing processes (use of raw materials or products, packaging, freight forwarding, etc.) are excluded from our management framework.	
302-1	Energy consumption within the organisation	Environment. Energy management Annex. Energy and emissions indicators.	▪ Principle 7 ▪ Principle 8 Principle 9
302-3	Energy intensity	Environment. Energy management Annex. Energy and emissions indicators.	
303-1	Interaction with water as a shared resource	Environment. Water	▪ Principle 7 ▪ Principle 8 ▪ Principle 9
303-2	Management of water discharge-related impacts		
303-3	Water withdrawal		
304	Biodiversity	The activities of Applus+ do not generate direct impacts on biodiversity; on the contrary, most of our services help our clients to minimise the impacts of their activities.	▪ Principle 8 ▪ Principle 9
305-1	Direct (Scope 1) GHG emissions	Environment. Emissions Annex. Energy and emissions indicators.	▪ Principle 7
305-2	Energy indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
305-4	GHG emissions intensity		
306-3	Waste discharge	Environment. Waste	▪ Principle 7

GRI AND GLOBAL COMPACT: ENVIRONMENTAL TOPICS			
GRI indicator	**DEFINITION**	**Financial and non-financial information Report 2021**	**UN Global Compact**
307-1	Non-compliance with environmental laws and regulations	Applus+ has not identified relevant/material issues of non-compliance with environmental laws and/or regulations	▪ Principle 8
308-1	New suppliers that were screened using environmental criteria	Supply chain management Environment	Principle 8

GRI AND GLOBAL COMPACT: SOCIAL TOPICS			
GRI indicator	**DEFINITION**	**Financial and non-financial information Report 2021**	**UN Global Compact**
401-2	Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees	Human Resources database	▪ Principle 6
402-1	Minimum notice periods regarding operational changes	Value to people. Overview and approach	▪ Principle 3
403-1	Occupational health and safety management system	Health and safety	▪ Principle 1
403-2	Hazard identification, risk assessment and incident investigation		
403-3	Occupational health services		
403-4	Worker participation, consultation and communication on occupational health and safety		
403-5	Worker training on occupational health and safety		
403-6	Promotion of workers' health		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
404-1	Average hours of training per year per employee	Human Resources datbase	▪ Principle 6
405-1	Diversity of governance bodies and employees	Corporate governance Value to people Human Resources database	▪ Principle 6
406-1	Incidents of discrimination and corrective actions taken	No incidents have been identified	▪ Principle 6

GRI AND GLOBAL COMPACT: SOCIAL TOPICS			
GRI indicator	**DEFINITION**	**Financial and non-financial information Report 2021**	**UN Global Compact**
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No operations and suppliers, in which the right to freedom of association and collective bargaining may be at risk, have been identified.	▪ Principle 3
408 **409**	Child labour Forced or compulsory labour	These topics are not considered potential Human Rights issues for the Group because its activities require high levels of education and specialisation. Notwithstanding, we have established the necessary internal policies and controls to avoid these types of bad practices.	▪ Principle 4 ▪ Principle 5
410	Security practices	This topic does not apply to Applus+ because the Group does not outsource this type of service when developing its projects and services.	
411-1	Incidents of violations involving rights of indigenous peoples	No incidents have been identified	Principle 1 ▪ Principle 2
412-2	Employee training on human rights policies or procedures	Integrity and Compliance	▪ Principle 1 ▪ Principle 2
413-1	Operations with local community engagement, impact assessments and development programs	Value to people Value to society	▪ Principle 1
414-1	New providers that were screened using social criteria	Supply chain management	▪ Principle 1 ▪ Principle 7 ▪ Principle 10
415-1	Political contributions	The Applus+ Group explicitly prohibits monetary contributions to parties and / or representatives.	▪ Principle 10
416 **417**	Customer Health and Safety Marketing and Labelling	▪ Due to the nature of the Group's activities, all issues derived from activities inherent to the manufacturing processes (use of raw materials or products, packaging, freight forwarding, etc.) are excluded from its management framework.	
418-1	Substantiated complaints concerning breaches of customer	Value to customer. Overview and approach	
419-1	Non-compliance with laws and regulations in the social and economic area	The Group has not been subject to any material payment nor imposition of significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.	▪ Principle 10

REFERENCE TABLES: SPANISH ACT 11/2018		GRI STANDARD	Financial and non-financial information Report 2021
BUSINESS MODEL	**Description of the group's business model**	GRI 102-2 Activities, brands, products, and services GRI 102-4 Location of operations GRI 102-6 Markets served GRI 102-7 Scale of the organisation GRI 102-16 Values, principles, standards and norms of behaviour GRI 102-44 Key topics and concerns raised (stakeholders)	Applus+ in brief Business model and value creation Sustainability approach Stakeholder engagement and materiality Acquisitions and diversification
INFORMATION ON ENVIRONMENTAL MATTERS	**Policies**	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach	Environment. Our environmental strategy
	Main risks	GRI 102-15 Key impacts, risks, and opportunities	Risks management Climate change: risks and opportunities
	General	GRI 307-1 Non-compliance with environmental laws and regulations GRI 102-11 Precautionary Principle or approach	Environment
	Contamination	GRI 103-2 The management approach and its components	Environment
	Circular economy and waste prevention and management	GRI 103-2 The management approach and its components	Environment. Waste
	Sustainable use of resources	GRI 103-2 The management approach and its components GRI 302-1 Energy consumption within the organisation GRI 302-3 Energy intensity GRI 303-1 Interactions with water as a shared resource GRI 303-2 Management of water discharge-related impacts GRI 303-3 Water withdrawal	Environment Annex. Energy and emissions indicators.
	Climate change	GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2)	Environment Annex. Energy and emissions indicators.

REFERENCE TABLES: SPANISH ACT 11/2018		GRI STANDARD	Financial and non-financial information Report 2021
		GHG emissions	
		GRI 305-3 Other indirect (Scope 3) GHG emissions	
		GRI 305-4 GHG emissions intensity	
		GRI 103-2 The management approach and its components	
	Protection of biodiversity	GRI 103-2 The management approach and its components	The activities of the Applus+ Group do not generate direct impacts on biodiversity.
INFORMATION ON SOCIAL AND PERSONNEL MATTERS	**Policies**	GRI 103-2 The management approach and its components	Governance Value to people
		GRI 103-3 Evaluation of the management approach	
	Main risks	GRI 103-3 Evaluation of the management approach	Risk management
	Employment	GRI 102-7 Scale of the organisation	About Applus+ Governance Value to people Human Resources database
		GRI 102-8 Information on employees and other workers	
		GRI 405-1 Diversity of governance bodies and employees	
		GRI 102-8 Information on employees and other workers	
		GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	Work organisation	GRI 102-8 Information on employees and other workers	Value to people Human Resources database
		GRI 103-2 The management approach and its components	
	Health and safety	GRI 403-1 Occupational health and safety management system	Health and safety
		GRI 403-2 Hazard identification, risk assessment and incident investigation	
		GRI 403-3 Occupational health services	
		Worker participation, consultation and communication	

REFERENCE TABLES: SPANISH ACT 11/2018		GRI STANDARD	Financial and non-financial information Report 2021
		on occupational health and safety	
		Worker training on occupational health and safety	
		Promotion of workers' health	
		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	Company relations	GRI 102-43 Approach to stakeholder engagement	Stakeholder engagement and materiality Value to people
		GRI 402-1 Minimum notice periods regarding operational changes	
		GRI 102-41 Collective bargaining agreements	
	Training	GRI 103-2 The management approach and its components	Value to people Human Resources database
		GRI 404-1 Average hours of training per year per employee	
	Accessibility	GRI 103-2 The management approach and its components	Value to people
	Equality	GRI 103-2 The management approach and its components	Value to people Integrity and Compliance
		GRI 406-1 Incidents of discrimination and corrective actions taken	
INFORMATION ON THE RESPECT OF HUMAN RIGHTS	**Policies**	GRI 103-2 The management approach and its components	Value to people Integrity and Compliance
		GRI 412-2 Employee training on human rights policies or procedures	
	Main risks	GRI 103-3 Evaluation of the management approach	Value to people Human Resources database Integrity and Compliance
	Human Rights	GRI 103-2 The management approach and its components	Value to people Integrity and Compliance
		GRI 411-1 Rights of indigenous peoples	
		GRI 419-1 Non-compliance with laws and regulations in the social and economic area	
INFORMATION RELATED TO COMBATING	**Policies**	GRI 103-2 The management approach and its components	Risks management Integrity and Compliance
		GRI 103-3 Evaluation of the management approach	

REFERENCE TABLES: SPANISH ACT 11/2018		GRI STANDARD	Financial and non-financial information Report 2021
BRIBERY AND CORRUPTION		GRI 205-2 Communication and training about anti-corruption policies and procedures	
	Main risks	GRI 103-3 Evaluation of the management approach	Integrity and Compliance
	Bribery and corruption	GRI 103-2 The management approach and its components GRI 203-2 Significant indirect economic impacts GRI 415-1 Political contributions	Integrity and Compliance
INFORMATION ON THE COMPANY	**Policies**	GRI 103-2 The management approach and its components GRI 102-9 Supply chain	Business model and value creation Strategic plan 2022-2024
	Main risks	GRI 103-3 Evaluation of the management approach	Risk management
	The company's commitment to sustainable development	GRI 203-2 Significant indirect economic impacts GRI 204-1 Proportion of spending on local suppliers GRI 413-1 Operations with local community engagement, impact assessments, and development programmes Approach to stakeholder engagement GRI 102-13 Membership of associations	Sustainability approach Stakeholder engagement and materiality Sustainability ambitions Contribution to the SDGs Supply chain management
	Subcontracting and suppliers	GRI 103-2 The management approach and its components GRI 102-9 Supply chain GRI 308-1 New suppliers that were screened using environmental criteria	Supply chain management
	Clients	GRI 103-2 The management approach and its components GRI 418-1 Substantiated complaints concerning breaches of customer	Customer value
	Tax information	GRI 103-3 Evaluation of the management approach GRI 207-1 Approach to tax GRI 207-2 Tax governance, control and risk management GRI 207-3 Stakeholder engagement and management of concerns related to tax GRI 207-4 Country-by-country reporting	Sustainability approach Finance database

<table>
<tr><th colspan="3">EUROPEAN REGULATION 2020/852</th></tr>
<tr><th>Article</th><th>REQUIREMENT</th><th>Financial and non-financial information Report 2021</th></tr>
<tr><td>Article 8.2.a)</td><td>Non-financial companies shall disclose the following information: proportion of their turnover that comes from products or services related to economic activities that are considered environmentally sustainable in accordance with Articles 3 and 9.</td><td rowspan="2">Financial information
EU Taxonomy</td></tr>
<tr><td>Article 9</td><td>Environmental objectives:
✓ Transition to a circular economy
✓ Contamination prevention and control
✓ Climate change mitigation
✓ Sustainable use and protection of water and marine resources
✓ Protection and recovery of biodiversity and ecosystems</td></tr>
</table>

SASB: SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS				
Topic	**Indicator**	**DEFINITION**	**Level of disclosure**	**Financial and non-financial information Report 2021**
Data Security	SV-PS-230a.1 Data security	Description of the approach to identify and address data security risks	Disclosed	Data privacy and cybersecurity
	SV-PS-230a.1 Data security	Description of policies and practices regarding the collection, use and retention of customer information	Disclosed	Data privacy and cybersecurity
	SV-PS-230a.1 Data security	(1) Number of data breaches, (2) percentage involving confidential business information (CBI) or personally identifiable information (PII) of clients, (3) number of clients affected	Disclosed	These situations have not occurred
Workforce Diversity & engagement	SV-PS-330a.1 Workforce diversity and engagement	Percentage of gender and racial / ethnic representation in (1) management and (2) all other employees	Divulgado	80% Masculine 20% Femenine
			Tier1 - No employees in this Tier	Tier1 - No employees in this Tier
				Tier2 Masculine: Asiatic 16,7% Black or Afroamerican 16,7% Hispanic o Latin 16,7% White 50% Others 0% Not available 0% Femenine: Asiatic 0% Black or Afroamerican 0% Hispanic or Latin 0% White 0% Others 0% Not available 0%
				Tier3 Masculine: Asiatic 2,6% Black or Afroamerican 0% Hispanic or Latin 0% White 68,4% Others 0% Not available 0% Femenine: Asiatic 2,6% Black or Afroamerican 0% Hispanic or Latin 0% White 26,3% Others 0% Not available 0%
				Tier4 Masculine: Asiatic 4,5% Black or Afroamerican 3,6% Hispanic or Latin 1,8% White 53,6% Other 0% Not availablee 0% Femenine: Asiatic 2,7% Black or Afroamerican 1,8% Hispanic or Latin 1,8% White 25,5% Others 0,9% Not available 0,9%
				Operational employees and others: Masculine: Asiatic 3,1% Black or Afroamerican 6% Hispanic or Latin 12,1% White 58% Others 1,5% Not available 0,5% Femenine: Asiatic 1,1% Black or Afroamericano 3,9% Hispanic or Latin 2,9% White 10,8% Others 0% Not available 3%
	SV-PS-330a.2 Workforce diversity and engagement	(1) voluntary and (2) involuntary replacement rate of all employees	Disclosed	Voluntary turnover 11,03% Involuntary turnover 5,90%
	SV-PS-330a.3 Workforce diversity and engagement	Employee involvement expressed as a percentage	Disclosed	Favoçrable 74% Neutral 16% Unfavorable 10%
Professional integrity	SV-PS-510a.1 Professional integrity	Description of the approach to ensuring professional integrity	Disclosed	Integrity and Compliance
	SV-PS-510a.2 Professional integrity	Total amount of monetary losses as a result of legal proceedings related to professional integrity	Disclosed	There have been no monetary losses for this concept

SASB:ACTIVITY METRICS			
Indicator	**Definition**	**Level of disclosure**	**Financial and non-financial information Report 2021**
Number of employees: (1) full-time and part-time, (2) temporary and (3) contracted	SV-PS-000.A	Disclosed	Human Resources database/Employees by contract Billable percentage:
Hours worked by employees, billable percentage	SV-PS-000.B	Not available	Hours worked by employee

	TCFD Content Index	
TOPIC	**DISCLOSURE**	**Location on 2021 Financial and non-financial information Report**
GOVERNANCE	Describe the Boards's oversight of climate-related risks and opportunities	Corporate Governance Risk management
	Describe management's role in assessing and managing the risks and opportunities of climate change	Risk management
STRATEGY	Describe the climate-related risks and opportunities that the organisation has identified in the short-, medium- and long-term	Climate change: risks and opportunities
	Describe the impact of climate-related risks and opportunities on the organisation's activities, strategy and financial planning	Climate change: risks and opportunities
	Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a scenario of 2ºC or lower scenario	Climate change: risks and opportunities
RISKS	Describe the organization's processes for identifying and assessing climate-related risks	Risk management
	Describe the organization's processes for managing climate-related risks	Risk management
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	Risk management
METRICS	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Science Based Targets initiative Energy and emissions
	Disclose Scope 1, Scope 2 and, if appropiate, Scope 3 greenhouse gas emissions, and the related risks	Energy and emissions Energy and emissions indicators: methodology and results
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Sustainability Goals Strategic plan 2022-2024

Applus Services, S.A. and Subsidiaries

Auditor's report on the system of Internal Control over Financial Reporting (ICFR) of the Applus Group for 2021

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

Deloitte.

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

AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF THE APPLUS GROUP FOR 2021

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

As requested by the Board of Directors of Applus Services, S.A. and Subsidiaries ("the Applus Group") and in accordance with our proposal-letter dated 3 December 2021, we have applied certain procedures to the "Information relating to the ICFR system" included in section F of the Annual Corporate Governance Report ("ACGR") of the Applus Group for 2021, which summarises the internal control procedures of the Applus Group in relation to its annual financial reporting.

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

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

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

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Guidelines on the Auditor's Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Entities, published by the Spanish National Securities Market Commission (CNMV) on its website, which establish the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Applus Group's annual financial reporting for 2021 described in the information relating to the ICFR system included in section F of the accompanying ACGR. Therefore, had we applied procedures additional to those established in the aforementioned Guidelines or performed an audit or a review of the system of internal control over the regulated annual financial reporting, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the audit regulations in force in Spain, we do not express an audit opinion in the terms provided for in those regulations.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

The procedures applied were as follows:

1. Perusal and understanding of the information prepared by the Applus Group in relation to the ICFR system -disclosure information included in the directors' report- and assessment of whether this information includes all the information required in accordance with the minimum content described in section F, relating to the description of the ICFR system, of the model ACGR established in CNMV Circular no. 5/2013, of 12 June 2013, and subsequent amendments, the most recent being CNMV Circular 3/2021, of 28 September ("the CNMV Circulars").

2. Inquiries of personnel responsible for preparing the information detailed in point 1 above for the purpose of: (i) obtaining an understanding of the process followed in preparing it; (ii) obtaining information that permits an evaluation of whether the terminology used complies with the framework definitions; and (iii) obtaining information on whether the control procedures described are in place and functioning at the Applus Group.

3. Review of the explanatory documentation supporting the information detailed in point 1 above, including mainly the documentation furnished directly to those responsible for preparing the information describing the ICFR system. In this regard, the aforementioned documentation includes reports prepared by the internal audit department, senior executives or other internal or external experts providing support functions to the Audit Committee.

4. Comparison of the information detailed in point 1 above with the knowledge on the Applus Group's ICFR system obtained through the procedures applied during the financial statement audit work.

5. Perusal of minutes of meetings of the Board of Directors, the Audit Committee and other Applus Group committees in order to assess the consistency between the ICFR system issues addressed therein and the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel responsible for preparing and formulating the information detailed in point 1 above.

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

This report has been prepared exclusively in the context of the requirements established in Article 540 of the Consolidated Spanish Limited Liability Companies Law and in the CNMV Circulars for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Ana Torrens

24 February 2022

Applus Services, S.A. and Subsidiaries

Annual Corporate Governance Report

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

ANNUAL CORPORATE GOVERNANCE REPORT
FOR LISTED PUBLIC LIMITED COMPANIES

ISSUER IDENTIFICATION

YEAR- END DATE	31/12/2021

Tax Identification No. C.I.F.:	A-64622970

Company Name:
APPLUS SERVICES, S.A.

Registered Office:
CALLE CAMPEZO 1, EDIFICIO 3, 28022 MADRID

A CAPITAL STRUCTURE

A.1. Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

No X
Yes **Board approval date** dd/mm/yyyy
Minimum period of uninterrupted ownership required by the statutes

Indicate whether the company has awarded votes for loyalty:
No X
Yes

Date of the last modification of the share capital	Share capital	Number of shares	Number of voting rights (not including additional loyalty-attributed votes)	Number of additional attributed voting rights corresponding to shares with a loyalty vote	Total number of voting rights, including additional loyalty-attributed votes
27/09/2017	14,301,843.00	143,018,430	143,018,430	0	143,018,430

Number of shares registered in the special register pending the expiry of the loyalty period

Observations

Indicate whether there are different classes of shares with different associated rights:

Yes **No X**

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred

Observations

A.2. List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% of voting rights attached to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
FIDELITY INTERNATIONAL LIMITED		2.185			2.185		
HARRIS ASSOCIATES INVESTMENT TRUST	3.005				3.005		
HARRIS ASSOCIATES L.P.		3.025			3.025		
INVESCO INTERNATIONAL SMALL-MID COMPANY FUND	3.004				3.004		
INVESCO LTD.		3.022			3.022		
LONGLEAF PARTNERS INTERNATIONAL FUND	3.123				3.123		
RIVER & MERCANTILE GROUP PLC		5.048			5.048		
SOUTHEASTERN ASSET MANAGEMENT, INC		5.146			5.146		
THREADNEEDLE ASSET MANAGEMENT LIMITED		3.089			3.089		

Observations

Breakdown of the indirect holding:

Name or company name of the indirect owner	**Name or company name of the direct owner**	**% of voting rights attached to the shares <u>(including votes for loyalty)</u>**	**% of voting rights through financial instruments**	**% of total voting rights**	**<u>From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote</u>**	
FIDELITY INTERNATIONAL LIMITED	FIDELITY INTERNATIONAL LIMITED	2.185		2.185		
HARRIS ASSOCIATES L.P.	HARRIS ASSOCIATES L.P.	3.025		3.025		
INVESCO LTD.	INVESCO LTD.	3.022		3.022		
RIVER & MERCANTILE GROUP PLC	RIVER & MERCANTILE GROUP PLC	5.048		5.048		
SOUTHEASTERN ASSET MANAGEMENT, INC	SOUTHEASTERN ASSET MANAGEMENT, INC	5.146		5.146		
THREADNEEDLE ASSET MANAGEMENT LIMITED	THREADNEEDLE ASSET MANAGEMENT LIMITED	3.089		3.089		

Observations

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements

Name of the shareholder	**Date of the transaction**	**Description**
HARRIS ASSOCIATES INVESTMENT TRUST	20/07/2021	It has increased above 3% in the capital stock
HARRIS ASSOCIATES L.P.	08/04/2021	It has increased above 3% in the capital stock

INVESCO INTERNATIONAL SMALL-MID COMPANY FUND	26/08/2021	It has increased above 3% in the capital stock
LONGLEAF PARTNERS INTERNATIONAL FUND	06/10/2021	It has increased above 3% in the capital stock
SOUTHEASTERN ASSET MANAGEMENT, INC	06/10/2021	It has increased above 5% in the capital stock

A.3. Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:

Name or company name of director	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	**Indirect**	**Direct**	**Indirect**		**Direct**	**Indirect**
Nicolas Villen	0.017				0.017		
Chris Cole	0.016				0.016		
Maria Jose Esteruelas	0.003				0.003		
Maria Cristina Henriquez de Luna	0.002				0.002		
Essimari Kairisto	0.001				0.001		
Marie-Françoise Damesin -	0.001				0.001		
Fernando Basabe	0.069		0.069		0.069		
Joan Amigó	0.043		0.043		0.043		
Total	0.153				0.153		

Total percentage of voting rights held by the Board of Directors	0.153

Observations

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% voting rights attributed to shares <u>(including loyalty votes)</u>	% of voting rights through financial instruments	% of total voting rights	**<u>From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote</u>**	

Observations

List the total percentage of voting rights represented on the board:

Total percentage of voting rights held by the Board of Directors	0.153

Observations

A.4 If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, except those that are reported in Section A.6:

Name of related Party	Nature of relationship	Brief description
N/A		

A.5 If applicable, state any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:

Name of related Party	Nature of relationship	Brief description
N/A		

A.6 Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of proprietary directors. Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and

post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
N/A			

Observations

A.7 State whether the company has been notified of any shareholders' agreements that may affect it, in accordance with Articles 530 and 531 of the *Ley de Sociedades de Capital* ("Corporate Enterprises Act" or "LSC"). If so, describe these agreements and list the party shareholders:

Yes ☐ No ☒

Parties to the shareholders' agreement	% of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable

Observations

State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes ☐ No ☒

Parties to the concerted action	% of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

A.8 State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Ley de Mercados de Valores ("Spanish Securities Market Act" or "LMV"). If so, please identify them:

Yes ☐ No ☒

Name of individual or company

Observations

A.9 Complete the following table with details of the company's treasury shares:

At the close of the year:

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
408.098		0.285

Observations

(*) through:

Name of direct shareholder	Number of direct shares
N/A	
Total:	

Observations

Explain any significant changes during the year:

Explain significant changes

A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.

The General Shareholders Meeting of 29 May 2020 agreed to "*authorise the Company's Board of Directors, with power to sub-delegate, so it may proceed with a derivative acquisition of its own shares, in accordance with article 146 of the Spanish Companies Act in the terms established below:*

1. *The acquisitions may be made either directly by the Company or indirectly through any of its subsidiaries, in the same terms as described herein;*

2. *The acquisition may be made as a sale and purchase, swap or goods received in lieu of payment, or any other transaction legally permitted, once or several times;*

3. *The number of shares acquired, when added to those already held by the Company, shall not exceed ten per cent (10%) of the capital stock;*

4. *The price or consideration will range between the face value of the shares and one hundred and ten per cent (110%) of their listed price;*

5. *The authorisation will remain valid for a maximum term of 5 years as of today.*

It is hereby expressly noted that any shares acquired as a result of this authorisation may be used either for disposal or redemption, or towards the direct delivery of these shares to the employees or Directors of the Company or any of the group companies, or as a consequence of the exercise of any option rights or the application of any remuneration systems.

To revoke, to the extent of the unused amount, the authorization granted by the General shareholders' Meeting in 18 June 2015"

A.11 Estimated floating capital:

	%
Estimated floating capital	78.485

A.12 State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorization or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.

Yes [ ] No [x]

Description of restrictions

A.13 State if the shareholders have resolved at a meeting to adopt measures to neutralize a take-over bid pursuant to the provisions of Act 6/2007.

Yes [ ] No [x]

If so, please explain the measures approved and the terms under which such limitations would cease to apply:

Explain the measures approved and the terms under which such limitations

A.14 State if the company has issued shares that are not traded on a regulated EU market.

Yes [ ] No [x]

If so, please list each type of share and the rights and obligations conferred on each.

List each type of share

B GENERAL SHAREHOLDERS' MEETING

B.1 State whether there are any differences between the quorum established by the LSC for General Shareholders' Meetings and those set by the company and if so, describe them in detail:

Yes [ ] No [x]

	% quorum different from that contained in Article 193 LSC for general matters	% quorum different from that contained in Article 194 LSC for special resolutions
Quorum required at 1st call		
Quorum required at 2nd call		

Description of differences

B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the Spanish Companies Act (LSC) and, if so, explain:

Yes [ ] No [x]

Describe how it is different from that contained in the LSC.

	Qualified majority different from that established in Article 201.2 LSC for Article 194.1 LSC matters	Other matters requiring a qualified majority
% established by the company for adoption of resolutions		

Description of differences

B.3 State the rules for amending the company's Articles of Association. In particular, state the majorities required for amendment of the Articles of Association and any provisions in place to protect shareholders' rights in the event of amendments to the Articles of Association.

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

In order for the General Shareholders Meeting to adopt resolutions that entail an amendment of the By-laws, article 21.1 (b) of the Regulations will apply, whereby an absolute majority will be required if more than fifty per cent (50%) of the voting capital stock subscribed is present. However, it will require the favourable vote of at least two thirds (2/3) of the voting capital stock in attendance when in the second call more than twenty-five per cent (25%) of the voting capital stock is present and in case it does not reach the fifty per cent (50%).

B.4 Give details of attendance at General Shareholders' Meetings held during the year of this report and the previous year:

Date of General Meeting	% physically present	% present by proxy	% distance voting: Electronic voting	% distance voting: Other	Total
	Attendance data				
28/05/2021	0.114	72.025	0.008	1.756	73.903
29/05/2020	0.16	70.38	0	0.79	71.33
30/05/2019	0.29	66.91	0	1.44	68.64
Of which floating:	0.003	72.008	0.008	1.663	73.682

Observations
Considering the circumstances under Covid-19, as well as the concern to preserve the health of shareholders and the other people involved in the organization and holding of the 2021 Annual General Meeting, the Board of Directors considered it appropriate that the General Shareholders Meeting be held exclusively by remote means, without the physical attendance by the Shareholders or their representatives, pursuant to the provisions of article 3.1.(a) of Royal Decree-law 34/2020, of 17 November, on urgent measures to support corporate solvency and the energy sector, as well as on tax matters. Even so, the highest attendance quorum since Applus´ first general shareholder meeting was reached (73.90% of the share capital). The support received by the shareholders proves that, given the composition of its shareholding and the long lasting dialogue that the Company has been maintaining with its main shareholders, the remote holding of the general shareholders meeting is an optimal alternative.

B.5 State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.

Yes ☐ No ☒

Points on agenda not approved	% votes against (*)

(*) If the non-approval of the point is for a reason other than the votes against, this will be explained in the text part and "N/A" will be placed in the "% votes against" column.

B.6 State if the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:

Yes ☐ No ☒

Number of shares required to attend General Meetings	
Number of shares required for distance voting	

Observations

B.7 State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.

Yes ☐ No ☒

Explain the decisions that must be subject to the General Shareholders' Meeting, other than those established by law

B.8 State the address and manner of access to the page on the company website where one may find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

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

C COMPANY ADMINISTRATIVE STRUCTURE

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:

Maximum number of directors	12
Minimum number of directors	9
Number of directors set by the general meeting	10

Observations
The number of directors was established by the Shareholders' meeting on 30 May 2019.

C.1.2 Please complete the following table on directors:

Name of director	Natural person representative	Director category	Position on the Bboard	Date first appointed to Board	Last re-election date	Method of selection to Board	Birth date
CHRISTOPHER COLE	N/A	INDEPENDENT	CHAIRMAN	07/05/2014	31/05/2018	GENERAL SHAREHOLDERS MEETING RESOLUTION	30/08/1946
ERNESTO MATA LÓPEZ	N/A	OTHER EXTERNAL	MEMBER	29/11/2007	31/05/2018	GENERAL SHAREHOLDERS MEETING RESOLUTION	06/03/1941
NICOLÁS VILLÉN JIMÉNEZ	N/A	INDEPENDENT	MEMBER	27/10/2015	29/05/2020	GENERAL SHAREHOLDERS MEETING RESOLUTION	19/11/1949
MARIA CRISTINA HENRÍQUEZ DE LUNA BASAGOITI	N/A	INDEPENDENT	MEMBER	21/07/2016	28/05/2021	GENERAL SHAREHOLDERS MEETING RESOLUTION	15/09/1966

MARIA JOSÉ ESTERUELAS AGUIRRE	N/A	INDEPENDENT	MEMBER	20/02/2019	20/02/2019	BOARD OF DIRECTORS APPOINTMENT (“*Cooptación*”) – RATIFIED BY AGM	21/03/1972
ESSIMARI KAIRISTO	N/A	INDEPENDENT	MEMBER	09/04/2019	09/04/2019	BOARD OF DIRECTORS APPOINTMENT (“*Cooptación*”) – RATIFIED BY AGM	28/05/1966
FERNANDO BASABE ARMIJO	N/A	EXECUTIVE	MEMBER	01/02/2011	31/05/2018	GENERAL SHAREHOLDERS MEETING RESOLUTION	11/08/1959
JOAN AMIGÓ CASAS	N/A	EXECUTIVE	MEMBER	30/05/2019	30/05/2019	GENERAL SHAREHOLDERS MEETING RESOLUTION	21/07/1966
MARIE-FRANÇOISE DAMESIN	N/A	INDEPENDENT	MEMBER	17/11/2021	17/11/2021	BOARD OF DIRECTORS APPOINTMENT (“Cooptación”)	28/02/1957
BRENDAN CONNOLLY	N/A	INDEPENDENT	MEMBER	17/11/2021	17/11/2021	BOARD OF DIRECTORS APPOINTMENT (“Cooptación”)	10/04/1956

Total number of directors	10

State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialized committees of which he/she was a member	Indicate whether the director left before the end of the term
RICHARD CAMPBELL NELSON	INDEPENDENT	31/05/2018	17/11/2021	ENVIRONMENTAL, SOCIAL GOVERNANCE COMMITTEE & APPOINTMENTS AND COMPENSATIONS COMITTEE	YES
JOHN DANIEL HOFMEISTER	INDEPENDENT	31/05/2018	24/05/2021	APPOINTMENTS AND COMPENSATIONS COMITTEE	YES

Observations

In May 2021, Mr. John Hofmeister resigned from the Board of Applus for health reasons.
On the other hand, following the end of his 12-year term as an independent director, Mr. Richard Nelson resigned as Director of Applus, conveying to the company his desire to reduce his professional commitments during his retirement, after a long and successful career.
Both directors, Mr. John Hofmeister and Mr. Richard Nelson, notified their resignations to the Board of Directors.

C.1.3 Complete the following tables regarding the members of the Board and their Categories:

EXECUTIVE DIRECTORS

Name or company name of director	Post in organizational chart of the company	Profile
FERNANDO BASABE ARMIJO	CEO	Mr Basabe holds a degree in Law from the Universidad Complutense de Madrid and an MBA from IESE (Barcelona). Before joining Applus+, Mr Basabe spent 15 years at SGS S.A. in different senior management positions, ultimately becoming the Chief Operating Officer for Western Europe. He started his career at Manufacturers Hanover Trust Co. (JP Morgan & Co), where he held different positions within the corporate banking division. He was initially appointed as Executive Director of Applus on 1 February 2011.
JOAN AMIGO CASAS	CFO	Joan holds a degree in Economics from the Autonomous University of Barcelona as well as completing an IESE Business School's Executive Development Program, a Global Business Strategy Program at Wharton, University of Pennsylvania and an Advanced Management Program at ESADE Business School. Before joining Applus+, he held positions in PWC, where he started his career as external auditor, and Bimbo (Sara Lee), where he held various senior positions: Vice President and Chief Financial Officer, Financial Shared Services Director, Controller and Internal Audit Director and Vice President for Financial Planning and Control at Sara Lee Bakery's Europe Division. He joined Applus+ in December 2007 as Chief Financial Officer and was appointed Executive Director of Applus+ on 30th May 2019.

Total number of executive directors	2
Percentage of Board	20

Observations

PROPRIETARY DIRECTORS

Name or company name of director	Post in organizational chart of the company	Profile

Total number of executive directors	
%Percentage of Board	

INDEPENDENT DIRECTORS

Director's name	Profile
CHRISTOPHER COLE	Mr. Cole holds a Degree in Environmental Engineering from Borough Polytechnic (University of South Bank) is an associate engineer in the United Kingdom and in 1999 he completed an Executive Management Course at INSEAD in France. Mr. Cole founded WSP Group Plc, a professional services engineering company that was listed on the London Stock Exchange in 1987 and held the post of Chief Executive Officer of the company until it merged with Genivar, Inc. in 2012. Following the merger, he was appointed non-executive Chairman of the enlarged group WSP Global Inc., whose shares are listed on the Toronto Stock Exchange, a role he currently retains. He is also non-executive Chairman of Tracsis Plc Mr Cole has many years of experience in managing large international and diversified groups in both Executive and Non-Executive capacities and brings this wealth of experience to bear in his role as Chairman of the company. In particular, he was Non-Executive Chairman position at Ashtead for 12 years where the Company progressed to a FTSE 100 leading performer until 2019 when he left.
NICOLÁS VILLÉN JIMÉNEZ	Mr. Villén holds an industrial engineer degree from Universidad Politécnica de Madrid, a Master in Electrical Engineer by the University of Florida (Fulbright Scholar) and an MBA from the Columbia University. Mr. Villén was CEO of Ferrovial Aeropuertos (2009-2012) and CFO of Ferrovial (1993-2009). Before that, he worked as Midland Montagu Ventures' CEO, Smith Kline & French's CEO and International Vice-President, amongst other responsibilities in Abbott Laboratories and Corning Glass Works. Currently, he externally advises IFM Investors (an Australian infrastructure fund) and he is a board member of FCC Aqualia and ACR Grupo. Mr. Villen was appointed considering his high level experience in a variety of roles in world class Spanish and international companies including a strong financial background which lends support to the Audit Committee, of which he is currently the Chairman.
MARIA CRISTINA HENRÍQUEZ DE LUNA BASAGOITI	Ms. Henríquez de Luna holds a degree in Business Administration and Economics from ICADE in Madrid. Ms. Henriquez de Luna is the President and Managing Director Spain and Head of Iberia and Israel Cluster at GlaxoSmithKline where she has benefited from an extensive career in international markets in both commercial and finance roles. Previous to this, she was at Procter & Gamble in Spain, Switzerland, Mexico and Peru in a variety of senior finance positions including 12 years of direct Latin American

	management. Ms Henriquez de Luna is independent director at Melia Hotels International. Ms. Henriquez de Luna´s experience of operating in international markets in both commercial and finance roles in a highly regulated industry make her well suited to support the Board and the Audit Committee where she is a member.
MARIA JOSÉ ESTERUELAS AGUIRRE	Ms. Esteruelas holds a degree in Industrial Electrical Engineering from ICAI (Madrid). She has a Master's degree in Operations from the Instituto de Empresa (Madrid) and a General Management Executive Programme from the IESE (Madrid). Ms. Esteruelas currently serves as Director of Energy at Ferrovial Construccion, company she joined February 2021. Most of her career has been at Abengoa which she joined in 1997, performing a variety of senior positions, as member of the Executive Committee and General Directr for America, in charge of all the subsidiaries in the continent. Previously, she was Director of the Energy division, LATAM director and Concession and Operations directors. From July 2014 to December 2017 she was member of the Atlantica Yield Board of Directors appointed by Abengoa. Ms. Esteruelas´ experience in various positions in international markets, particularly in the energy sector, make her well suited to support the Board and the Appointments and Compensation Committee and ESG Committee, where she is a member.
ESSIMARI KAIRISTO	Ms. Essimari Kairisto has a diploma in Business Administration from the Bielefeld University of Applied Sciences (Germany). Ms. Kairisto was the Chief Financial Officer and a Board Director for Hochtief Solutions AG until 2016 after which she has taken on independent consulting roles. These include, since 2015, member of the Supervisory Board, member of its Shareholders' Committee and member of the Audit Committee of Freudenberg SE, the privately owned German technology company. Since 2018, she is Non-Executive Director and member of the Audit and Risk Committee of Fortum Oyj, the clean energy generation and distribution company that is listed on the Helsinki stock exchange and, since 2020, Chair of the Audit and Risk Committee. Additionally, Ms Kairisto has been since 2019 a member of the Supervisory Board and member of the Audit Committee of TenneT BV, the Dutch state owned leading European electricity transmission system operator (TSO) with its main activities in the Netherlands and Germany where, since 2020, she is also a member of its Strategy and Investment Committee and chair of its Audit Committee. Since 2022, she is also an independent, non-executive Director of the Board of Iveco Group N.V. listed on the Milan Stock Exchange and Chair of its Audit Committee. Prior to her move to Hochtief Solutions in 2013, Ms Kairisto had several high profile roles in finance and general management including at Sasol, RWE and Schlumberger. Ms Kairisto was appointed considering her high level experience in a variety of roles in European companies, including listed and in the energy sector, in addition to her strong financial knowledge which lends support to the Audit Committee, of which she is currently a member.
MARIE-FRANÇOISE DAMESIN	Ms. Damesin holds a Post-graduate degree (DEA) in Economics from Paris Dauphine University, an MBA from ESSEC Business School and has also graduated with high distinction for the Board Director Diploma at IMD Lausanne. Her career has been focused on the automotive industry in global roles

	and responsibilities starting at the Compagnie Des Wagons-Lits & Du Tourisme and subsequently joined Renault in 1984, where she developed her wide experience holding different managerial positions, including Member of the Renault Management Committee for Latin America, the Renault Foundation CSR Board Member and a Board Member for Renault Spain. She has also been Vice President Human Resources and General Affairs for the European Region at Nissan and between 2011 and 2018 she was Executive Vice President for Human Resources and Member of the Executive Committee of Renault. Concurrently she was Member of the Management Board for the Renault-Nissan-Mitsubishi Alliance. She was elected CHRO of the year in France in 2017 and was President of the Association of CAC 40 Chief Human Resources Officers. Ms. Damesin is currently an Independent Director on several companies' boards, including Urbanis and Energie Jeunes, as well as an Advisory Board Member of Adelaide Group and Senior Advisor and Executive Coach at Boston Consulting Group. She is a Chevalier de la Légion d'Honneur, France's highest order of merit. Ms. Damesin was appointed considering her high level experience in the automotive sector (one of Applus+'s main sectors) and especially for her knowledge and variety of roles in the Human Resources area, as she is expected to become Chairman of the Appointment and Remuneration Committee.
BRENDAN CONNOLLY	Mr. Connolly holds a BSc in Business Economics and Sociology from Southampton University and has significant experience and knowledge of the Testing, Inspection and Certification sector. His career started at Schlumberger, where he worked for 24 years holding diverse managerial positions in both operations and finance and in many regions, including Europe, Latin America, USA, Africa, Asia and the Middle East. He was CEO of Atos Origin UK, America and Asia and CEO of Moody International, which was acquired by Intertek Group plc in 2011. At Intertek, he was appointed VP Middle East, Russia, FSU and Eastern Europe. His Non-Executive Director career started at Cape Plc , where he served as Chairman of the Remuneration Committee and Member of the Audit and Nomination Committee. He is currently a Non-Executive Director at Synthomer PLC where he is the Senior Independent Director, Sparrows Offshore Group Ltd, NES Global Talent, Victrex Plc and PEPCO GROUP NV. Mr. Connolly was appointed considering his high level of executive and non-executive experience in the TIC sector and the oil & gas industry, in which the Company operates, as well as the variety of executive roles held, with a deep knowledge of the business that contributes value to both the Board and the Committees to which he is a member (namely ESG and Appointments and Remunerations).

Number of independent directors	7
Percentage of the Board	70

Observations

State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

N/A

In this case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of the director	Description of the relationship	Statement of the Board

OTHER EXTERNAL DIRECTORS

Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:

Name of director	Reason	Company, director or shareholder to whom the director is related	Profile
ERNESTO GERARDO MATA LÓPEZ	Mr. Mata was initially appointed as director on 29/11/2007 holding the position in the board for more than 12 years.		Mr. Mata López holds a Degree in Economics and MA from the University of Geneva and an MBA from IESE (Barcelona). He was a member of the board, deputy to the President, and CFO at Unión Fenosa, S.A. (now Gas Natural SDG, S.A.), President at Unión Fenosa Soluziona, S.A., member of the board of directors at Compañía Española de Petróleos, S.A. and Abertis Infraestructuras, S.A., where he was the Chairman of the Audit Committee. He was the President of the advisory board at Knight Frank, member of the board of Aguas Anginas and senior advisor in Marlin Patterson Global Advisers LLC. Mr. Mata has developed extensive experience in the energy and capital markets sectors, as well as in different Audit Committees, gathered through the numerous positions he has held in highly reputable Spanish companies. This experience as well as the many relationships he has accumulated in the Spanish markets over the years were key to his appointment as director of the Company.

Total number of other external directors	1
Percentage of the Board	10

Observations
In accordance to article 529 duodecies 4 i) of the "Royal Legislative Decree 1/2010, of July 2nd, which approves the consolidated text of the Capital Companies Law - on directors' categories", after 12 consecutive years after his appointment, Mr. Ernesto Mata López is no longer considered independent director.

State any changes in status that has occurred during the period for each director:

Name of director	Date of change	Previous Status	Current status

Observations

C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:

	Number of female directors				% of directors for each category			
	Year t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
Executive	0	0	0	0	0	0	0	0
Proprietary	0	0	0	0	0	0	0	0
Independen	4	3	3	1	57.14	42.86	37.5	11.1
Other external	0	0	0	0	0	0	0	0
Total	4	3	3	1	40	30	30	10

Observations
Applus once again achieved, one year ahead of schedule, its goal of balanced presence of women directors on the Applus ´Board, in line with the Applus Directors ´Selection Policy and the Applus´ commitment to diversity and ESG.

C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.

Yes [x] No [ ] Partial policies [ ]

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also, state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved

The Board of directors amended its Regulations including more detail on diversity matters to consider in selection processes, and currently, article 14.3 establishes that*: "The Board of Directors shall ensure that the appointment procedures of its members favour diversity with respect to aspect such as age, gender, disability or training and professional experience and have no implied bias that might entail any discrimination and, in particular, that they facilitate the selection of female Directors in a number allowing to reach a balanced presence of women and men".*

Likewise, it modified its Directors Selection Policy (available at www.applus.com) in accordance with the Good Governance Code of June 2020.

Currently, the Policy establishes as follows: *"The objective of this Policy is to explain the principles that will govern the selection of candidates to the position of directors of the Company. The selection procedures shall be aimed at achieving an adequate balance on the Board of Directors as a whole and, in particular, at promoting the goal of having <u>at least 40% of total board places occupied by women directors by the end of 2022 year and thereafter</u>. The Applus+ Board of Directors shall ensure in any case that the selection procedures favours diversity in gender, age disabilities, experience, professional education or experience and that they do not suffer from implicit bias that might imply any discrimination and, in particular, that might make it more difficult for the selection of female candidates, promoting an increase of women's presence on the Board in view of best corporate governance practices and in line with the specific analysis of the Company's needs performed by the Board of Directors. <u>In particular, the Board will ensure that the Company adopts measures that encourage the company to have a significant number of female senior managers to contribute to gender diversity overall</u>."*

In year 2019, the Board of Directors included in the Policy the express mention to the objective that the less represented gender would at least hold 30% of the positions in the board for 2020. In consequence, and on the basis of the needs identified by the Board of Directors, a female director was appointed in 2016 and two on 2019, reaching the objective established a year earlier. In the selection process initiated following the two vacancies arisen in 2018, female directors' profiles were prioritized in order to achieve the representation objective.

Again, the objective proposed for the year 2022 has been met ahead of schedule, since, as of November 2021 the number of women on the Board of Directors is equivalent to 40% of the positions in the board.

The Appointments and Compensation Committee and the Board of directors promote and guarantee diversity amongst its members in a wider sense (including factors such as gender, age, experience, skills, geography) in order

to continue leading the strategy of the Company, and meeting stakeholders' expectations. Finally, also to point out that the current composition of the board and its diversity is a matter positively considered both by board members during annual evaluations (who point out the contribution to the debate and decision making), as well as by institutional investors and proxy advisors within the framework of the meetings on corporate governance that the company holds with them. In respect of the vacancies that might originate in the future, the Company will act with same equality, safeguarding that nothing hinders or prevents to increase the representation of female directors in the Board. The draft proposal of Remuneration Policy will include a gender diversity target both in the annual variable compensation and in the medium-term variable compensation (LTI).

C.1.6 Describe the means, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women. Indicate if the measures include to promote a significant number of female top management:

Explanation of means
It should be pointed out the result of the application of the selection policy processes for board members that have made it possible to increase the female board members (40% of the positions in the board). As indicated in the previous section, the Directors' Selection Policy establishes that: "In particular, the Board will ensure that the Company adopts measures that encourage the company to have a significant number of female senior managers to contribute to gender diversity overall." This reflects the Company's practices and the Company had applied a number of polices applicable to the entire group: - Code of Ethics: it establishes a framework that goes beyond regulatory compliance. It Establishes general principles to guide the integrity and professionalism in the decision making process. - ESG Policy: This policy refers to the framework and development of the Corporate Social Responsibility Policy within the Applus+ Group. - Equality and Diversity Policy, which establishes as main principle to ensure the staff promotes gender, age and capacities diversity, as Applus+ values difference. Likewise, it establishes that the company shall develop and implement adequate training programs for the achievement of these principles and will review and update the policy

to adjust it to any changes that the group might face, ensuring its compliance. - Non-discrimination global policy: This policy establishes Applus undertaking in promoting the equality within the company and the aim to eliminate any kind of discrimination, as well we the commitment to promote good relationship within staff. - Monitoring by the Appointments and Compensation Committee of HR strategy and actions to achieve these goals, as well as follow up on related indicators (salary gap, % of positions held by each gender, etc.), at least annually.

In the event that there are few or no female directors or top management in spite of any measures adopted, please explain the reasons that justify such a situation

Explanation of means

C.1.7 Describe the conclusions of the appointments committee regarding verification of compliance with the policy aimed at promoting an adequate composition of the board of directors.

It is the Appointments and Compensation Committee's view that the Applus+ directors' selection policy adopted the practices followed by the company in the subject and is consistent with the good corporate governance, which is a key plank of the ESG policy. Likewise, it considers that the compliance with the selection policy has contributed to de adequate and diverse composition of the Board of directors. In this sense, the directors' selection processes that took place in the fiscal year 2021 have contributed to improve the diversity of the Board's composition in a broad sense: gender, skills and experience. This selection has been carried out with the help of independent external advisors, following a prior definition of the skills required by the Board which namely, in these cases, aimed to enhance experience and particularly in the TIC sector and in HR. Likewise, as indicated in section C.1.5 and 6 above, the company's most recent selection processes allowed the incorporation of three women to the Board of Directors, and a last incorporation in the 2021 fiscal year, which currently represents 40% of the Board and the anticipated fulfilment of the goal indicated in the Policy.

C.1.8 If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:

Name of shareholder	Reason
N/A	

State whether the Board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. If this is the case, please explain why the aforementioned requests were not met:

Yes [ ] No [x]

Name of shareholder	Explanation

C.1.9 Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board committees:

Name or company name of director or committee	Brief description

C.1.10 Identify any members of the Board who are also directors or officers in other companies in the group of which the listed company is a member:

Individual or company name of the director	Company name of the group member	Post	Does it have executive functions?
FERNANDO BASABE ARMIJO	APPLUS TECHNOLOGIES, INC.	Chairman of the Board	No
FERNANDO BASABE ARMIJO	LIBERTYTOWN USA FINCO, INC	Chairman of the Board	No
FERNANDO BASABE ARMIJO	LIBERTYTOWN USA 1, INC.	Chairman of the Board	No
FERNANDO BASABE ARMIJO	IDIADA AUTOMOTIVE TECHNOLOGY, S.A.	Director’s representative	No
FERNANDO BASABE ARMIJO	LGAI TECHNOLOGICAL CENTER, S.A.	Director’s representative	No
FERNANDO BASABE ARMIJO	APPLUS SERVICIOS TECNOLÓGICOS, S.L.U.	Sole director’s representative	Yes
FERNANDO BASABE ARMIJO	INVERSIONES FINISTERRE, SL	Chairman’s representative	Yes
FERNANDO BASABE ARMIJO	SUPERVISIÓN Y CONTROL, S.A.U	Sole director’s representative	Yes
FERNANDO BASABE ARMIJO	RITEVE SYC, S.A	Board’s Chairman	Yes
FERNANDO BASABE ARMIJO	INVERSONES Y CERTIFICACIONES INTEGRALES, S.A	Board’s Chairman	Yes
FERNANDO BASABE ARMIJO	INSPECCIONES Y AVALUOS, SYC, S.A	Board’s Chairman	Yes
FERNANDO BASABE ARMIJO	APPLUS ITEUVE GALICIA, S.L.U.	Sole director’s representative	Yes

DON FERNANDO BASABE ARMIJO	CRPPLUS SERVICES, SOCIEDAD ANÓNIMA	Board's Chairman	Yes
JOAN AMIGÓ CASAS	LIBERTYTOWN USA FINCO, INC	Director	Yes
JOAN AMIGÓ CASAS	LIBERTYTOWN USA 1, INC.	Director	Yes
JOAN AMIGÓ CASAS	RINGAL INVEST, S.L.U	Sole director's representative	Yes
JOAN AMIGÓ CASAS	INVERSIONES FINISTERRE, S.L.	Director's representative	No
JOAN AMIGÓ CASAS	LGAI TECHNOLOGICAL CENTER, S.A.	Director's representative	No
JOAN AMIGÓ CASAS	IDIADA AUTOMOTIVE	Director's representative	No

Observations

C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:

Identity of the director or representative	Company name of the listed or non-listed entity	Position
CHRISTOPHER COLE	WSP GLOBAL, INC	NON EXECUTIVE CHAIRMAN
CHRISTOPHER COLE	TRACSIS, PLC	NON EXECUTIVE CHAIRMAN
ESSIMARI KAIRISTO	FORTUM OYJ	NON-EXECUTIVE DIRECTOR AND CHAIR OF THE AUDIT COMMITTEE
ESSIMARI KAIRISTO	FREUDENBERG	SUPERVISORY BOARD MEMBER AND MEMBER OF AUDIT COMMITTEE
ESSIMARI KAIRISTO	IVECO GROUP N.V.	INDEPENDENT DIRECTOR OF AND CHAIR OF AUDIT COMMITTEE

ESSIMARI KAIRISTO	TENNET	MEMBER OF THE SUPERVISORY BOARD AND MEMBER OF STRATEGY AND INVESTMENTS COMMITTEE AND CHAIR OF THE AUDIT COMMITTEE
MARIA CRISTINA HENRIQUEZ DE LUNA	GLAXOSMITHKLINE	PRESIDENT AND MANAGING DIRECTOR SPAIN AND HEAD OF IBERIA AND ISRAEL CLUSTER
MARIA CRISTINA HENRIQUEZ DE LUNA	HOTELES MELIA INTERNATIONAL, S.A.	INDEPENDENT DIRECTOR
NICOLÁS VILLÉN JIMÉNEZ	FCC AQUALIA, S.A.	MEMBER OF THE BOARD OF DIRECTORS
NICOLÁS VILLÉN JIMÉNEZ	ACR GRUPO, S.A.	MEMBER OF THE BOARD OF DIRECTORS
MARIE-FRANÇOISE DAMESIN	URBANIS	INDEPENDENT DIRECTOR
MARIE-FRANÇOISE DAMESIN	ENERGIE JEUNES	INDEPENDENT DIRECTOR
BRENDAN CONNOLLY	SPARROWS OFFSHORE GROUP LTD	NON-EXECUTIVE DIRECTOR
BRENDAN CONNOLLY	NES GLOBAL TALENT	NON-EXECUTIVE DIRECTOR
BRENDAN CONNOLLY	VICTREX PLC	NON-EXECUTIVE DIRECTOR
BRENDAN CONNOLLY	PEPCO GROUP NV.	NON-EXECUTIVE DIRECTOR
BRENDAN CONNOLLY	SYNTHOMER PLC	SENIOR INDEPENDENT DIRECTOR

Notes
Note that the Appointments & Remunerations Committee verifies the dedication of each director. The Chairman of the Board has been reducing his positions held in other

companies, in line with the best Corporate governance practices, as well with the specific expectations of institutional investors and proxy advisors.

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities

Observations

C.1.12 State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

Yes [ ] No [x]

Explanation of the rules and identification of the document where this is

C.1.13 Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	2.801
Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)	250
Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)	
Pension rights accumulated by former directors (thousands of euros)	

Observations

The fix compensation of the executive directors includes a part in RSUs (Restricted Stock Units).The variable compensation of the executive directors includes a portion in cash, and the remainder in RSUs exchangeable in shares in a period of three years from the day of grant in an amount of 30% for the first two years and 40% the third one. Further detail is available at the company's annual accounts.

The plans in force at the end of the exercise for the RSUs, granted in the previous years, may be consulted in the Annual Report on Directors Remuneration.

Long Term Incentive ("ILP"): in accordance with the remunerations policy in force, the executive directors will receive annually PSU (Performance Stock Units) convertible in shares of the Company in the term of three years since the date of grant. Details on current PSUs plans can be consulted in the Directors' Remuneration Policy.

C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:

Name	Position
BASCHWITZ GARCÍA, CRISTINA	Corporate Development
PEREZ FERNANDEZ, JOSE DELFIN	Human Resources, Marketing & Communications
ARGILES MALONDA, EVA	Legal
FARRAN . JOSEP MARIA	Idiada Division
RETES AGUADO, AITOR	Automotive Division
BRUFAU REDONDO, JORDI	Laboratories Division
LOPEZ SERRANO, JAVIER	Energy & Industry Division
MARTÍNEZ DOPICO, FRANCISCO	Energy & Industry Division (Latin America)
MAYOR BALVIS, JULIAN	Energy & Industry Division (Mediterranean)
DAWES, BRIAN	Energy & Industry Division (Middle East & Africa)
CARR, JOHN	Energy & Industry Division (Oil & Gas, USA)
HEATH, DONALD	Energy & Industry Division (Aerospace, North America)
GRANT, JAMES	Energy & Industry Division (Canada)
WATERS, CAMERON	Energy & Industry Division (Asia Pacífic)
VAN DER PUT, DIRK	Energy & Industry Division (Northern Europe)
DIAZ ORPINELL, ANNA	Compliance
SANFELIU RIBOT, M.TERESA	Internal Quality, H&S and Innovation (HSQE)
SWIFT, ASTON GEORGE WILLIAM	Investor Relations
RIBAS AGUILERA, ALEIX	Internal Audit

Number of women in senior management	4
% of total of senior management	22.22%

members	

Total senior management remuneration (thousand euros)	6,094

Observations
For these purposes, senior management incudes the members of the management who are part of Group Management, i.e., the Executive Committee that includes the Regional Directors of the Energy & Industry division of the Group. For the purposes of the information regarding compensation, it also includes the internal auditor, in line with the definition contained in the current accounting rules and in particular with the Report of the Special Work Group on Good Governance of Public Companies, published by CNMV on 16 May 2006. The fix compensation of some managers includes a part in RSUs (*Restricted Stock Units*), convertibles in shares in the third anniversary of the date of grant as detailed in the annual accounts of the company. The variable compensation of certain members of the management includes a portion in cash, and the remainder in RSUs convertibles in shares in a period of three years as of the date of grant, 30% the first two years and 40% the third, as detailed in the annual accounts of the company. Pluri-annual compensation and Long Term Incentive in PSUs: in accordance with the Remuneration Policy in force, some members of the management of the group receive annually PSUs (*Performance Stock Units*), convertibles in shares of the company in a period of three years from the day of grant.

C.1.15 State whether the Board rules were amended during the year:

Yes [x] No [ ]

Description of amendment
In February 2021, the Board of Directors approved the amendment of its Regulations in order to allow meetings to be held exclusively by telematic means.

C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.

Selection: Appointments and Compensation Committee is responsible for (i) evaluating the skills, expertise and experience necessary in the Board of Directors to define, consequently, the functions and abilities needed in candidates who are to fill each vacancy, and to evaluate the time and dedication necessary to perform their duties; and of (ii) to safeguard that, when filling new vacancies, the selection procedure does not suffer from implicit biases that might hinder the selection of female Directors; and so that the company deliberately searches for, and includes amongst potential candidates, women who meet the professional profile sought (article 39.3 vi and x del of the Regulations of the Board of Directors).

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

Proposals for the appointment of Directors submitted by the Board of Directors to the consideration of the General Shareholders' Meeting and appointment decisions adopted by the Board of Directors pursuant to its interim appointment authority shall be made subject to the prior report by the Appointments and Compensation Committee (in the case of executive and proprietary Directors), and subject to a proposal from the Appointments and Compensation Committee, in the case of independent Directors (articles 14 and 39.3 of the Regulations of the Board of Directors).

In all the directors' selection processes, the A&C has relied on recognized external recruitment firm, being all candidates always selected on the bases of the candidates presented by it.

Term of office (article 23.3 of the company By-laws and 15 of the Board of Directors Regulations). Tenure of office shall be four (4) years as from the date of acceptance, being able to be re-elected one or more times for periods of equal duration.

Re-appointment (article 16 of the Regulations of the Board of Directors). Before the reappointment of Directors is proposed to the General Shareholders' Meeting, the Appointments and Compensation Committee shall issue a report evaluating the work and dedication of the Directors proposed during the previous term in office.

Self-evaluation (article 36 of the Regulations of the Board of Directors): "*The Board of Directors shall dedicate the first meeting of the year to an assessment of its operation during the previous financial year, evaluating the quality of its work, assessing the effectiveness of its regulations, and if appropriate, correcting those aspects that were found not to be functional. Furthermore, the Board of Directors shall assess the performance of its duties through the Chairman of the Board of Directors and the senior executive of the company, based on the report issued by the Appointments and Compensation Committee, as well as the operation of the Board of Directors Committees, based on their reports"*.

During the 2021 fiscal year, an external evaluation of the Board of Directors was carried out by Spencer Stuart. This evaluation included a confidential questionnaire addressed to each Director, as well as telephone interviews and specific face-to-face meetings with each director. The results of the evaluation processes were reported to the Appointments and Remuneration Committee, which dedicated an extraordinary session in January (before sharing the Results with the Board of Directors). At the first meeting of the Board of Directors in 2022, the agenda included the presentation of the Evaluation Report by the external advisor and the analysis by the Board of Directors. Additionally, an evaluation of the chairman and CEO has been carried out, respectively led by Mrs. Damesin (as future Chairman of the Appointments and Remuneration Committee) and by Mr. Cole as chairman of the Board (an interim chair of the A&C).

Removal (article 17 of the Regulations of the Board of Directors). Directors shall be removed from their post once the term for which they were appointed has lapsed or when so is decided by the General Shareholders' Meeting pursuant to the powers conferred upon them by law and in the by-laws, with no need for said decision to be included in the agenda of the General Shareholders' Meeting. The Board of Directors shall not propose the removal of any independent Director before the end of the statutory term for which they have been appointed, except where the Board of Directors considers that sufficient grounds for such action exist, based on a report by the Appointments and Remuneration Committee. In particular, sufficient grounds will be deemed to exist when the Director has failed to fulfil the duties of its position or is affected by one or more of the circumstances that would have prevented its appointment as an independent Director, in accordance with applicable legal provisions.

C.1.17 Explain how the annual evaluation of the Board has given rise to significant changes in its internal organization and to procedures applicable to its activities:

Description of changes
The previous year´s evaluation did not drive to significant changes in the internal organization of the Board nor procedures, save for a greater focus on certain risk & opportunities areas for the Company (such as cybersecurity, ESG) as well as the consideration of conducting the next evaluation by an independent third party. It should be noted that, all of these goals have been met during the 2021 financial year.

Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of the evaluation process and evaluated areas

The evaluation was coordinated by the Chairman of the Board and the current Chairman of the Appointments and Compensations Committee. An independent external firm was hired for first time. The process consisted on the completion of an online questionnaire by each Director, followed by confidential individual interviews.

Upon receipt of the external report issued by the consultant early in 2022, it was submitted to the Appointments and Remuneration Committee, which held an extraordinary meeting in January to analyze it.

The external report will be discussed at the first meeting of the Board (in February 2022), and any improvement measures agreed upon will continue to be addressed at future meetings, as appropriate.

Considering that the external report has not been discussed by the Board of Directors at this date, it is not possible to determine the actions that will result from it. However, the following points can be highlighted:

- A very positive assessment of the Board's dynamics
- After two fiscal years under the effects of Covid 19 and the consequent reduction in the number of travels and face-to-face meetings, the directors are keen to increase their knowledge of the Company's business, and to hold board sessions which include business visits.
- Likewise, following the presentation of the Strategic Plan by the Company in November 2021, the directors express their willingness to dedicate sessions focused on the follow-up of the Strategic Plan.
- Areas such as ESG, digitalization and cybersecurity should remain on the agenda and those of succession and remuneration should have a greater focus.

C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.

In fiscal year 2021, the external advisor (Spencer Stuart) has not provided other services to Applus Group.

C.1.19 State the situations in which directors are required to resign.

According to article 17.3 of the Regulations of the Board of Directors, "*Directors must tender their resignation to the Board of Directors and, where considered appropriate by the Board, formalize the appropriate resignation in the following circumstances:*

(a) *When they cease in the positions, posts, or functions related with their appointment as executive Directors;*

(b) In the case of proprietary Directors, when the shareholder whose interests they represent transfers all of their shares, or that they do it in the corresponding number in case said shareholder reduces its holding in the Company;

(c) When they are affected by any of the incompatibility or prohibition provisions legally established;

(d) If they are severely reprimanded by the Board of Directors on the basis of a report by the Appointments and Remuneration Committee as a result of having breached

their duties as Directors; or *(e) When their continuance on the Board of Directors may jeopardize the interests of the company".* Article 17.4 establishes that "*when a Director is removed from its office before the end of the term of office following its resignation or through resolution of the general meeting, the Director shall explain sufficiently the reasons for doing so, or in the case of non-executive Director, his/her opinion of the reasons for the general meeting resolution, in a letter addressed to all the members of the Board of Directors. This should all be reported in the Annual Corporate Governance Report, and if it is relevant for investors, the Company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the Director.*"

C.1.20 Are qualified majorities other than those established by law required for any specific decision?

Yes ☐ No ☒

If so, please describe any differences.

Description of differences

C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors.

Yes ☐ No ☒

Description of requirements

C.1.22 State whether the Articles of Association or the Board Rules establish any limit as to the age of directors:

Yes ☐ No ☒

	Age limit
Chairman	
CEO	
Directors	

Observations

C.1.23 State whether the Articles of Association or the Board Rules establish any term limits for independent directors other than those required by law:

Yes ☐ No ☒

Additional requirements and/or maximum number of term limits	

C.1.24 State whether the Articles of Association or Board Rules establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if any limit regarding the category of director to

whom votes may be delegated and whether a director is required to delegate to a director of the same category. If so, please briefly describe the rules.

Article 27.2 of the company By-laws provides that Directors shall personally attend the meetings. In case they cannot attend, the Director may only be represented at meetings of the Board of Directors by another director. Non-executive Directors can only be represented by other non-executive Directors. In any case, representation shall be granted by a letter addressed to the Chairman or by other means detailed in the Regulations for the Board of Directors. Article 18 of the Regulations of the Board of Directors provides the obligations that Directors must fulfil when in office. Specifically, article 18.2 (a) establishes that Directors shall attend meetings of bodies of which they are part and actively participate in deliberations, so that they can effectively contribute to the decision-making process. Furthermore, said article also provides that if any Director cannot be present at sessions to which they have been called to attend, they must instruct the director who they have appointed as representative. According to article 35.7 of the Board of Directors Regulations, the Chairman shall decide, in the event of any doubt, on the validity of the delegations conferred by Directors who are not present at the meeting. Said representations shall only be granted by letter or any other written method which, in the Chairman's opinion, ensures that the representation is valid.

C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.

Number of Board meetings	13
Number of Board meetings without the chairman	0

Observations
Due to restriction on mobility during fiscal year 2021, most of the Board of Directors meetings were held on a remote basis (videoconference).

State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:

Number of meetings	N/A

Observations

Please specify the number of meetings held by each committee of the Board during the year:

Number of meetings held by the executive committee	N/A
Number of meetings held by the audit committee	4

Number of meetings held by the nomination and remuneration committee	7
Number of meetings held by the nomination committee	N/A
Number of meeting held by the remuneration committee	N/A
Number of meetings held by the ESG committee	6

Observations

C.1.26 State the number of meetings held by the Board of Directors during the year in which all of its directors were present. For the purposes of this section, proxies given with specific instructions should be considered as attendance

Number of meetings when all directors attended	12
% of attendance over total votes during the year	99.17%
Number of meetings in situ or representations made with specific instructions of all directors	12
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	99.17%

Observations
As mentioned in section C.1.25, due to mobility limitations during fiscal year 2021, there were 3 meetings with physical attendance and 10 meetings held by remote means (videoconference). On the other hand, one of the Board Members was unable to attend one extraordinary meeting of the Board for unforeseen reasons and it was not possible to grant a proxy (which explains why the above % do not reach 100%).

C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

Yes [ ] No [x]

Identify, if applicable, the person/s who certified the individual and consolidated financial statements of the company for preparation by the Board:

Name	**Position**

Observations

C.1.28 Explain any measures established by the Board of Directors so that the annual accounts that the board submits to the General Shareholders' Meeting are prepared in accordance with applicable accounting regulations.

Article 10.1 of the Regulations of the Board of Directors establishes that: "*The Board of Directors shall prepare the annual accounts and the management report (both individual and consolidated) so that they provide a true and fair view of the equity, financial position, and results of the Company, as provided for in the Spanish Companies Act, subject to the prior report of the Audit Committee".*

In accordance with article 38 of the Regulations of the Board of Directors, the Audit Committee is in charge of, amongst others, monitoring and evaluating the preparation and the integrity of the mandatory financial information, reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.

Likewise, the Policy for the communication of economic-financial, non-financial and corporate information and communication and contact with shareholders, institutional investors and proxy advisors establishes that "*The management and supervision of the information communicated at the highest level to shareholders, institutional investors and the markets in general belongs to the Board of Directors, protecting and enabling the exercise of their rights and interests within the protection of the corporate interest and in accordance with the applicable laws and the good governance. In line with applicable rules and with the Regulations of the Board of Directors, the approval of the information that, being a listed company, Applus+ must publish occasionally or periodically, and any information made available to the markets, sits within the Board of Directors. The Board has approved a procedure for the publication of information on the CNMV's page in development of the Company's Internal Regulation of Conduct in the securities markets.*"

C.1.29 Is the secretary of the Board also a director?

Yes ☐ No ☒

If the secretary is not a director, please complete the following table:

Name of the secretary	Representative
VICENTE CONDE VIÑUELAS	N/A

C.1.30 State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.

Article 38.7(c) (iii) of the Regulations of the Board of Directors provides that the Audit Committee, will "*monitor the independence of the external auditor, to which end, the company shall:*

– *Notify any change of auditor to the CNMV as a relevant fact, accompanied by a statement of any disagreements arising with the outgoing auditor and, should this be the case, their content.*

– *Ensure that the company and the auditor comply with current regulations on the provision of non-audit services, the limits on the auditor's business concentration, the regulations referring to the requirement to rotate the auditor issuing the audit report, and in general, any other provisions established in order to ensure the independence of the auditors.*

- *The Audit Committee shall issue a report annually, in which it shall express its opinion on the auditors' independence. This report shall refer in any case to the provision of additional services provided by the auditors to the company or to any entity associated with the company, whether directly or indirectly.*

- *To this end, the Audit Committee shall receive the auditors' written confirmation of their independence in respect of the company, and any of its associated entities, whether directly or indirectly, as well as any information on additional services of any kind that they* *have provided to the company or any of its associated entities, whether directly or indirectly.*

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

It is important to point out that since the Company went public, the partner responsible for the audit firm has changed in 2 occasions, as well as part of the supporting team. Moreover, the Audit Committee ensures the minimization of the other fees that the audit firm might receive. Likewise, the Company issues before every AGM the report on the auditors' independency.

C.1.31 State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:

Yes ☐ No ☒

If there were any disagreements with the outgoing auditor, please provide an explanation:

Yes ☐ No ☒

Explanation of disagreements
N/A

C.1.32 State whether the audit firm provides any non-audit services to the company and/or its Group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the company and/or Group:

Yes ☒ No ☐

	Company	Group Companies	Total
Amount invoiced for non-audit services (thousand euros)	0	181	181
Amount invoiced for non-audit services/Amount for audit work (in %)	0	8.09	8.09

Observations

C.1.33 State whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given by the chairman of the audit committee to explain the content and extent of the aforementioned qualified opinion or reservations.

Yes ☐ No ☒

C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:

	Individual	**Consolidated**
Number of consecutive years	15	15

	Individual	**Consolidated**
Number of years audited by the current audit firm/number of fiscal years the company has been audited (by %)	100	100

C.1.35 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:

Yes [x] No [ ]

Explanation of procedure
Article 30.3 of the Regulations of the Board of Directors provides that "*As the Chairman of the Board of Directors is responsible for the effective operation and functioning of the Board of Directors, it shall be required to ensure that the Directors are provided with sufficient information beforehand; (…)*". In practice, this means that the information required for a particular session is available at least at the moment of its call and, sometimes, according with the complexity of the matter, with enough anticipation. Likewise, the Board of Directors has set up an intranet so, amongst others, the information is available by electronic means and confidentiality is safeguarded, as well to enhance the previous accessibility of the information. In addition, article 23 of the Regulations of the Board of Directors provides that each director is entitled to ask for additional information, and the article regulates these requests.

C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:

Yes [x] No [ ]

Explain the rules
Article 17.3 of the Regulations of the Board of Directors provides that "*Directors must tend their resignation to the Board of Directors and, where considered appropriate by the Board, formalize the appropriate resignation in the following circumstances:* *(c) When they are affected by any of the incompatibility or prohibitions provisions legally established;* *(d) If they are severely reprimanded by the Board of Directors on the basis of a report by the Appointments and Remuneration Committee as a result of having breached their duties as Directors; or* *(e) When their continued presence on the Board of Directors may jeopardize the interests of the Company.* In accordance with Article 17.4: "*When a Director is removed from its office before the end of the term of office following its resignation or through resolution of the general meeting, the Director shall explain sufficiently the reasons for doing so, or in the case of*

non-executive Director, his/her opinion of the reasons for the general meeting resolution, in a letter addressed to all the members of the Board of Directors. This should all be reported in the Annual Corporate Governance Report, and if it is relevant for investors, the Company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the Director."

C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

Yes [ ] No [x]

Director's name	Nature of the situation	Observations

Indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director's resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the nomination committee.

Yes [ ] No [x]

Decision / action taken	Reasoned explanation

C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.

The financing agreements "Multicurrency Facilities Agreement" and "Note Purchase Agreement" signed by the company on 7 June 2018, 4 July 2018 and 10 June 2021 include early maturity clauses in the event of a change in control, in standard terms for contracts of this kind. Likewise, there are other agreements entered into by subsidiaries of the company which might contain change of control clauses, such as concession or similar contracts.

C.1.39 Identify individually for director, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.

Number of beneficiaries	7
Type of beneficiary	Members of the management committee
Description of agreement	The company has entered into severance payment arrangements ("*blindajes*") with seven (7) members of the senior management team who are part of the management committee. The amounts payable to senior management pursuant to the severance payment arrangements may be determined by reference to one of the three following parameters, as applicable: (i) a compensation equal to twice the gross annual compensation received by the

	relevant senior manager in the year immediately preceding termination of employment; (ii) a compensation (net of tax) equal to twice the net annual monetary compensation received by the relevant senior manager in the year immediately preceding termination of employment after withholding taxes; (iii) a compensation (net of tax) equal to the greater of (a) twice the net annual monetary compensation received by the relevant senior manager in the year immediately preceding termination of employment and (b) compensation resulting from calculating 45 days of salary per year of service, with a maximum amount of 42 monthly payments; (iv) a compensation equal to the aggregate of the following amounts: the aggregate of two years of the fixed salary paid at the moment of termination plus twice the annual bonus received 12 months before the contract termination, (v) a compensation equal to the greater of following amounts (a) twice the gross monetary compensation received in the last twelve months and (b) the compensation that results from calculation 33 days of salary per year of services with a maximum 24 monthly payments; (vi) a compensation equal to the fix remuneration received in the year immediately preceding termination of employment plus the amount of the last yearly bonus received in cash. Pursuant to the arrangements entered into by the group, certain senior managers they are entitled to severance payments in case described in preceding paragraph in the following cases: (i) their employment is terminated by the company, except in case of fair disciplinary dismissal (“*despido disciplinario procedente*”) declared by a final judgment and (ii) in some of the cases in the event they decide to early terminate their employment with the group (whatever form and cause), except in case of resignation (“*dimisión*”) and (iii) some directors, in case of transfer of their work location outside the region where they currently render their services. In addition to these 7 managers, there are others in the company, who do not report directly to the CEO and have severance payment arrangements (“*blindaje*”).

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorized by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

	Board of Directors	**General Shareholders' Meeting**
Body authorizing the severance	YES	NO

	Yes	**No**
Are these clauses notified to the General Shareholders' Meeting?		x

Observaciones

C.2 Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

EXECUTIVE COMMITTEE

Name	Position	Current

% of executive directors	
% of proprietary directors	
% of independent directors	
% of other external directors	

Observations
N/A

Explain the functions delegated or assigned to this committee, other than those that have already been described in Section C.1.9, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

AUDIT COMMITTEE

Name	Post	Category
NICOLAS VILLÉN	PRESIDENT	INDEPENDENT
ERNESTO GERARDO MATA LÓPEZ	MEMBER	EXTERNAL
MARIA CRISTINA HENRÍQUEZ DE LUNA	MEMBER	INDEPENDENT
ESSIMARI KAIRISTO	MEMBER	INDEPENDENT

% of proprietary directors	0
% of independent directors	75
% of external directors	25

Observations

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

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

Audit Committee's functions are listed in article 38 of the Regulations of the Board of Directors and mainly consist of:

a) To report the General Shareholders Meeting on the issues raised in relation to those matters within the competence of the Audit Committee.

b) In relation to the information and internal control systems:

(i) To monitor the effectiveness of the internal control of the Company, the internal audit, and the risk management systems, as well as to discuss with the external auditor any significant weaknesses in the internal control system detected during the course of the audit, all of which without breaching their independence.

(ii) To monitor and to evaluate the preparation and the integrity of the mandatory financial information, reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.

(iii) To monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of the internal audit; propose the department's budget; to approve the priorities and annual work plan; receive regular information on its activities; and verify that the senior management are acting on the findings and recommendations of their reports.

(iv) To analyse financial and accounting irregularities with potentially serious implications that may have been reported.

(v) To monitor and to evaluate the control and management systems of the financial and non-financial risks the Company and the Applus+ Group are exposed to.

(vi) To monitor in general that the policies and systems related to internal control are applied effectively.

c) In respect of the external auditor:

(i) To make recommendations to the Board of Directors for the selection, appointment, re-appointment and removal of the external auditor and the conditions of its engagement.

(ii) To gather regularly information from the external auditor on the audit programme, its implementation and the results of its implementation, as well as verify that the senior management are acting on its recommendations.

(iii) To monitor the independence of the external auditor

(iv) To establish the appropriate relationships with the external auditor to receive information on any issues that could be a threat to their independence.

d) In relation with other duties, it corresponds to the Audit Committee:

(i) To report during the AGM on the matters raised therein by shareholders which fall under its scope of responsibility.

(ii) To monitor the process of preparing the annual accounts and management reports, individual and consolidated, for their formulation by the Board.

(iii) To report to the Board of Directors, for its formulation, on the correctness and reliability of the annual statements and management reports, individual and consolidated, and the periodic financial information disseminated to the markets.

(iv) To monitor compliance with internal codes of conduct and, in particular, with these Regulations under the terms provided herein.

(ix) To report to the Board of Directors, prior to its adoption of the corresponding decisions, on the following subjects:

- The financial information that the Company must periodically make public.
- The creation or acquisition of holdings in special purpose entities or those established in countries or territories which are considered tax havens, as well as any other transactions or operations of an analogous nature.

 The preparation of a report on all those transactions that have the condition of Related-Party Transactions.

The main actions of the Audit Committee during 2021 were:

- Definition, approval and monitoring of the Internal Audit annual plan;
- Monitoring and supervision of the actions performed in connection with the risk map management, as well as understanding and analysing the development of the main risks;
- Monitoring and supervision of the ICFR model;
- Approval and follow up of action plans defined on the basis of internal audits performed (in response to the weaknesses found in the internal control);
- Quarterly monitoring of group results as well as periodic supervision of the most significant accounting estimates;
- Revie of the scope and results (half and yearly) of the audit works performed by external audit;
- Review and approval of the audit fees and as well as of other fees for compatible services, as well as approval of the scope of the work of auditor
- Approval of the auditors' independence report

Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.

Name of directors with experience	NICOLÁS VILLÉN MARIA CRISTINA HENRÍQUEZ DE LUNA ERNESTO GERARDO MATA LÓPEZ ESSIMARI KAIRISTO
Date of appointment of the chairperson	29/05/2020

Observations
All four members of the Audit Committee (as described in their profiles in section C.1.3 above) are experts in the subject and have been appointed considering their knowledge and experience in accounting and audit.

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Post	Category
CHRISTOPHER COLE	PRESIDENT	INDEPENDENT
MARIA JOSE ESTERUELAS AGUIRRE	MEMBER	INDEPENDENT
MARIE-FRANÇOISE DAMESIN	MEMBER	INDEPENDENT
BRENDAN CONNOLLY	MEMBER	INDEPENDENT

% of proprietary directors	0
% of independent directors	100
% of external directors	0

Observations
Upon the resignation of Mr. John Daniel Hofmeister, Mr. Christopher Cole was appointed Chairman of this Committee while the selection process for a new director was being completed and, therefore, on an interim basis. Given the intense and challenging activity of this Committee during the 2021 fiscal year (*in particular, due to the selection process of two independent directors and the preparatory work for the proposal of a new Remuneration Policy)*, it was considered optimal for Mr. Cole to remain in this position until the next General Shareholders' Meeting.

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

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

Appointments and Compensation Committee's functions are:

- To formulate the proposals for appointment, re-appointment and removal of Independent Directors, and to report on the proposals for appointment, re-appointment and removal of the rest of Directors.
- To establish an objective of representation for the under-represented gender on the Board of Directors and to prepare guidelines on how to achieve said objective.
- To verify the character of each Director and check that he/she meets the requirements for qualification as Executive, Independent, Nominee or Other External Director.
- To evaluate the skills, expertise and experience necessary in the Board of Directors, to define, consequently, the functions and abilities needed in candidates who are to fill each vacancy, and to evaluate the time and dedication necessary in order for them to perform their duties.
- To examine and organize, in such a way as is understood to be suitable, the succession of the Chairman and the chief executive and, where necessary, to make proposals to the Board of Directors, so that such succession occurs in an orderly and well-planned manner.
- To report annually on the duties performed by the Chairman of the Board of Directors and by the chief executive of the Company.
- To report on the appointments and resignations of the Secretary and Deputy Secretary of the Board of Directors and of the senior executives whom the chief executive proposes to the Board of Directors.
- To report to the Board of Directors on the diversity issues, and safeguard that, when filling new vacancies, the Board shall respect the provisions set forth in Article 14.3 of the Regulations of the Board of Directors.
- To develop and implement a record of situations concerning Directors and senior executives from the Company, and to receive and maintain in that record the personal information provided by the Directors, as established under articles 18 and 19 of the Regulations of the Board of Directors.
- To receive the information supplied by Directors.
- To propose to the Board of Directors the remuneration policy for Directors and managing directors or others who perform their top management duties and directly depend on the Board of Directors, supervisory committees or chief executive officers.
- To propose to the Board of Directors the individual remuneration of Executive Directors and other conditions of their contracts.
- To propose to the Board of Directors the basic conditions of contracts for senior executives.
- To oversee compliance with the remuneration policy set by the Company.
- Periodically review the remuneration policy for Directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior officers in the Company.
- Ensure that conflicts of interest do not undermine the independence of the external professionals referred to the Article 40.4 of the Regulations of the Board of Directors.
- Verify the information on Director and senior officers' pay contained in corporate documents, including the annual Directors' remuneration report

The main actions of the Appointments and Compensation Committee in 2021 were:

- Approval of the evaluation of the bonus, accrued in the fiscal year 2020, according to the system in force, to be applied to the direct reports to the Chief Executive Officer.
- Determination of the 2021 salaries of the direct reports to the Chief Executive Officer.
- Acknowledgement of the allocations made under restricted stock units (RSUs) and the performance stock units (PSUs) system in force.
- Approval of the target regarding adjusted earnings per share (EPS) under PSUs 2021-2023 plans for the Chief Executive Officer and the applicable Senior Managers.
- Approval of the evaluation of the bonus, accrued in fiscal year 2020, to be applied to the CEO,

according to the system in force.

- Analysis, study with the independent expert (Mercer Consulting) and proposal of the Directors´ Remuneration Policy.
- Proposal and reports regarding the re-election of Dª Cristina Henríquez de Luna as independent director.
- Implementation and completion of the selection process of two independent directors, Messrs. Damesin and Connolly.
- Approval of the Annual Report on the Remunerations of Directors 2020.
- Support in the evaluation process of the Board, its Chairman and the Chief Executive Officer by an independent expert (Spencer Stuart).
- Follow-up of the succession planning of the Chief Executive Officer and the CFO as well as the performance and development of their direct reports.
- Follow up of some strategic Human Resources' initiatives.
- Assistance in preparing and attending meetings held with investors and proxy advisors in matters of its competence.

NOMINATION COMMITTEE

Name	Position	Current

% of proprietary directors	
% of independent directors	
% of other external directors	

Observations
N/A

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

REMUNERATION COMMITTEE

Name	Position	Current

% of proprietary directors	
% of independent directors	
% of other external directors	

Observations
N/A

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

ESG COMMITTEE

Name	Post	Category
CHRISTOPHER COLE	PRESIDENT	INDEPENDENT
BRENDAN CONNOLLY	MEMBER	INDEPENDENT
MARIA JOSÉ ESTERUELAS	MEMBER	INDEPENDENT

% of executive directors	0
% of proprietary directors	0
% of independent directors	100
% of external directors	0

Observation
The Executive Director, Mr. Fernando Basabe, left the Committee in line with the recommendations of good corporate governance and after having succeeded in giving a significant impetus to the implementation of the ESG Policy in the group. After this change, the Environmental, Social and Governance Responsibility Committee shall consist of independent directors exclusively.

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.

The ESG Committee comprises a minimum of three and a maximum of five Directors appointed by the Board of Directors, for a period not exceeding that of their term as Directors and without prejudice to their ability to be re-appointed insofar as they were re-appointed as Directors. The Board of Directors will appoint the members of the ESG Committee based on the expertise, skills and experience of the Directors and its commitments.

ESG Committee's functions are:

- To promote the Company's policy in terms of ESG and of the Applus+ Group supervising and ensuring the adoption and effective implementation of good practices in the field of environmental social governance responsibility, good governance, ethics and transparency and procuring that expectations of the various stakeholders.
- To submit to the Board of Directors the initiatives and proposals it deems appropriate and inform on the proposals submitted for the consideration thereof, ensuring that the business strategy of the Company is aligned with the values of the Company's policy in terms of ESG approved by the Board of Directors.
- In particular, to design, define and approve initiative and according development plans for the

achievement of the goals previously set up according to the Company's policy in terms of ESG and to such other policies or codes that, within the scope of its functions, it may promote.

- Likewise, to define the necessary organization and coordination for the implementation of such initiatives and strategies for the Company's policy in terms of ESG including, if necessary, the possibility to appoint ad-hoc committees to monitor specific areas.
- To assess, review and monitor the development and implementation of initiatives and plans of the Company in implementing the Company's policy in terms of ESG, by monitoring their compliance with the indicators defined.
- To monitor and to evaluate the preparation and the integrity of the annual report on corporate governance, the annual report on ESG matters and any other mandatory non-financial information, coordinating whenever necessary the process for reporting such information in accordance with applicable regulations and international reference standards.
- To establish and to monitor a mechanism whereby employees and other persons related to the Company, such as Directors, shareholders, suppliers, contractors or subcontractors can report irregularities of potential significance, including financial, non-financial and accounting irregularities, or those of any other nature, related to the Company which are evidenced within the Company or the Applus+ Group.
- To oversee compliance with the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as the communication and relations strategy with shareholders and investors, proxy advisors and other stakeholders, including small and medium-sized shareholders.
- To periodically evaluate the effectiveness of the Company’s corporate governance system and of the Company's policy in terms of ESG, in order to confirm that it is fulfilling its mission to promote the corporate interest and to take into account, where appropriate, the legitimate interests of the remaining stakeholders.
- To monitor that the Company’s environmental and social practices are in accordance with the established strategy and policy.
- To oversee the acting of the Company in respect of training, reporting and investigations.

During 2021, the ESG Committee worked on these areas:

- For the first time, ESG objectives for 2021 were defined published and monitored during the year.
- These ratings were reviewed: MSCI, FTSE4Good IBEX, Gaïa Rating, and CDP.
- Commitments: GRI standards, UN Global Compact, UN SDGs (Sustainable Development Goals).
- TCFD and SASB have been incorporated into the reporting indicators.
- At the end of the year the ESG´s objectives were established. Regarding the environmental objectives, these were stablished in the short, medium and long term with a 3-year implementation plan.
- Regarding commitments: it was agreed to adopt the SBTi´s commitment (to comply with the 1.5ºC reduction scenario).

- Business ethics: (i) monitoring and improvement of the Compliance Management System, with review of new policies and procedures; (ii) reinforce and strengthen compliance culture with online training sessions; (iii) review of third parties and agents under anti-corruption policy; (iv) management of whistleblowing channel; (v) development of the compliance management system through a new yearly “management declaration”; (vi) TIC audit with positive results.

- Corporate Governance: (i) preparation and development of the governance roadshow, gathering valuable feedback from institutional investors and proxy advisors; (ii) check & balance at its first meeting of the year of Applus+ corporate governance model compared with Spanish Code recommendations and investors and proxy advisors expectations; (iii) preparation and monitoring of the first General Shareholders' Meeting by remote means (reaching the highest quorum in the Applus General Shareholders Meetings); (iv) analysis and implementation of the amendments of the Capital Companies Act in force.

C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:

	Number of female directors							
	Year 2021		Year 2020		Year 2019		Year 2018	
	Number	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Audit committee	2	50	2	50	2	50	1	33.33
Appointments and remuneration	2	50	1	33.33	1	33.33	0	0.00
ESG Committee	1	33.33	0	0.00	0	0.00	0	0.00

C.2.3 State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also, state whether any annual reports on the activities of each committee have been voluntarily prepared.

The Rules for Board's Committees are included in the Regulations of the Board of Directors, which establish their competences, composition, procedures, etc; these are available for consultation both on the CNMV website and the www.applus.com corporate website, and may be directly accessed through the following link: http://www.applus.com/es/InvestorRelations/Corporate-governance. Likewise, on 2020, the Board of Directors approved a regulation for each of the three committees, all of them available at https://www.applus.com/global/en/investor-relations/corporate-governance.

The three committees issue an annual report on their activities, which is submitted to the Board in the first yearly meeting.

D RELATED PARTY AND INTRAGROUP TRANSACTIONS

D.1. Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.

Further to article 7.2 h) of the Regulations of the Board of Directors and article 529 ter of the Spanish Companies Act**,** transactions carried out by the company or companies of the Applus Group with its directors, significant shareholders, and shareholders represented on the Board of Directors of the company or any Applus group company, or with persons associated with them, must be approved by the Board of Directors on the basis of a prior report by the Audit Committee.

In accordance with the article 19.1 c) The Directors shall perform their duties with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company. The duty of loyalty obliges the Director to refrain from participating in the discussion and voting on resolutions or decisions in which they or a person related to them has a, direct or indirect, conflict of interest.

The article 21.11 of the Regulations of the Board of Directors provides that "*In accordance with Article 7.2 above, the acknowledgement and approval, following a report from the Audit Committee, of the Related-Party Transactions are among the non-delegable competencies of the Board of Directors. However, in accordance with Article 7.5, when, for reasons of urgency, duly justified, the Related-Party Transactions may be authorized, where appropriate, by delegated persons or bodies and shall be ratified* *at the first meeting of the Board of Directors that is held after the adoption of the resolution*."

Following the reform of the Companies Act, the Board of Directors (October 2021) approved the Related-Party Transactions, Procedure including, among others, the mechanisms for approval of such transactions by delegation of the Board (within the scope of ordinary management and under market conditions or by virtue of contracts with standardized conditions).

D.2. **Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:**

Name or company name of the shareholder or any of its subsidiaries	% Shareholding	Name or company name of the company or entity within its group	Nature of the relationship	Type of operation and other information required for its evaluation	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents

Observations

D.3. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the administrators or managers or their controlled or jointly controlled entities	Name or company name of the company or entity within its group	Relationship	Nature of the operation and other information necessary for its evaluation	Amount (thousands of euros)	Approving body	Identity of the shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents

Observations

D.4. **Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.**

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

Company name of the entity within the group	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)

Observations

D.5. **Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.**

Company name of the related party	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)

Observations

D.6. Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties.

Article 19 of the Regulations of the Board of Directors specifically regulates conflicts of interest:

"The Directors shall perform their duties with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company. In particular, the duty of loyalty obliges the Director:

a) …
b) …
c) To refrain from participating in the discussion and voting on resolutions or decisions in which they or a person related to them has a, direct or indirect, conflict of interest. The agreements or decisions relating to them in their condition of Directors, including their appointment or revocation for the positions on the Board or others analogous in nature, shall be excluded from the above obligation of refrain from participating and voting.
d) To perform their duties under the principle of personal responsibility with freedom of judgement or good judgement and independence with regard to the instructions and links to third parties.
e) To adopt the necessary measures to avoid finding themselves in situations in which their interests, on their own account or that of a third party, may conflict with the corporate interest and their duties to the Company.
f) In particular, the duty to avoid the conflicts of interest referred to in the previous paragraph obliges the Director to refrain from:
   (i) Carrying out transactions with the Company, except in the event of ordinary transactions, carried out under standard conditions for the clients and non-material, defined as those transactions whose information is not necessary to present a fair view of the Company's equity, the financial situation and the results of the entity.
   (ii) Using the name of the Company or using their status as Director to unduly influence private operations being conducted.
   (iii) Making use of the corporate assets, including the confidential information of the Company, for private purposes.
   (iv) Taking advantage of the business opportunities of the Company.
   (v) Obtaining advantages or remuneration from third parties other than the Company and the Applus+ Group associated to the performance of their duties, except in the case of the corporate hospitality.
   (vi) Carrying out activities on their own account or on behalf of a third party which entail effective competition, whether actual or potential, with the Company or that, otherwise, would create a permanent conflict of interests with regard to the interests of the Company.
g) The foregoing provisions shall also apply in the event that the beneficiary of the acts or activities prohibited is a person related to a Director.
h) In any case, the Directors shall inform the other Directors and the Board of Directors of any conflict, direct or indirect, that they or persons related to them may have with the interests of the Company.
i) The conflict of interest of the Directors shall be disclosed in the Notes of the financial statements"

Likewise, article 7.2 (h) of the Regulations of the Board of Directors establishes that the following is a matter reserved for the Board of Directors: *"the approval, subject to a prior report from the Audit Committee, of the transactions carried out by the Company or companies of the Applus+ Group with its Directors, shareholders, whether on their own or together with others, considered as significant, including the shareholders represented on the Board of Directors of the Company or of other companies that are part of the Applus+ Group, or with persons related thereto".* This shall not apply for transactions which fulfil the following conditions: (a) they are carried out under the terms of contracts whose conditions are standardized and applied to a large number of clients; (b) they are implemented at prices or rates generally set by the person supplying the good or service in question; and (c) the value of these transactions does not exceed 1% of the annual turnover of the Company. Finally, section 4.11 of the Code of Ethics and the Global Conflict of Interests Policy regulate the situations of conflict of interest of Applus+ employees, as well as the mechanisms to follow in case of conflict. Each member of the Board of Directors has signed a declaration of lack of conflict of interest.

D.7. Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them

Yes [ ] No [x]

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes [ ] No [ ]

Report the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

Mechanisms for resolving possible conflicts of interest

E RISK MANAGEMENT AND CONTROL SYSTEMS

E.1 Explain the scope of the company's Risk Management and Control System, including tax compliance risk.

The Board of Directors is ultimately responsible for the existence and maintenance of an internal control and risk management system that is adequate and effective, tax risks included, and with regards to the definition of the risk appetite. This supervision function has been entrusted to the Audit Committee.

The Group has developed a policy and a procedure of Risk Management, and both have been approved by the Board of Directors.

As a result of the implementation of said procedure the Group's Risk Map is reviewed and updated on a yearly basis.

The risk management model implemented by the Group consists of the following three stages:

Stage 1: identification and assessment of risks based on the impact and the likelihood of occurrence.

Stage 2: monitoring of risks based on Key Risks Indicators (KRI), determination of the tolerance levels and definition of action plans when considered necessary.

Stage 3: periodical reporting to the Audit Committee and the Board of Directors about the risks evolution through their KRIs.

It is the senior management who proposes the Risk Map to the Audit Committee in which all risks are identified and assessed, including strategic, operational, financial, tax, legal, compliance and also risks to sustainability including those related to climate change.

This risk map has incorporated those factors deemed critical, considering all of the Group's lines of activity, geographical areas where it operates and its business divisions, as well as any risk factors deemed critical in relation to support functions (such as finances, human resources, legal and tax).

In addition, the company has a criminal risk map and a Criminal Risk Management and Crime Prevention Handbook in accordance with article 31 bis of the Criminal Code and other applicable laws. Under ESG Committee instigation, it has reviewed and strengthened the existing Corporate Compliance Program, by designing and implementing in the group the new Applus+ Criminal Risk Management and Crime Prevention System (hereinafter, the System), which is described in the referred handbook. The group has implemented the System by deploying the necessary internal control and surveillance measures to ensure compliance with criminal laws and to avoid the occurrence of offenses of which, in accordance with Spanish Criminal Code, any group company might be held responsible or, in case these cannot be avoided, at least to significantly reduce the risk of they taking place. Prevention is one of the main objectives of the System, the other one being to make possible the quick detection and reaction before any potential criminal offense in the group. The Company shall continue to deploy the implementation of the System in line with the annual plan that the ESG Committee approves.

E.2 Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.

Pursuant to Article 7.2 (vii) of the Regulations of the Board of Directors, the Group's Board of Directors is in charge of all risk control and management policy, tax risks included, and will periodically follow up on any internal reporting and control systems, by optimising the cost/benefit ratio, in order to:

- Reach any medium-term strategic objectives
- Safeguard shareholder value
- Give assurance to the Group's results and reputation
- Uphold the interests of the Group's shareholders and stakeholders
- Ensure compliance in those countries where it operates including tax regulations

The Audit Committee, pursuant to Article 39.7 (a) (ii), is in charge of periodically reviewing any internal control and risk management systems in order to ensure that any main risks are identified, managed and adequately understood, including discussions with the auditors on any significant weaknesses in the internal control system detected during the audit. To do this, the Committee is backed up by the supervision tasks completed by the Group's Internal Audit Management. Supervision of any risk control systems includes approval of the risk model and periodic supervision, at different intervals depending on their importance.

The Group's Chief Executive Officer is in charge of handling these risks, as well as the heads of each corporate functional area and the Executive Vice President of each business Division, in accordance with their scope of activity, according to acceptable risk levels for the company.

The Internal Audit Management and the Group's Internal Control Responsible are in charge of supervising compliance with risk tolerance, the effectiveness of control systems and following up on the implementation of necessary actions, which are subsequently monitored by the corporate functions affected.

E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.

The Applus+ Group risk map covers any risks that may have a significant impact on its results, to the best of its understanding. The risks contemplated in this map may be classified as follows:

1. strategic risks including those related to all ESG matters.
2. inherent to business activities (operational)
3. financial risks including tax
4. legal risks and compliance

The main risks managed by the Group are:

- Adequate supervision of the Group's business based on long-term agreements with a finite life-span (such as concessions in the technical vehicle inspection business in Spain, Europe and America) or IDIADA, providing services to the world's leading vehicle manufacturers.
- Certain levels of dependence on the evolution of some of the sectors in which the Group operates (automotive and oil and gas sectors)
- Adequate follow-up on the formal and service quality terms in any services provided based on granted accreditations. In this regard, the Group has taken out insurance policies.
- Risks related to the economic, social and political situation of the countries where the Group operates, as well as the main macroeconomic indicators that could have a short and medium-term impact on Applus+ Group's results, particularly considering its

geographic spread.
- Retention of key staff for the Group and talent management.
- Potential criminal sanctions or significant business losses resulting from possible penalties that could be derived from non-compliance with the crime prevention handbook implemented by the Group.
- Risks related to cyber security.
- Risks linked to the Group's ESG strategy, including those inherent to climate change.

In financial terms, the Group manages and monitors the main risks that could affect Applus Group's results:

- Liquidity risk and leverage level of the Group.
- Risk of overestimation of certain significant assets (such as goodwill, intangible assets generated as a result of inorganic growth, as well as tax assets).
- Working Capital management.

E.4 State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.

The levels of tolerance are defined through the established value limit set by the KRI associated with each risk.

Tolerance levels are defined according to the following parameters:

- Maintenance of quality standards
- Volume of business affected and potential impact on business sustainability
- Impact on reputation and on business continuity
- Compliance with applicable law (tax laws included)
- Probability of materialising

For those risks deemed critical, given the impact upon materialisation on the achievement of the Group's objectives, specific tolerance levels are defined, indicating action guidelines, timeframe to achieve, people in charge, follow-up indicators; the frequency and content is also established of any information to be provided to governing bodies for follow-up and decision-making.

E.5 State which risks, including tax compliance risks, have materialized during the year.

The Group's operations and, consequently its financial statements, have continued to be affected by COVID-19

In that sense, the pandemic's impact has been significantly lower than the experienced in 2020. Some of the Group's businesses have returned to pre-pandemic levels of revenues and margins, while others are still recovering.

Information security risk: In the first half of 2021 a malware attack was detected and temporarily interrupted vehicle roadworthiness testing activities in eight US states in which the Group operates through its subsidiary Applus Technologies, Inc. (which represents around 2% of the Group revenue). The Group increased the security and cyberprotection measures and, during 2021, operations were progressing normally and the vehicle roadworthiness testing activities in the US had been fully restored. The attack did not affect financial reporting processes.

The Group has performed impairment tests for all cash-generating units in relation to goodwill and intangible assets, concluding that in 2021 it was not necessary to recognize significant impairments on any of them.

In relation to tax issues, several tax inspections have been carried out during 2021 in different geographies where the Group operates, without significant sanctions. With regards to the open inspections, no material impacts beyond the risk appetite established in the Group's Risk Map are foreseen.

Finally, the Group has not been involved in any new litigation that could have a relevant impact on its results, and currently open litigation actions have not led to events which could modify previous fiscal year's accounting accruals. The Directors do not expect any material liabilities to arise as a result of a potential inspection.

E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.

The Applus Group has an updated risk map contemplating any material risks which could affect the achievement of its strategic objectives.

To do this, the Group has implemented measures to mitigate these risks, in order to reduce the likelihood of occurrence and its potential impact. The management of the risk map is a responsibility carried out periodically by the group's top management, as part of their responsibilities. From the aforementioned ongoing management, action plans are detected to be implemented, defining who is responsible for, and execution deadlines are set, with the purpose of starting up the necessary measures to reduce the impact of such risks, should they materialise.

These measures are generally executed by the Group's Management; the Audit Committee and, ultimately, the Board of Directors are the two bodies in charge of approving and supervising the measures carried out.

In tax compliance risks which entail a high technical difficulty related to regulations interpretation, the Group resorts to external advisors in order to obtain a third party opinion on any potential risks if a certain transaction is carried out, mitigating them before they appear. Additionally, the Group will use any instruments available in tax laws (prior evaluation agreements, binding consultations, etc.), in those cases where i) this is deemed appropriate in order to reduce any disagreement derived from application of the tax rule, and ii) this is reasonable based on the instruments available, the issue in question and foreseeable timeframes.

Furthermore, the Group has taken out insurance policies to cover damages that may be caused to third parties as a result of negligence when providing its services, including its subsidiaries, in those sectors where it operates.

Before the attack described in the previous section, the Group had started implementing an ambitious improvement plan and investments focused on mitigating cybersecurity risk.

The Group has internal control and risk management systems and tools that allow for constant monitoring and tracking of any action plans and incidents identified in the reporting and review of financial information.

F INTERNAL RISK MANAGEMENT AND CONROL SYSTEMS RELTED TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFR)

Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.

F.1 Control environment

Report on at least the following, describing their principal features:

F.1.1. The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.

Applus+ Group's Internal Control over Financial Reporting (hereinafter, "ICFR") is part of its general internal control system and makes up a group of processes carried out by the Board of Directors, the Audit Committee, the Management and the Group's staff, in order to ensure reasonable safety regarding the reliability of any financial information disclosed to the markets.

The Board of Directors of the Applus+ Group is the Group's senior decision-making body, entrusting all regular management to the executive bodies and management team and, consequently, concentrating its activity on the supervision function. The Board of Directors is ultimately responsible for the existence and maintenance of an adequate and effective ICFR, and has delegated this task to the Audit Committee. ICFR supervision is implemented through activities of this kind, carried out by the Internal Audit function.

The Group's internal control model for financial reporting has three distinct areas of control: (i) self-evaluation of the persons in charge of all processes and critical controls, (ii) review of the financial evaluation process by the Financial Managements in each Division and by the Corporate Financial Management in the consolidation process, and (iii) evaluation of the efficiency and efficacy of controls and risk identification by the Internal Audit Management.

The Group's Corporate Financial Management, through the Risk & Internal Control Department, carries out the following tasks in relation to the ICFR:

- To review and approve any accounting Policies and Manuals incorporated into the Group's Financial Management Intranet.
- To establish and disseminate the necessary procedures to ensure adequate internal control of financial reporting.
- To establish and maintain internal controls on financial information, to ensure its reliability, and to guarantee that all reports, transactions or other relevant events are communicated in due form and time.
- To establish and maintain internal tax controls, in order to ensure the timely filing of accurate and complete tax statements.

During 2021 as in previous years an Internal Control Model over Financial Reporting has been implemented, in order to guarantee its reliability.

F.1.2. State whether the following are present, especially if they relate to the creation of financial information:

- **Departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity.**

The Board of Directors of Applus+, through its Chief Executive Officer, entrusts the Corporate Financial Management with designing and reviewing the organizational structure involved in financial reporting. The Management outlines the structure and how responsibilities are distributed, as well as their design procedure, review, update and dissemination; this procedure is documented in flowcharts (organizational structure) and the process model and associated regulations, as part of the Applus+ Group's policy catalogue.

Furthermore, lines of authority and responsibility have been defined in all relevant processes by formalising the Model for Delegation of Authority and Responsibility, which includes any critical decisions of the Group that may eventually affect financial reporting.

As regards the financial reporting preparation process, instructions are issued by the Corporate Financial Management establishing specific guidelines and responsibilities for each closing of the accounts (procedures explaining the main tasks, both in the corporation and in each subsidiary company), to include the IFRS Internal Manual.

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

The Applus+ Group has a Code of Ethics and Anti-Corruption Policy in place, approved by the Board of Directors, which specifically refer to the registration of transactions and financial reporting, as well as compliance with the law and the Group's accounting policies, amongst others. Likewise, there are specific internal policies for the accounting and finance functions. Furthermore, all employees have been specifically trained and are obliged to explicitly accept both rules each year.

The main values and principles gathered in the Code of Ethics are integrity, transparency, responsibility, impartiality and independence. Furthermore, the Code of Ethics includes a commitment to strictly fulfil the obligation to provide reliable financial information, prepared under applicable regulations, and the responsibility of the company's employees and executives to ensure that this is so, both by adequately carrying out their tasks and by informing the governance bodies of any circumstance that could affect this commitment.

The body in charge of analysing any potential non-compliance, proposing corrective action, is the ESG Committee of the Applus+ Group, along with the Group's Compliance Management and in particular, it corresponds to the Audit Committee, in accordance with article 39.7 b) iv of the Regulations of the Board of Directors to "*To analyse financial and accounting irregularities –with potentially serious implications– that may have been reported by employees through the mechanism provided in section 41.6.viii"*.

- **Whistleblower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organization, reporting, as the case may be, if this is of a confidential nature.**

The ESG Committee is responsible (article 41.6 viii of the Regulations of the Board of Directors) to "*establish and to monitor a mechanism whereby employees can report, confidentially, and if necessary, anonymously, any irregularities they detect in the Company with potentially serious implications*" which is central in the Applus+ Compliance system. The Applus+ Group has put in place, and encourages the use of, a whistleblowing channel allowing the reporting of potential infringements of the Code of Ethics and other irregular activities.

All communications are confidential and compliance with data protection laws is also ensured. There is a unique whistleblowing channel for the entire Group and is available on the corporate website.

- **Training and periodic refresher programs for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.**

As regards the training and periodic refreshment courses in matters that may affect the reporting and publication of financial information, Applus+ believes that development and continuous training of its employees and executives is essential. Furthermore, the Group arranges specific training sessions on issues related to the ICFR for the staff involved in drawing up the Group's financial statements. To do this, constant communications with external auditors and other independent third professionals will guarantee this continuous training, amongst other issues.

Any training needs detected and provided at corporate level are extended to all other financial managers in the Group's subsidiaries, through face-to-face training or through online training held each year; training will be a key point of the agenda, including individualised sessions if deemed appropriate.

Additionally, there has been specific training provided on the relevant policies to ensure the knowledge of their content by all responsible employees who are part of the financial information preparation and review.

F.2 Assessment of financial information risks

Report on at least the following:

F.2.1. The main characteristics of the risk identification process, including error and fraud risk, as regards:

- **Whether the process exists and is documented.**

The Applus+ Group has an Internal Control over the Financial Reporting (ICFR) Policy in place that establishes the basic principles and general action framework to manage the internal control over the financial information reported, which contains:

- The criteria established to define which companies within the Group are relevant for the purposes of the Group's SCIIF Model
- Methodology to identify new risks and to periodically evaluate existing ones, establishing common and homogenous parameters for the entire Group.
- Maintenance of an internal control system to monitor, assess and improve the control measures applied to existing risks.

In 2019 the ICFR model was expanded to companies which, both comply with the materiality level and also to those companies which do not, to include the implementation of the criminal risk management and crime prevention for those areas with crimes applicable globally and not only in Spain.

- **Whether the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency.**

The methodology used to manage risks is COSO (Committee of Sponsoring Organizations for the Treadway Commission). The criteria used to identify the most relevant processes include quantitative criteria (materiality) and qualitative criteria (business risk, visibility to third parties and reputational risks). Any risks identified are prioritised by professional opinion based on a series of variables (process level of automation, whether the process is known and/or it is necessary to use judgments and estimates). In addition, risks of fraud are implicitly identified insofar as they may generate material errors in financial information.

As a result of applying its Internal Control over the Financial Reporting (ICFR) Policy, the Group has developed risk matrixes and controls for its relevant business processes, specifically for each subsidiary of significant relevance in the consolidated Group. Each risk identified in the process to draw up consolidated financial statements is associated to the processes and different financial lines deemed significant (either by contribution to the consolidated financial statements or due to other more qualitative factors) and to the Group's companies under the ICFR scope.

Each risk identified in those frameworks has assigned all objectives and assertions of the financial information: existence and occurrence; completeness; assessment; presentation, breakdown and comparability, and rights and obligations). Once the applicable ICFR scope in the Applus+ Group is defined, based on identified risk frameworks, control activities have been designed to cover such risks.

Any risks identified as relevant are reviewed at least once a year, during the certification and evaluation process conducted by the managers on the effectiveness of the company's internal control. The object of this review is to update any risks to changing circumstances where the Group operates, particularly if there are changes in the organisation, IT systems, regulations, products or the market scenario.

The model scope is defined in the Internal Control over the Financial Reporting (ICFR) policy, based on the materiality level of revenues and fixed assets applied in each legal entity. Currently the model is developed for subsidiary companies which in aggregate represent more than 80% of the Group Sales.

- **The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities.**

As regards the process of identifying the scope of consolidation, the Group considers that the financial closing and consolidation process is one of the relevant processes that may affect financial reporting. This is why Applus+ has considered all the risks inherent to said processes, ensuring adequate configuration and execution, as well as an accurate identification of the scope of consolidation. As part of this process, the Consolidation Department, which reports to the Corporate Financial Management, periodically reviews any changes in the Group's structure along with the Legal Department.

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

The process to identify a risk of errors in financial reporting takes into account the effects of other types of risk, which are evaluated and managed by various corporate units.

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- **The governing body within the company that supervises the process.**

The process to identify any risk of error in financial reporting is completed and documented by the Risk & Internal Control Management. Internal Audit Management reviews the process, as part of the supervisory role ultimately carried out by the Audit Committee.

F.3 Control activities

Report on whether the company has at least the following, describing their main characteristics:

F.3.1. Review and authorization procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.

The Corporate Consolidation Management, which reports to the Corporate Financial Management, is in charge of executing procedures to review and authorise financial information and the ICFR description for disclosure to the stock exchange. Furthermore, the task of reporting financial data on a monthly, quarterly, six-monthly and annual basis begins with a view and certification by the financial manager of each subsidiary. Tax information is drawn up by the Tax Management, which reports to the Corporate Financial Management.

Any ICFR documentation, evidence of its execution and supervision, as well as significant

events and action plans, are managed through the Group's internal control and risk management system.
In this sense, during the financial year 2021 the Group has implemented a new software (SAP GRC) that replaces the previous one (Applus+ GRC). This tool provides the following advantages in ICFR terms:

- Centralisation of all documentation and ICFR model management of the Group, in a homogenous manner.
- Integration of internal control over financial information in all business and corporate processes, allowing each organisational unit responsible to periodically evaluate its controls, providing the necessary evidence and executing the ICFR internal certification process each year.
- Use of automatic workflows to manage control activities and to launch action plans.
- Provision of a back-up tool for the ICFR supervision and testing process by the Internal Audit Department and external auditors.
- Procurement and support for the information required for ICFR reporting.
- Integrated internal control over the preparation and presentations of tax returns in those countries where it operates, using automatic workflows to manage tax control activities.
- Integrate the design of internal control and implementation of all controls related to compliance and more specifically corruption.

As regards activities and controls directly related to transactions that may have a material effect on financial statements, Applus+ has implemented a control description to mitigate the risk of any material error in information reported to the markets. Furthermore, in each subsidiary, the following information is available for each control activity belonging to significant processes:

- Description of the process and sub process.
- Description of financial reporting risks associated to various processes, sub processes and control objectives.
- Definition of control activities designed to mitigate any identified risks.
- Description of the managers of all processes, risks and control activities.
- Classification of control activities implemented or pending implementation (action plans).
- Level of automation of control activities (manual or automatic).
- Classification of each control activity by nature (preventive or detective).
- Definition of control execution frequency.
- Definition of evaluation frequency by the Risk & Internal Control Department.
- Definition of any evidence required.

The new software implementation also allows the automation of the control testing directly against the ERP system transactional records, which provides a significantly higher level of comfort and control.

Each financial closing process carried out in the subsidiaries is treated as a single process; the same applies to all financial closing activities carried out at corporate level with the consolidation process and the preparation of annual accounts.

As regards any relevant judgements and estimates, Applus+ indicates in its individual and consolidated annual accounts which areas of uncertainty are estimated that could have a relevant impact on the financial information. These mainly refer to:

- The recoverability of deferred tax assets entered into the accounts.
- An estimate, at each date, of the effects of any tax certificates challenged and the outcome of any tax inspections underway, for the financial years audited.

A specific review of any relevant judgements, estimates, valuations, provisions and forecasts, as well as key calculation hypotheses, with a material impact on consolidated financial statements, is carried out through a continuous supervision by the Group's Corporate Financial Management.

F.3.2. Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.

Some of the controls implemented to mitigate or manage risks of error in financial reporting are related to the most relevant computer applications, such as controls on authorised user access or the integrity of information transferred amongst applications and an adequate management of the Company's digital certificate for the filing of tax statements.

The Applus+ Group uses SAP-BPC as a common data system to adequately register and control its operations; consequently, its adequate operation is essential and of particular interest to the Group. The reporting tool is the same for all legal entities of the Group without exceptions.

There are two control levels in the process to identify the risk of material errors in financial reporting:

- In each subsidiary, there are controls to ensure that all information reported through SAP-BPC is consistent with local reporting systems, if different.
- At corporate level there are automatic and manual controls, conducted on the main application, in order to generate SAP-BPC financial information and guarantee that the consolidation process is adequately completed.

For those systems and applications identified (used at corporate level to draw up consolidated financial information), the Corporate Systems Management has established a series of policies aimed at ensuring their adequate operation. In particular, there are documented policies on the following:

- Classification of information.
- System access management.
- Data leak prevention.
- Identification and maintenance of critical applications.
- Back-up copies.
- Restrictions on the use of Internet and e-mail.
- Data encryption.
- Third party agreements.
- Protection of equipment.
- Legal compliance.
- Communication of incidents.
- Licences and infrastructure use.

In terms of operative continuity, the Group has improved its already high level of availability in its central data systems, hosted in a main datacentre in Madrid, with a Disaster Recovery or DR solution. This DR is hosted in the Microsoft cloud (Azure Cloud) and is connected to the central database through a dedicated high speed cable. In the unlikely event of force majeure (fire, flood, earthquake, etc.) leaving the main datacentre inoperative, in a matter of hours the DR could restore the most critical business applications.

Additionally, a series of supplementary key controls are carried out by consolidation team members to strengthen the reliability of data systems used in financial reporting.

The Group has an improvement and monitoring plan in its data systems as regards the segregation of duties; it also incorporates into the Audit Plan the supervision of said internal control systems related to the segregation of functions in financial information systems.

F.3.3. Internal control policies and procedures intended to guide the management of subcontracted activities and those of third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.

Each year, the Applus+ Group checks which activities executed by third parties are relevant for the financial reporting process.

Over 2021, some Applus+ Group companies have continued to outsource certain activities related to economic, staff and back office management. As a result, certain control and risk management devices have been established with each supplier to guarantee the integrity and accuracy of any financial information reported, such as:

- A specific person in charge in the Corporate Financial Management.
- Quantifiable indicators to evaluate the quality and integrity of the service received.
- The Accounting Department has defined monthly review tasks for the financial statements of subsidiaries operating in Spain.
- An assurance report is obtained regarding service organizations that with a potential impact on the Group's internal control system over financial reporting

Furthermore, in the rest of the Group, outsourced activities are very circumstantial or highly centralised in very specific processes or sub processes, such as the issue of payrolls. These facts are considered a risk in the ICFR model of these companies, for which there is an efficient and effective associated control.

Additionally, when the Applus+ Group considers it necessary to get independent experts involved, upon recruiting these services, it demands in their selection criteria the absence of any doubt on their competence, qualifications, reputation and impartiality.

F.4 Information and communication

State whether the company has at least the following, describing their main characteristics:

F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organization, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.

The Corporate Financial Management, through the Risk & Internal Control area, is in charge of defining, updating and disseminating the accounting policies of the Applus+ Group for reporting consolidated financial data under IFRS-EU regulations (consequently including the information to be reported by each subsidiary). The Applus+ Group has an accounting policy manual (IFRS Internal Manual) for the issue of financial statements under IFRS-EU, which is drawn up by the Corporate Financial Management, is periodically updated (at least once a year) and is published on the Intranet of the Corporate Financial Management, which all staff may access, involved in the drafting and review of financial information.

The functions of the Corporate Financial Management, through the Consolidation Department, include replying to any accounting consultations that may be raised by the various business units or other corporate managements of the Applus+ Group. Furthermore, at meetings held by corporate, division and subsidiary financial managers, training is arranged on the interpretation and application of any new issues.

Additionally, the Group's external auditor, both in relation to consolidated statements and the most representative subsidiaries in consolidated terms, demands that the financial data reported by these subsidiaries follow the principles enshrined in the Group's Accounting Manual, i.e. IFRS-EU, both in the annual audit and the limited six-monthly audit.

F.4.2. Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the entity or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.

The Applus+ Group has various integrated platforms, both for the accounting registrations of transactions and for financial reporting. The issue of regulated financial data, as well as individual financial statements, is centralised in the Finance Management, in order to guarantee homogeneity. In addition, the integrity and reliability of these data systems is validated through the general controls indicated in section F.3.2.

Each month, reporting is received from each company through the SAP-BPC reporting and consolidation tool, gathering all the necessary information to prepare the Group's consolidated financial data (abridged intermediate financial statements and consolidated annual accounts).

This reporting guarantees data homogeneity with the following characteristics:

- Homogenous and consistent for all countries and business activities.
- Based on the Applus+ Group's instructions and accounting manual, of which there is just one for all of the Group's companies.
- Incorporation of all applicable legal, tax, commercial and regulatory requirements.
- SAP-BPC incorporates automatic validation controls between the reported financial statements and any additional details requested.

F.5 Supervision of system performance

Describe at least the following:

F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.

The Group's Audit Committee has carried out the following activities during the 2021 financial year in relation to ICFR:

- Supervision of the level of implementation of the ICFR model of the Applus+ Group and of any risk matrixes and ICFR controls.
- Supervision of the outcome of any ICFR reviews completed by the Internal Audit Department and external auditor.
- Review of any ICFR information included in the Annual Corporate Governance Report.

The Audit Committee uses the Internal Audit function to supervise adequate operation of the internal control system, including the ICFR, and ensures its impartiality. This function completes independent and periodic reviews on the design and operation of the internal control system, locating any weaknesses and making recommendations for improvement through the issue of various reports, forwarded to the Corporate Financial Management and Audit Committee, as part of the meetings that are periodically held. These reports are submitted to the Audit Committee, along with any action plans adopted by the managers and Corporate Financial Management for mitigation.

Any potential internal control weaknesses identified in reviews conducted by the Internal Audit function are catalogued by criticality as high, medium or low, based on the impact they may have if they materialise. These weaknesses are managed through the GRC application, a manager is assigned and a timeframe to carry out an action plan, and their resolution is checked by the Internal Audit function.

As a result of the ICFR evaluation activities carried out by the Internal Audit function in 2021, submitted to the Audit Committee, no material weaknesses have been identified that could have a relevant impact on the financial information of the Applus+ Group in the 2021 financial year; the necessary corrective actions have been established to handle any future weaknesses.

Furthermore, the external auditor, as indicated in section F.7.1, issues an annual report on the procedures agreed regarding the ICFR description made by Applus+, which has not pointed out any issues worthy of mention.

F.5.2. If there is a procedure by which the account auditor (in accordance with the contents of the *Normas Técnicas de Auditoría (NTA)* - "Auditing Standards"), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weakness in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses found.

The procedure to discuss any improvements and relevant internal control weaknesses identified is generally based on periodic meetings held by the Audit Committee with the following parties:

- Group's Chief Financial Officer, as the senior manager in charge of financial reporting, explains how the main financial metrics have performed in the period under discussion, including any transactions and the most relevant impacts arising during the period, and communication of the main estimates made.
- The Group's Internal Audit Manager, as the person in charge of supervising the internal control model, ICFR included, reports on the state of any possible weaknesses identified and on the outcome of his reviews.
- The external auditor shares the auditing or limited review schedule to be carried out during the ongoing year, in relation to the annual accounts, and reports any internal control weaknesses or any other issue that it considers should be notified to the Audit Committee.

The Applus+ Group, both from the Corporate Finance Department and Audit Committee, represented by the Internal Audit function, encourages total collaboration and coordination with the Group's external auditors. As a result, it has direct contact with the Management, holding periodic meetings both to obtain the necessary information for its work and to report any control weaknesses identified further to its audit.

The action plans related to weaknesses detected in 2021 have been instrumented as recommendations, following the prioritisation circuit, allocation of a manager and supervision described in section F.5.1.

F.6 Other relevant information

There is no other relevant information worth noting with respect to the Internal Control System for Financial Reporting.

With the aim of reinforcing the Group's Internal Control and in line with the efforts related to the Crime Prevention model implementation, in 2019 a new project to identify fraud using advanced data analysis techniques combined with artificial intelligence was started, which is already implemented in Spain and will be deployed to other relevant geographies in the coming years. This project allows detection of anomalous transactions that may be potentially fraudulent, and reveals improvement opportunities in the processes and controls to prevent them in the future.

This is a continuous improvement opportunity for ICFR, as lessons learned from anomalies detected will be included in the control model.

F.7 External auditor's report

Report from:

F.7.1. If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.

The Applus+ Group has submitted its ICFR information, disclosed to the markets in 2021, to an external audit. Consequently, the scope of the auditing procedures has been completed according to Circular E14/2013, of 19 July, of the Spanish Institute of Chartered Accountants (*Instituto de Censores Jurados de Cuentas de España*), which publishes the Action Guide and standard auditor's report regarding information related to the internal control system over financial reporting (ICFR) of listed companies in Spain.

G DEGREE OF COMPLIANCE WITH THE COPRORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company´s conduct. General explanations are not acceptable.

1. That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.

Complies X Explain

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.

b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies Complies Partially Explain Not Applicable X

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:

a) Changes that have occurred since the last General Shareholders' Meeting.

b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Complies X Complies Partially Explain

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors, that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders.

And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies X Complies Partially Explain

5. That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

Complies X Complies Partially Explain

6. **That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:**

    a) **Report regarding the auditor's independence.**

    b) **Reports regarding the workings of the audit committee and the appointments and remuneration committee.**

    c) **Report by the audit committee regarding related-party transactions**

    d) **Report on the corporate social responsibility policy.**

Complies X Complies Partially Explain

7. **That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.**

    And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.

Complies X Complies Partially Explain

8. **That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.**

Complies x Complies Partially Explain

9. **That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.**

    And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.

Complies X Complies Partially Explain

10. **That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:**

    a) **Immediately distributes the additions and new proposals.**

    b) **Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.**

    c) **Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.**

    d) **That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.**

Complies Complies Partially Explain Not Applicable X

11. **That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establish**

in advance a general policy of long-term effect regarding such payments.

Complies Complies Partially Explain Not Applicable X

12. **That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximization of the economic value of the business.**

    And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and in the environment.

Complies X Complies Partially Explain

13. **That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.**

Complies X Explain

14. **That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:**

    a) Is concrete and verifiable;

    b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and

    c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

    That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

    The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies X Complies Partially Explain

15. **That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.**

    And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies X Complies Partially Explain

16. **That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.**

    This criterion may be relaxed:

    a) In large-cap companies where very few shareholdings are legally considered significant.

    b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies X Explain

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalization or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies X Explain

18. That companies publish and update the following information regarding directors on the company website:

a) Professional profile and biography.

b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of its nature.

c) Category of director, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.

d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.

e) Company shares and options they own.

Complies X Complies Partially Explain

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honored, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honored.

Complies Complies Partially Explain Not Applicable X

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies Complies Partially Explain Not applicable X

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies X Explain

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies X Complies Partially Explain

23. **That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.**

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies X Complies Partially Explanation Not Applicable

24. **That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.**

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies X Complies Partially Explain Not Applicable

25. **That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.**

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies Complies Partially X Explain

While the company does not establish specific rules on the number of Board of Directors of which its directors can be part, the Appointments and Compensations Committee ensures that the non-executive directors have the appropriate time for the fulfilment of their functions. The result of the evaluation described above in section C.1.17 of this report confirmed the appreciation of the members of the Board on such dedication, and specifically on Chairman's availability, time and attention.

26. **That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.**

Complies X Complies Partially Explain

27. **That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.**

Complies Complies Partially x Explain

One of the Board Members was unable to attend an extraordinary meeting of the Board for unforeseen reasons and it was not possible for him to appoint a proxy with instructions.

28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party.

Complies X Complies Partially Explain Not Applicable

29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.

Complies X Complies Partially Explain

30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.

Complies X Explain Not Applicable

31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall by duly recorded in the minutes.

Complies X Complies Partially Explain

32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies X Complies Partially Explain

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organize and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.

Complies X Complies Partially Explain

34. That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.

Complies Complies Partially Explain Not Applicable X

35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.

Complies X Explain

36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:

a) The quality and efficiency of the Board of Directors' work.

b) The workings and composition of its committees.

c) Diversity of membership and competence of the Board of Directors.

d) **Performance of the chairman of the Board of Directors and the chief executive officer of the company.**

e) **Performance and input of each director, paying special attention to those in charge of the various Board committees.**

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies X Complies Partially Explain

The company complies with the totality of this recommendation, with the exeption of the assistance by external advisor, which the board has for the time being not introduced, in view of the improvements developed in the evaluation procedure and the results of the same.

37. **That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.**

Complies Complies Partially Explain Not Applicable X

38. **That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.**

Complies Complies Partially Explain Not Applicable X

39. **That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.**

Complies X Complies Partially Explain

40. **That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.**

Complies X Complies Partially Explain

41. **That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.**

Complies X Complies Partially Explain Not Applicable

42. **That in addition to the provisions of applicable law, the audit committee should be responsible for the following:**

1. **With regard to information systems and internal control:**

a) **Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational , technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of**

the scope of consolidation and the correct application of accounting criteria.

b) **Ensure the independence and effectiveness of the group charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company (including reputational); receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.**

c) **Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.**

d) **Generally ensuring that internal control policies and systems are effectively applied in practice.**

2. **With regard to the external auditor:**

a) **In the event that the external auditor resigns, examine the circumstances which caused said resignation.**

b) **Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.**

c) **Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.**

d) **Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.**

e) **Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.**

Complies X Complies Partially Explain

43. **That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.**

Complies X Complies Partially Explain

44. **That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.**

Complies X Complies Partially Explain Not Applicable

45. **That the risk management and control policy identify, as a minimum:**

a) **The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company faces, including financial or economic risks, contingent liabilities and other off balance sheet risks.**

b) **A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.**

c) **Fixing of the level of risk the company considers acceptable.**

d) **Means identified in order to minimize identified risks in the event they transpire.**

e) **Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off balance sheet risks.**

Complies X Complies Partially Explain

46. **That under the direct supervision of the audit committee or, if applicable, of a specialized committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:**

    a) **Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.**

    b) **Actively participate in the creation of the risk strategy and in important decisions regarding risk management.**

    c) **Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.**

Complies X Complies Partially Explain

47. **That members of the appointment and remuneration committee -- or of the appointments committee and the remuneration committee if they are separate – are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.**

Complies X Complies Partially Explain

48. **That high market capitalization companies have formed separate appointments and remuneration committees.**

Complies Explain Not Applicable X

49. **That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.**

    And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies X Complies Partially Explain

50. **That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:**

    a) **Propose basic conditions of employment for senior management.**

    b) **Verify compliance with company remuneration policy.**

    c) **Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.**

    d) **Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.**

    e) **Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.**

Complies X Complies Partially Explain

51. **That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.**

Complies X Complies Partially Explain

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

a) That they are comprised exclusively of non-executive directors, with a majority of them independent.

b) That their chairmen be independent directors.

c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.

d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.

e) That their meetings be recorded and the minutes be made available to all directors.

Complies X Complies Partially Explain

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies x Complies Partially Explain

54. The minimum functions referred to in the foregoing recommendation are the following:

a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.

b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.

c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.

d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.

e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies X Complies Partially Explain

55. That environmental and social sustainability policies identify and include at least the following:

a) **The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct**

b) **Means or systems for monitoring compliance with these policies, their associated risks, and management.**

c) **Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.**

d) **Channels of communication, participation and dialogue with stakeholders.**

e) **Responsible communication practices that impede the manipulation of data and protect integrity and honour.**

Complies X Complies Partially Explain

56. **That directors remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.**

Complies X Explain

57. **That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.**

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged sell in order to meet the costs related to their acquisition.

Complies X Complies Partially Explain

58. **That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.**

And, in particular, that variable remuneration components:

a) **Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.**

b) **Promote sustainability of the company and include non-financial criteria that are geared towards creating long-term value, such as compliance with rules and internal operating procedures and risk management and control policies.**

c) **Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.**

Complies X Complies Partially Explain Not Applicable

59. **That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.**

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the

payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies X Complies Partially Explain Not Applicable

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies x Complies Partially Explain Not Applicable

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies X Complies Partially Explain Not Applicable

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favorable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies Complies Partially X Explain Not Applicable

In the current systems, periods ranging from one to three years elapse between the moment of delivery of the right and the moment of its materialization in shares. These proposals, as well as the most recent LTIP of the executive Directors, were approved by the General Meeting on 30/5/2019 with 97% of votes in favour. In any case, following the dialogue maintained by the Company in its corporate governance roadshows, this recommendation will be taken into consideration in the future compensation policy.

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies X Complies Partially Explain Not Applicable

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies Complies Partially X Explain Not Applicable

Regarding the CEO, the foregoing recommendation is fully accomplished, while in case of the CFO, it is accomplished but sections 4.3 (iii) – Termination and (iv) Post contractual non-compete clause of the Directors' Remuneration Policy. Likewise, it is also clarified in respect the CFO, that the level of compliance would vary considering the impact in the remunerations systems linked to share value.

In this respect, the company will take investors´ feedback, and this recommendation will be taken into consideration in the future compensation policy.

H FURTHER INFORMATION OF INTEREST

1. **If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.**

   With respect to the notes on Recommendation 27, this was a one-off and exceptional situation since one of the Board members was unable to attend an extraordinary Board meeting for unforeseen reasons and it was not possible for him to grant his proxy.

   With respect to the notes on Recommendations 25, 62 y 64 (which the Company complies partially), to point out that ESG Committee, within the framework of its duties, performs an annual analysis on the situation of the Company in the field of good corporate governance, which is afterwards ratified by the Board, which includes consideration of the measures that Company adopts to ensure the compliance with the objectives of the principles on which the recommendations are based.

   Likewise, as mentioned in section C.1.3, the Company is proactive in corporate governance matters and dialogue with its stakeholders. It values and dedicates yearly efforts to the engagement campaign with proxy advisors and main shareholders, including the participation of the Chairman of the Appointments and Compensation Committee.

   This dialogue proved to be fruitful considering the high quorum at the 2021 AGM (73, 90% of the share capital) which was held on an exclusively remote basis. Moreover, the Company has also been interested in the reasons for the abstention or lesser support for certain items on the Agenda in recent years and especially in the consultative vote of the IAR. The Company has listened and taken note of the motivations expressed, which have been considered in the design and drafting of the new remuneration policy to be presented to the 2022 General Meeting.

2. **This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.**

   Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.

   In respect of G.63 and for clarification purposes, the remuneration policy approved by the AGM on 30 May 2019 establishes that "*Pursuant to article 27.1 of the Board of Directors' Regulation, remuneration comprising the delivery of shares of the Company or of its group companies, share options or other share-indexed instruments, variable payments indexed to the Company's performance or membership of pension schemes will be confined to executive directors. Deductions should be made to remuneration linked to Company earnings in line with any qualifications stated in the external auditors' report that reduce such earnings*". Likewise, it establishes that "*If accredited inaccuracies in the data taken into account for the purpose of awarding the PSUs are observed, mechanisms will be implemented so that the Company may claim the refund of the amount corresponding to the relevant PSUs, net of any withholding, taxes or fees, effectively received by each executive director*". As per applicable law, this would also be the case to the amounts perceived as annual bonus in cash.

3. **The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July, 2010**

   Applus Services, S.A is adhered to the UN Global Compact and is Advanced Level since 2018, following the 10 UN principles.

   Applus+ participates in the Carbon Disclosure Project (CDP) since 2017, obtaining a B in 2020. Likewise, Applus+ has been recognised with "AA" by agency MSCI ESG Research in 2019

Applus+ adopted the United Nations Sustainable Development goals (SDGs) as a framework to align its corporate social responsibility goals. At least nine of the UN's 17 SDG goals are directly relevant to Applus+ businesses.

Applus+ is included in FTSE4GoodIBEX since 2019.

During 2021, Applus+ has been recognized by Gaïa Rating (71/100 points), and Sustainalytics has rated the Group with 15.6 points ("low risk" ESG companies).

Applus+ has adopted the GRI standards, SASB (Sustainability Accounting Standards Board) and the recommendations of the TFCD (Task Force on Climate-Related Financial Disclosures) for its non-financial reporting.

Applus+ has adhered to the European Charter of principles signed by organizations to highlight their commitments to the diversity and inclusion in the workplace. European Commission Member for the Diversity Charter (2021-2023).

Applus+ has joined the Initiative of the Spanish Ministry of Presidency to promote a balanced participation of women and men in decision-making in business and economic environment. "*Más mujeres, mejores empresas*" in 2021.

Applus+ are adopting the Women's Empowerment Principles defined by the United Nations.

Applus+ is included in the Network of Inclusive Companies (Andorra) as of 2021.

This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on 24 February 2022.

State whether any directors voted against or abstained from voting on this report.

Yes [ ] No [x]

Name of director who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons

Observations

Applus Services, S.A. and Subsidiaries

Annual Remuneration Report

ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

IDENTIFICATION DETAILS OF ISSUER

REFERENCE YEAR END DATE 31/12/2021

TAX IDENTIFICATION CODE: A64622970

Company Name:

APPLUS SERVICES, S.A.

Business Address:

c/ Campezo 1, Edificio 3

Parque Empresarial Las Mercedes, Madrid

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.

<u>2021</u>

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.

2022

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) Variable annual remuneration:

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) <u>Long-term incentive plan:</u>

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.

<u>2021</u>

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.

<u>2022</u>

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.

<u>2021</u>

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.

2021

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.

2021

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.

2021

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.

<u>2021</u>

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

Applus Services, S.A. and Subsidiaries

Independent Limited Assurance Report

Alternative Performance Metrics

- **AD -** IDIADA accelerated depreciation, to adapt assets useful life to contract/concession duration
- **Adjusted measures** are stated before other results
- **AOP,** Adjusted Operating Profit
- **CAGR,** Compounded Annual Growth Rate
- **Capex,** realized investments in property, plant & equipment or intangible assets
- **Cash conversion,** calculated as the ratio of EBITDA minus capex & change in working capital over EBITDA
- **EBITDA,** measure of earnings before interest, taxes, depreciation and amortisation
- **EPS,** Earnings per share
- **EV,** Electrical Vehicle
- **FX,** Foreign exchange
- **Free Cash Flow,** operating cash generated after capex investment, working capital variation and tax & interest payments and before leases
- **Leverage,** calculated as Net Debt/LTM Ebitda as per bank covenant definition
- **LTM,** Last twelve months
- **Net Debt,** current and non-current financial debt, other institutional debt less cash. As per bank covenant definition, calculated at annual average exchange rates and pre-IFRS16
- **Net Profit,** measure of earnings operating profit after interest, taxes and minorities
- **Operating Profit,** measure of earnings before interest and taxes
- **Other results** are those impacts corrected from the relevant measures to provide a better understanding of the underlying results of the Group, for example: amortisation of acquisition intangibles, restructuring, impairment and transaction & integration costs
- **P.A.,** per annum
- **PPA Amortisation** corresponds to the amortisation of the Purchase Price Allocation related to acquisitions, allocated to intangible assets and Goodwill reduction for finite life concessions
- **ROCE,** Net Adjusted Operating Profit After Tax/Capital Employed
- **WC,** Working Capital

Research and Development activities

Innovation is one of the pillars of the CSR policy of the Applus Group. In the Corporate Social Responsibility Report (which is part of this consolidated management report can be consulted in the subsequent annexes of this report. They are also available in Applus Group webpage and in the “Comisión Nacional del Mercado de Valores” (CNMV)‘s webpage) all the issues related to Research and Development activities are described in detail.

Treasury share transactions

At 31 December 2021, the Group held a total of 408,098 treasury shares at an average cost of EUR 8,40 per share. The value of these treasury shares totalled EUR 3,427 thousand, which is recognised under “Treasury Shares” in the accompanying consolidated statement of financial position as at 31 December 2021 (see Note 3.x).

At 31 December 2020, the Group held a total of 317,809 treasury shares at an average cost of EUR 8.38 per share. The value of these treasury shares totalled EUR 2,664 thousand, which is recognised under “Treasury Shares” in the accompanying consolidated statement of financial position as at December 2020 (see Note 3.x).

Events after the reporting period

No events have occurred since 31 December 2021 other than those described in the notes to the accompanying consolidated financial statements.

Use of financial instruments

The Group uses financial derivatives to eliminate or significantly reduce certain interest rate and foreign currency risks relating to its assets. During 2021 the Group has not acquired any financial derivative instruments.

Disclosures on the payment periods to suppliers

The Group companies with tax residence in Spain adapted their payment periods in line with Additional Provision Three “Disclosure Obligation” of Law 15/2010, of 5 July (amended by Final Provision Two of Law 31/2014, of 3 December). Detailed below are the disclosures required by the Spanish Accounting and Audit Institute (ICAC) Resolution of 29 January 2016 to be included in notes to the financial statements in relation to average payment periods to suppliers in commercial transactions.

	2021	2020
	Days	
Average payment period to suppliers	60	64
Ratio of transactions settled	61	66
Ratio of transactions not yet settled	49	52
	Thousands of Euros	
Total payments made	161,073	143,740
Total payments outstanding	19,610	20,547

The data shown in the table above relates exclusively to the Spanish companies. The data referred to payments to suppliers relate, pursuant to the ICAC Resolution, to commercial transactions relating to goods supplied and services provided since the entry into force of Law 31/2014, of 3 December 2014.

Suppliers, solely for the purpose of disclosing the information provided for in this resolution, are considered to be trade creditors for the supply of goods and services and are included under "Current liabilities - Trade and other payables" in the accompanying consolidated statement of financial position.

"Average payment period to suppliers" is understood to be the period between the supply of the goods or the provision of the services on the supplier's account and the effective payment of the transaction.

The maximum payment period applicable to the Spanish consolidated companies under Law 3/2004, of 29 December 2004, on combating late payment in commercial transactions, is 30 days. This period may be extended by an agreement between the parties, but under no circumstances should be superior to 60 natural days (same legal period in 2020).

However, most of the payments outstanding by the Spanish consolidated companies at year end has been paid during the first two months of the year 2022.