

# **Applus Services, S.A. and Subsidiaries**

Integrated Consolidated Directors'  
Report of Consolidated Financial  
Statements for the year ended 2022

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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 2022

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

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

## **INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT OF APPLUS SERVICES, S.A. AND SUBSIDIARIES FOR 2022**

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 2022 of Applus Services, S.A. and Subsidiaries ("Applus" or "the Group"), which forms part of the Consolidated Directors' Report of Applus.

The content of 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 ("GRI Standards") that was not the subject matter of our verification. In this regard, our work was confined solely to verifying the information identified in the cross-reference tables: "GRI and Global Compact", "Spanish Act 11/2018" and "European Regulation 2020/852" of the Financial and Non-Financial Information (ESG) Report.

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### **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 with reference to GRI Standards. 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 following the criteria of the selected Sustainability Reporting Standards of Global Reporting Initiative (GRI Standards), as well as other criteria described as indicated for each matter in the cross-reference tables: "GRI and Global Compact", "Content of Spanish Law 11/2018" and "European Regulation 2020/852" of the Financial and Non-Financial Information (ESG) Report.

This responsibility 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.

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## Our Independence and Quality Management

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

Our firm applies the international standards on quality in force and, accordingly, maintains a quality system of quality that includes 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 on economic, social and environmental performance.

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## Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. We conducted our work 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 (ISAE 3000 Revised), 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 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 2022 based on the materiality analysis performed by Applus and described in the "Commitment to the 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 2022.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2022 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 2022, and the appropriate compilation thereof based on the data furnished by information sources
- Obtainment of a representation letter from the directors and management.

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### 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 information on how and to what extent an undertaking's activities are associated with aligned economic activities in relation to the climate change mitigation and climate change adaptation objectives for the first time for 2022, in addition to the information referring to eligible activities required in 2021. As a result, the accompanying NFIS does not include comparative information in relation to alignment. Also, since the information referring to eligible activities in 2021 was not required with the same level of detail as in 2022, the information disclosed in relation to eligibility in the accompanying NFIS is similarly not strictly comparable. In addition, it should be noted that the directors of Applus included information on the criteria which, in their opinion, best enables them to comply with the aforementioned obligations and which are defined in the "European Taxonomy" section of chapter 9 of the Financial and Non-Financial Information (ESG) Report. Our conclusion is not modified in respect of this matter.

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## 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 2022 was not prepared, in all material respects, with reference to GRI Standards.
- b) the NFIS of Applus for the year ended 31 December 2022 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and following the criteria of the selected GRI Standards, as well as other criteria described as indicated for each matter in the cross-reference tables: "GRI and Global Compact", "Spanish Act 11/2018" and "European Regulation 2020/852" of the Financial and Non-Financial Information (ESG) Report.

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## 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

23 February 2023

**Applus Services,  
S.A. and  
Subsidiaries**

Financial and Non-Financial  
Report (ESG) 2022

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## 01. ABOUT APPLUS+

### GRI 2-6

Applus+<sup>1</sup> is a worldwide leader in the testing, inspection and certification (TIC) 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 over 65 countries.

We are accredited by the main control bodies in the countries where we operate, certifying our performance and independence. Our business strategy is aligned with major global trends in energy transition, electrification, and connectivity. Driven by our passion for progress and technological development, we are moving together with our clients towards a more sustainable future by deploying our motto *Together beyond standards*.



Number of employees at December 31st 2022 26,414



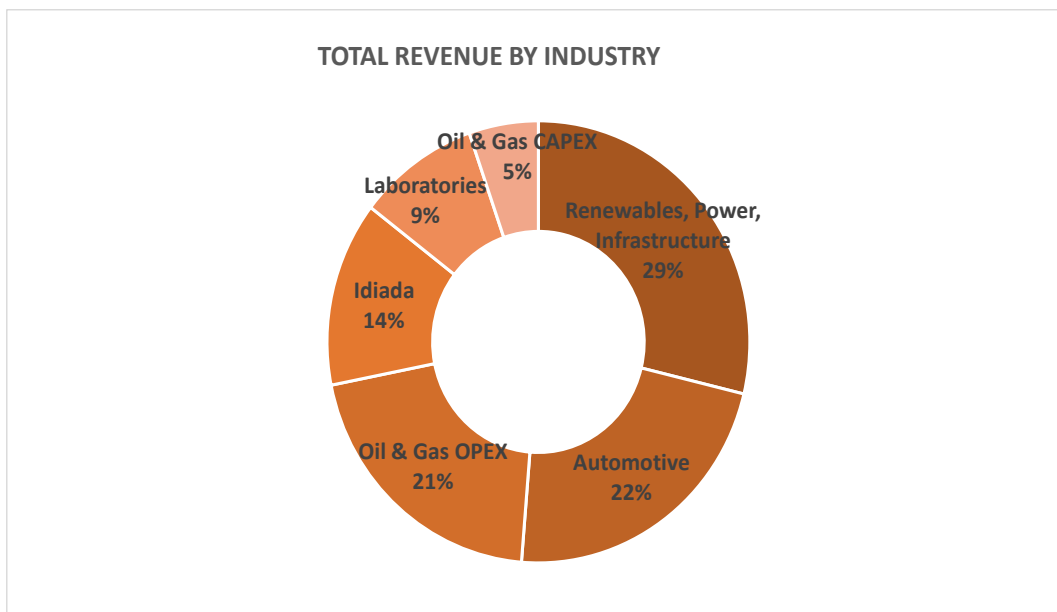
Total revenue (M€) at December 31st 2022 2,049.9



Countries across all continents at December 31st 2022 68

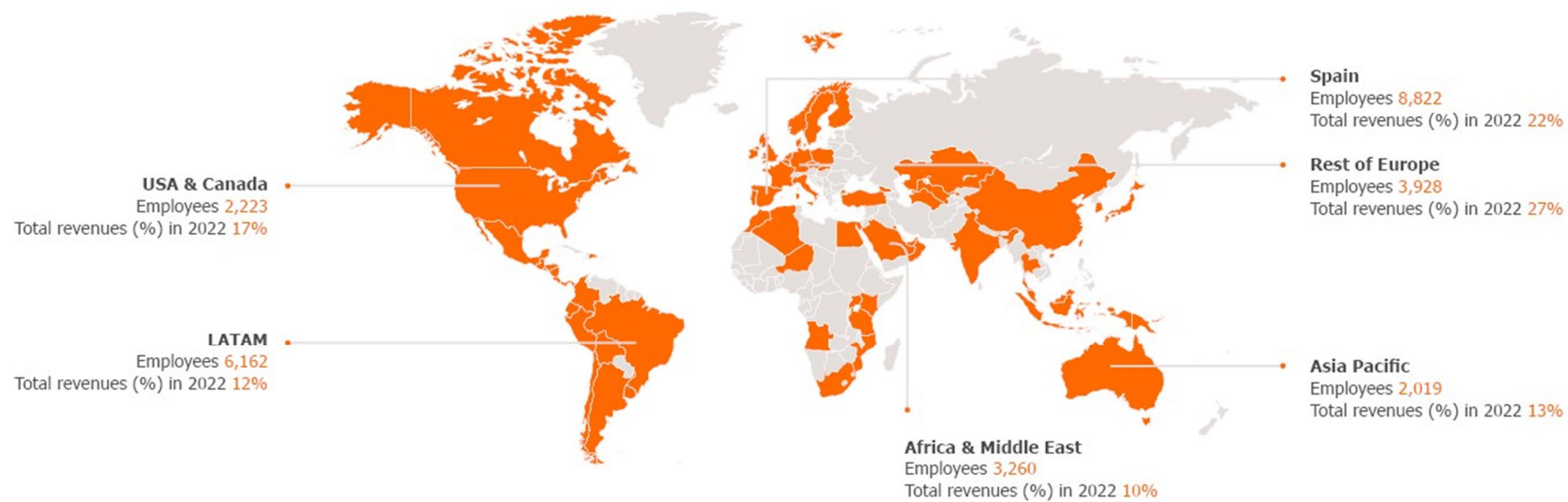


Accredited by major international organisations















<sup>1</sup> Sometimes Applus+ will be mentioned, as "the company".

## Global presence



## Our divisions and industries where we operate

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

ENERGY & INDUSTRY DIVISION	LABORATORIES DIVISION	AUTOMOTIVE DIVISION	IDIADA DIVISION				
<p>We enhance the performance and profitability of our clients' assets and infrastructure, minimising both their operational and environmental risks, while ensuring the quality of their processes. We place a strong emphasis on technological development, digitalisation and innovation, as well as on having the latest knowledge of regulatory requirements.</p>	<p>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.</p>	<p>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 12 countries. In 2022, the Division has carried out over 15 million vehicle inspections and, in addition, a further 10 million inspections were delivered by third parties.</p>	<p>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. The Catalanian government is preparing the tender for the new period.</p>				
<p><b>Core services:</b></p> <ul style="list-style-type: none"> <li>Inspection</li> <li>Non-destructive testing</li> <li>Engineering and consulting</li> <li>Supervision and quality management</li> <li>Testing and analysis</li> <li>Vendor surveillance</li> <li>Energy efficiency</li> <li>Certification services</li> </ul>	<p><b>Core technologies:</b></p> <ul style="list-style-type: none"> <li>Mechanical and Structural</li> <li>Electrical and Electronics (EMC)</li> <li>Cybersecurity</li> <li>Fire and Building Materials</li> <li>Metrology and Calibration</li> <li>Systems Certification</li> </ul>	<p><b>Core services:</b></p> <ul style="list-style-type: none"> <li>Statutory vehicle inspections for government programmes</li> <li>Driver-testing inspections</li> <li>Public-service vehicle inspections</li> <li>Off-leasing vehicle inspections</li> <li>Vehicle condition, emission and registration inspection</li> <li>Road-safety education</li> </ul>	<p><b>Core services:</b></p> <ul style="list-style-type: none"> <li>Testing and engineering services</li> <li>Worldwide homologation and product certification</li> <li>Proving ground</li> <li>Facility and design services</li> </ul>				
<p><b>Principal industries:</b></p> 	<p><b>Principal industries:</b></p> 	<p><b>Principal industries:</b></p> 	<p><b>Principal industries:</b></p> 				
<p><b>16,558</b> </p>	<p><b>1,120.7M€</b> </p>	<p><b>2,033</b> </p>	<p><b>190.4M€</b> </p>	<p><b>4,945</b> </p>	<p><b>460.9M€</b> </p>	<p><b>2,878</b> </p>	<p><b>278.0M€</b> </p>

## 02. LETTER FROM THE CHAIRMAN AND THE CEO

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GRI 2-22

"We continue to pursue the Group's strategic plan for 2022-2024 to deliver on our financial and environmental, sustainability and governance objectives, giving us the capability to adapt to today's challenges and those in the future." Christopher Cole. Chairman of the Board of Directors.

Welcome to the Applus+ Group's Financial and Non-Financial Information Report for 2022.

Christopher Cole, Chairman, and Joan Amigó, Chief Executive Officer, discuss the Group's ESG strategy delivery in 2022 and how our trajectory for sustainability is fundamental to the unlocking value from the company's TIC services.

### **How will the appointment of a new CEO change the Group's strategy?**

*Christopher Cole:*

In November 2021, the Board ratified and published the Group's Strategic Plan 2022-2024 to address the challenges in the global economy impacting our markets. The Strategic Plan is grounded on the three pillars supporting the company's growth: Leadership, Innovation and Technology and a Trusted Partner.

Today, the fundamentals in the TIC sector and our markets remain unchanged. We continue our focus to unlock value by evolving our service portfolio, aligning growth with key megatrends, enhancing shareholder returns and focusing on ESG.

Let me introduce our new CEO, Joan Amigó, who has stepped up from his fifteen years as CFO at the Applus+ Group, to outline his vision for delivering the targets set for the company's strategic commitments.

*Joan Amigó:*

Thank you, Chris. The Strategic Plan 2022-2024 remains at the centre of our work. The key megatrends - energy transition, electrification and connectivity – offer considerable opportunities across our businesses, where we'll evolve our portfolio to end-markets targeted for higher growth and to mitigate business risk.

For ESG, I'm delighted how the Group continues to deliver on our commitments to be part of a greener and fairer world. The Group's leadership team has a strong vision for Applus+ to assist our clients, industries and communities to mitigate the risks of energy transition and climate change. And we continue to support our diverse professionals to join Applus+ and reach their full potential, whatever their backgrounds.

In 2022, we also furthered our long-held commitment to ESG by linking our management teams' remuneration to reaching strengthening targets.

### **How does Applus+ assess the current global economy and the impact on the company?**

*Christopher Cole:*

In the shadow of the global pandemic, 2022's dramatic changes in global energy prices, the knock-on effect of higher inflation and the increased urgency around climate change, have set more challenges for the Group's leadership and management.

We are fortunate in that our business is about helping companies to adapt, inspecting assets and products to ensure they comply with regulations, be it for safety or for environmental or for a host of other requirements, and this makes us a naturally resilient business to global economic changes.

*Joan Amigó:*

Yes, Applus+ is a naturally resilient business. Nevertheless, it is led by a focus on ensuring we are constantly changing and moving towards a portfolio of businesses that are of higher value and have long term growth. For this we invest in the growth markets of the future and we make highly targeted acquisitions for portfolio and market fit. This is supported from the strong cash generation and strong commitments for external funding. Obviously, our professionals are critical to this success, so we have invested in our professionals' skills, talent and wellbeing.

The Applus+ Group is focused on repositioning our global businesses in line with the megatrends impacting our divisions' markets. This included the acquisition of 15 companies since 2020 bringing in a total cumulative revenue of €255 million or 12% of our current total Group revenue, across the Energy & Industry, Automotive and Laboratories Divisions.

### **What is the role of Applus+ in today's society?**

*Christopher Cole:*

As a global TIC company, the welfare, safety and protection of people, equipment and natural resources are at the heart of what Applus+ and our professionals do. This is backed by our commitment to the UN's SDGs and the Global Compact, reflected in the Group's policy for ESG.

Although the direct environmental imprint from the services we deploy is low, we continue to focus on more sustainable delivery setting ambitious goals to reduce GHG emissions across our global operations.

*Joan Amigó:*

Applus+ has a very important role to contribute to the communities where we operate. I would like to highlight innovation and digitalisation within the Group as a major driving force.

Mobility is a key focus for Applus+, and we continue to develop key elements of advanced air mobility in multiple scenarios such as remote inspections solutions with drones including high-accuracy DROPS (Dropped Object Prevention Scheme) in Brazil, or topographic surveying as in the GPS-RTK (GPS real-time kinematic positioning) and GNSS (relative positioning technique). And for the megatrend of electrification in mobility, we are leading collaborators on projects like GEMSTONE for hydrogen fuel cells or MARBEL to produce more sustainable, high-performance modular battery packs.

We have also started to measure the revenue we generate from providing services that have a positive impact on society. We have been doing this for environment since 2019 and combining these two categories, I am pleased to say that more than half of our Group revenue has a positive impact on either the environment or society. We now call these our revenue from Sustainability Services. In 2021 this was 49% of our Group revenue and in 2022 it was 51%, being an absolute growth rate of this revenue by 18% year on year.

## **What examples can you give of these Sustainability Services?**

*Joan Amigó:*

It is quite a broad range. Under the umbrella of environment which is 22% of our Group revenue, we include exhaust emission inspection from vehicles, to ensure that they do not exceed legally permitted levels. Without this regulation and the services companies like ours provide, air pollution would be much higher. We inspect the plans and then construction and operation of wind and solar plants. We are working on doing the same in the nascent green hydrogen industry. We also support manufacturers design new energy efficient means of transport such as electric and hybrid vehicles, lightweight aerospace materials, and railway infrastructure. And where we have a positive impact on society that we measure is 29% of our total Group revenue we can include the inspection for the roadworthiness of the vehicles themselves to make sure the lights, brakes, tyres and many other safety points are all working. This reduces the incidence of accidents due to faulty cars. And we test and certify a whole range of products, assets and systems for compliance to regulatory standards to ensure that safety does not fall below certain thresholds.

## **What value does the company place on the professionals who work there?**

*Joan Amigó:*

The professionals at Applus+ are the driving force behind the Group's success. They are the face of our business and the source of knowledge behind our innovative services.

We recognise the massive contributions they have made over the past three, challenging years, and we listen to our employees' opinions and concerns. For example, in 2022, we launched pulse surveys in seven countries to improve their work environment, and set up the Applus Voice initiative to build closer relationships in our UK operations. In other countries and divisions, we started initiatives like 'Getting back together with renewed energy', and we provided 'meeting spaces' activities.

To promote a culture which puts the wellbeing and safety of our people first, we run initiatives like the Annual Safety Day, now in its 9th year, what led us to achieve a reduction of the accident rate by 27% in 2022.

*Christopher Cole:*

We also have specific initiatives and memberships based on our Global Anti-Discrimination Policy to strengthen our commitment to diversity, inclusion and equality, including European Diversity Charter and UN Women initiative.

In 2022 we increased the female worker percentage to 21% in the industries where we operate and those that have historically been male-dominated. We have a good rate of cultural diversity with 87% of our employees being local and we also promote the inclusion of vulnerable groups into the workforce.

We celebrate international days, almost annually, that give visibility to vulnerable groups, minorities and highlight the cultural contribution and the reality of indigenous and ethnic groups.

## **How is the company involved in the fight against climate change?**

*Christopher Cole:*

The Applus + Group is firmly committed to contributing to the mitigation of climate change. We have transferred this commitment by defining ambitious GHG emission reduction goals, aimed at effectively reducing our carbon footprint, and defining action plans for their fulfilment.

During 2022, we actively expanded our accounting and reporting of emissions to establish more adequate measures to reach our overall goals and also during 2022 we joined the United Nations Framework Convention on Climate Change "Race to Zero" campaign to eliminate carbon emissions by 2050 and thereby aligning with the 1.5 degrees centigrade trajectory limit of global warming above pre-industrial levels. In order to achieve this ambitious target by 2050, we have near term targets for 2030 that have been validated by the Science Based Targets initiative. I think this shows that we are serious about our commitments here.

*Joan Amigó:*

Applus+ approaches the challenge of energy transition through innovation, assisting companies to evolve towards more efficient, sustainable models and solutions for renewable energy.

The company's focus on innovation is based on strengthening our knowledge and technology, and working closely with our suppliers, partners and clients with whom we have reached agreements for large-scale projects. To this end, we have an extensive research, development and innovation portfolio in various technological lines and in digitalisation.

Applus+ joined Klima Energy Transition Tech Fund through the Applus+ Venture initiative with the aim to participate in a network which opens partnership opportunities with innovative companies with technologies to support the energy transition and decarbonisation.

### **How do external agencies rate Applus+?**

*Christopher Cole:*

We are very pleased with the ratings we have received in the ESG rankings. The ratings are a useful benchmark to see how we are doing compared to other companies both in our sector and out and in Spain, Europe and globally.

We are among 2022 Europe's Climate Leaders according to 'The Financial Times'. This achievement sits alongside strong recognitions like from S&P Global, Sustainalytics, MSCI ESG Ratings, CDP, Gaia and being included in the FTSE4Good IBEX. Standard Ethics has placed Applus+ first in the list of 20 listed mid-cap Spanish companies in the SE Mid Spanish Index, and most recently, we have been included in the Ibx Gender Equality Index.

*Joan Amigó:*

We are proud to have received this rating from Standard Ethics. It properly reflects the effort we are making in ensuring high levels of good Governance, as well as striving to be a force for good in society, especially for our people, our communities, the environment and our customers, whom we support in their sustainability efforts.

Just as important for us has been Standard & Poor's Global rating, ranking Applus+ as one of the best companies in the world for ESG in their S&P Global Corporate Sustainability Assessment.

### **How do you see Applus+ in the coming years?**





*Joan Amigó:*

In my new position as CEO, I look forward to the future and will work to ensure that Applus+ continues to lead change in the TIC sector and in the wider society, providing answers to the demands of stakeholders, driving innovation in response to current and future challenges, generating shareholder confidence and providing value to customers, employees, investors and society.

But for now, my focus is on delivering the plan we set out just over a year ago, as that is the pathway to achieve success for all these stakeholders.

## 03. OUR COMPANY

### Highlights

			
Economic/Business	Environment	Social	Governance
<p><b>15%</b> Revenue increase</p> <p><b>5</b> Acquisitions in companies with high technological component</p> <p><b>10</b> New patents</p> <p>Participation in <b>Klima</b> energy transition fund</p>	<p><b>SBTi<sup>2</sup> validation</b> Near term targets validated by SBTi</p> <p><b>66%</b> electricity from renewable sources</p> <p><b>4%</b> reduction of the energy intensity rate by revenues compared to last year</p> <p><b>32%</b> reduction of GHG emissions compared to the base year</p>	<p><b>Engagement surveys</b> Focused on psychosocial issues<sup>3</sup></p> <p><b>579,978</b> hours of training to employees</p> <p><b>1,064</b> People involved in innovation (not full-time dedicated)</p> <p><b>+27%</b> reduction in the lost time incident rate compared to 2021</p>	<p><b>44%</b> Females on the Board of Directors</p> <p><b>98%</b> Compliance with CNMV recommendations</p> <p><b>99%</b> Employees trained and committed to the <i>Code of Ethics</i></p> <p><b>ESG Indices</b> New recognitions, SE Mid Spanish Index (Standard Ethics) and S&amp;P Global</p>



ESG means "Environment, Social and Governance"

<sup>2</sup> SBTi. Science Based Target initiative <https://sciencebasedtargets.org/>

<sup>3</sup> In Spain, Chile, United States, Mexico, Colombia and United Kingdom

# Business model and value creation

GRI 2-23 GRI 2-24

	OUR INPUTS	OUR BUSINESS MODEL	OUR OUTPUTS	OUR VALUES FOR SOCIETY
Economic	Total Assets €2,432.6M Adjusted Free Cash Flow €226,2 M	<ul style="list-style-type: none"> <li>Our mission is to help society to mitigate risk, evaluating the quality and safety of products, assets and operations.</li> <li>We aim to become a world leader in our chosen markets, giving our customers the best technical solutions and service.</li> <li>Our values are integrity, transparency, impartiality and independence, and responsibility.</li> </ul>	€ 2,049.9M of total income € 202.0M of adjusted operating profit € 238.1M adjusted cash flow from operations € 66.2M in acquisitions €20.3M distributed to shareholders	We are a financially-sound company holding strong stakeholder confidence.
Business	750+ offices and laboratories €66.1M CAPEX +43.000 suppliers	 <p>Testing Certification Inspection</p> <p>Innovation Technical Assistance</p> <p><b>4</b> divisions</p> <p><b>10+</b> industrial sectors</p> <p><b>65+</b> countries across all continents</p> <p>ESG Approach</p>	426,867 hours invested in innovation 151 patents +80% our operations accredited or certified by third parties 51% sustainability services	Our projects contribute to the technological advancement, environmental protection and social development in many countries.
Environment	1,021,563GJ of energy consumed, 25% from renewable sources 1,050ML water consumed Targets of emissions reduction validated by SBTi		GHG emissions intensity (scope 1 and 2) of 2.14tCO2eq/employee 34% reduction in emissions (scope 1 and 2) 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		22 hours of training/employee 86% of employees are local staff 24% reduction in total recordable cases frequency since 2017 €49,431 donations	We are firmly committed to diversity, inclusion and equal opportunities. We support disadvantaged groups around the world through different initiatives.
Governance	9 directors 78% independent directors 44% female directors		99% employees trained in the <i>Code of Ethics</i> 98% 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.
				



For the first time, in 2022 **Applus+** assessed the impact of its business model on society and the environment, which is not reflected in our financial statements.<sup>4</sup>

**Global Impact Applus+**  
**€ 1,799 M**  
**37,751 workplaces**

FINANCIAL			SOCIAL		
+	Generated Economic Value	€ 1,184.M	€ 104 M	Training	+
-	Distributed Economic Value	€ -1,151 M	€ 6 M	R&D Investment	+
ENVIRONMENTAL			€ 8 M	Direct health savings	+
-	Carbon Footprint	€ -1 M	€ 9 M	Indirect health savings	+
-	Water	€ -2 M	€ -1 M	Accident rate	-
SOCIOECONOMIC					
...Impact on GDP			...Impact on employment generation ( <i>people</i> )		
+	Direct	€ 680 M	17,726	Direct	+
+	Indirect	€ 489 M	13,156	Indirect	+
+	Induced	€ 474 M	3,629	Secondary Indirect	+
			3,240	Induced	+

The dynamizing effect on society and the economy, associated with the distribution of wealth to suppliers, employees and public administrations, as well as the indirect and induced effect, generate a positive impact of €1,799 million<sup>5</sup> and 37,751 workplaces, which 47% of them is direct employment.

When analysing the value added to society, we observe that this is equivalent to 1.52 times the value of the organization's income (within the scope of the project), and 53.35 times the retained economic value (net profit).

<sup>4</sup> The methodology of impact assessment is included in the section Stakeholder engagement and materiality.

<sup>5</sup> These countries comprise 58% of total revenues and 67% of the workforce.

# Sustainability approach

GRI 2-23

## BUSINESS CONTEXT

In **2022**, the TIC sector recorded a **significant boost** in activities for several reasons: the introduction of new technologies and the need to ensure these comply with applicable quality and safety regulations, increased outsourcing and regulation, and the growing importance of sustainability.

In 2021, the Applus+ Group devised the strategy for the coming years, focused on harnessing new opportunities from the three **megatrends** which influence our sector most heavily worldwide:

- Energy Transition
- Electrification
- Connectivity

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

## FINANCIAL MANAGEMENT

GRI 207-1 GRI 207-2

At Applus+, sustainability means ensuring the company's continued economic performance. To this aim, the Group's proactive financial management sets out to provide resilience for our company and optimise benefits for all our stakeholders.

The Group's deployment of responsibilities ensures the effective management of the company.

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.

The Applus+ Group prepares our **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 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.

We are aware of the positive impact of our tax policy at the local level. We are therefore 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.

In October 2022, Julián José de Unamuno was appointed Chief Financial Officer, filling the vacancy left on the appointment of Joan Amigó as Chief Executive Officer of the Group. The appointment was effective on January 1, 2023.

"I am delighted that Julian has accepted the position. His experience will help me and the Board to continue executing our business strategy of adding value to the Applus+ Group. I am confident he will lead the financial department providing a new vision to strengthen and increase the profitability of the business." Joan Amigó, Chief Executive Officer.

## (ESG) ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG) APPROACH

GRI 2-23 GRI 2-24



At Applus+, we believe that our corporate responsibility goes beyond the financial performance of our services. We strive to make a significant positive impact on the environment and in the local communities where we operate.



The **ESG Policy**, built on our core principles, is implemented in all of the Group's regions and divisions and allows 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.




We hold various international days throughout the year to make our commitment visible and raise awareness of issues we consider key in line with our sustainability policy and lines of action.





OUR PEOPLE	 
<ul style="list-style-type: none"> <li>• We promote appropriate working conditions based on effective occupational health and safety programs, principles of non-discrimination, and human and workforce rights.</li> <li>• We strive for a fair and competitive environment within the framework of our Human Rights Policy, which provides opportunities for professional development and growth while retaining and attracting talented professionals.</li> <li>• We promote diversity among our employees based on the Global Anti-Discrimination Policy and the Diversity and Equality Policy.</li> <li>• We train our professionals to develop their competencies and acquire new skills.</li> <li>• We work to increase their level of satisfaction and commitment.</li> </ul>	

CORPORATE GOVERNANCE AND BUSINESS ETHICS	 
<ul style="list-style-type: none"> <li>• We are governed by corporate rules, policies and processes that define our corporate governance model.</li> <li>• We ensure compliance with our corporate governance model through our Board of Directors, ESG Committee and Chief Compliance Officer.</li> <li>• We ensure the dissemination of our Code of Ethics and promote compliance through our divisions, partners and suppliers.</li> <li>• 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.</li> </ul>	

STAKEHOLDER ENGAGEMENT	 
<ul style="list-style-type: none"> <li>• We strive to provide our stakeholders with the best results by operating ethically and responsibly.</li> <li>• We foster close communication with our customers to enable us to understand and anticipate their needs and meet their expectations.</li> <li>• We develop transparency in the Group's investor relations strategy, managing investors' expectations and providing a two-way dialogue on their concerns.</li> <li>• We foster partnerships that create synergies to expand our financial and non-financial performance. We convey our principles to our supply chain.</li> <li>• We engage with local communities in all the countries where we serve, supporting local development and helping to improve opportunities.</li> <li>• We work to improve communication channels to provide fast and effective responses to all our stakeholders.</li> </ul>	

INNOVATION	  
<ul style="list-style-type: none"> <li>• We foster innovation by building ESG principles into the expertise of our professionals and the services we develop.</li> <li>• We create a working environment that fosters innovation, incorporating digitalisation as an inherent part of any new development, and we provide the necessary resources.</li> <li>• We integrate innovation programmes in our different business units, stimulating and organising initiatives to promote innovative thinking among our employees.</li> </ul>	

SUSTAINABLE PERFORMANCE	 
<ul style="list-style-type: none"> <li>• We are involved in the preservation of our environment, and the Group is firmly committed to the actions mitigating climate change.</li> <li>• We apply policies and procedures to manage our operations based on the prevention of potential environmental impacts.</li> <li>• We establish objectives and strategies in line with our environmental commitment for the coming years.</li> <li>• We define comprehensive controls to ensure compliance with the environmental laws that apply to the Group in all countries where we operate.</li> <li>• We develop innovative services that help reduce the potential environmental impacts of our customers around the world.</li> </ul>	



## ESG ALLIANCES









### GRI 2-28

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

INSTITUTION PROGRAMME	PURPOSE	Applus+ PARTICIPATION
International Motor Vehicle Inspection Committee	Promotes programs and policies to make vehicles safer and cleaner.	Partner
American Society of Quality	Promotes best practices and leadership to improve the success of organisations.	Partner
United Nations' Global Compact	Seeks to align organisations' strategies with ten 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 disabilities 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 initiatives for persons with disabilities.	Partner
Portamento and Incorpora	Employment platforms that help persons with disabilities 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 until 2024)
"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 and in the Talentia360 Women Directives Master's
Women's Empowerment Principles defined by the United Nations	This UN initiative aims to promote equal opportunities, integration, and non-discrimination within an organisation.	Observant

INSTITUTION PROGRAMME	PURPOSE	Applus+ PARTICIPATION
Broad-Based Black Economic Empowerment	South African Government initiative to redress the legacy of social and economic exclusion from the days of racial segregation.	Level IV in BBBE-E certification
Buffalo Niagara Partnership Diversity & Inclusion Council in the USA	Committed to creating awareness about the competitive advantage of having a diverse and inclusive regional business through meetings with other employers and experts.	Participant
Northeastern Alberta Aboriginal Business Association (NAABA)	Association to promote Aboriginal recruitment in Canada.	Member
Canadian Council for Aboriginal Business	Association to promote Aboriginal recruitment in Canada.	Member

"With the aim of fostering our commitment to equality, cultural diversity, social inclusion and human rights, at Applus+, we have renewed our commitment to the European Commission's Diversity Charter. By signing this charter, we ratify our commitment to our employees, clients, suppliers, administrations, and other social agents." Carolina de Velasco, Internal Communication, Talent & Culture Leader

<p><b>CASE STUDY: NEW INCREASE IN OUR ESG RATINGS</b></p>	
<p>In 2022, the performance of the Applus+ Group in ESG has maintained its recognitions in terms of ratings and rankings, and the Group has received a further boost through new acknowledgments.</p>	
<ul style="list-style-type: none"> <li>• Sustainalytics</li> <li>• MSCI</li> <li>• CDP</li> <li>• FTSE4Good Ibox Index</li> <li>• Gaïa Rating</li> <li>• S&amp;P Global CSA</li> <li>• SE Mid Spanish Index (Standard Ethics)</li> </ul> <div style="display: flex; justify-content: space-around; align-items: flex-start; margin-top: 20px;"> <div style="text-align: center;">  <p>MSCI ESG RATINGS AA</p> </div> <div style="text-align: center;">  <p>FTSE4Good</p> </div> <div style="text-align: center;">  <p>CDP DISCLOSURE LEADER ACTION</p> <p>B Above average</p> </div> <div style="text-align: center;">  <p>S&amp;P Global 54/100 Top 19%</p> </div> </div> <div style="display: flex; justify-content: space-around; align-items: flex-start; margin-top: 20px;"> <div style="text-align: center;">  <p>standard ethics</p> <p>EE+ very strong</p> </div> <div style="text-align: center;">  <p>Gaïa RATING</p> <p>70/100 Above average</p> </div> <div style="text-align: center;">  <p>SUSTAINALYTICS</p> <p>15.6 low risk</p> </div> </div>	

# Strategic plan 2022-2024

GRI 2-23

Our strategy is established within the framework of responsible and sustainable business management that contributes to create value to society.

The strategy is built upon three pillars:

1.	2.	3.
<b>Leadership</b>	<b>Innovation &amp; Technology</b>	<b>Trusted Partner</b>
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. This relates to actions to take and targets to meet over the three-year period including 2022, 2023 and 2024.

The purpose behind the plan is “Unlocking Value” for the benefit of our shareholders and other stakeholders. Good progress was made in 2022, the first year of the Plan, and the Company is on track to meet all the original targets set out.

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 share buybacks.

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.

## FINANCIAL TARGETS

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

 <p><b>FINANCIAL TARGETS</b></p>	Revenue growth 2021-24 CAGR above 10%*
	<ul style="list-style-type: none"> <li>• Mid to high single digit organic</li> <li>• M&amp;A</li> </ul>
	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%	

\*Continuing operations

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

## 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:



## PROGRESS IN 2022

The Group made good progress in 2022, the first year of the Plan and is on track to meet the targets in 2024. The following table shows the key financial targets, the results achieved in 2022 and how the Group is progressing to date.

	METRIC	TARGET 2024	FY 2022	PROGRESS TO DATE
 Higher Revenue Growth	Organic Revenue Growth	Mid to high	8.0%	
 Significant Margin Improvement	AOP Margin <sup>1,2</sup>	12%	10.1%	
 Strong cash-flow generation	Average cash conversion rate	>70%	73%	
 Accretive Investments for the company	ROCE	>12%	10.5% up 30 bps	
 Enhance Shareholders' value	EPS Growth (CAGR) <sup>1</sup>	>13%	24.3%	

<sup>1</sup> Adjusted for Other Results and amortisation of acquisition intangibles

<sup>2</sup> Continuing Operations and Excluding IDIADA Accelerated Depreciation (AD)

Of the five listed financial targets, only the Adjusted Operating Profit (AOP) Margin has not progressed in 2022 as originally expected. This is due to the unexpected ending in July of 2022 of the large Auto division contract in Costa Rica, in addition to some other unexpected costs that arose in the year. Nevertheless, despite this set back, the Group is still confident of meeting the margin target by 2024.

The New Capital Allocation Policy that was designed to optimise returns to shareholders by maintaining strong cash flow generation and following a value-additive capital allocation strategy has been successfully complied with. The Company has in fact gone further, by announcing a second 5% share buyback programme following the completion of the first programme in the first half of 2022, whilst managing to reduce leverage from 2.7x in 2021 to 2.6x of net debt to EBITDA as a result of the strong growth in profit and cash flow. The company has continued to invest in both organic assets, spending €66 million in the year, plus a further €66 million on external acquisitions. And finally, the dividend being proposed to shareholders will be 16 cents per share, this being at the rate of 20% of adjusted net profit based on the share count at the end of the year.

**“We are fully committed to deliver on our Strategic Plan to unlock value, continuing to increase the return on capital and enhance returns to shareholders”.**

Joan Amigó. CEO

### ESG TARGETS

The Group also set out Sustainability Ambitions with specific targets relating to this to be achieved by 2024. Progress in this respect has also been good with all the targets on track to be achieved.

## Sustainability ambitions

### GRI 3-3

The results in 2022 endorse our ESG performance, successfully meeting the most of ambitions defined for 2024.

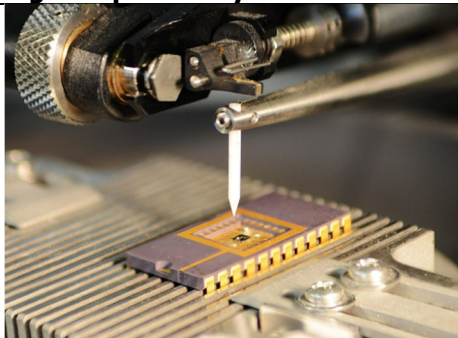



	<b>VISION</b>	<b>2024 TARGETS</b>	<b>2022 PERFORMANCE*</b>
<b>ENVIRONMENT</b>	Contribute to the environment by improvements in our operations and assisting our clients, and mitigate the negative impact of climate change on the Group's businesses.	30% reduction in Scope 1 and 2 emissions relative to 2019 results.  Be carbon neutral in Scope 1 and 2 by 2023  Plan to be net zero by 2050 according to SBTi	Completed  In progress  In progress
<b>SOCIAL</b>	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	Completed  Completed
<b>GOVERNANCE</b>	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 <i>Code of Ethics</i> commitment	Completed  Completed


\* For further improvement /In progress/Completed

<b>ACKNOWLEDGEMENTS</b>	MSCI ESG Index (AA) CDP (B) – Above average and in the "Management" category Sustainalytics – 15.6 Low risk FTSE4Good IBEX – Inclusion SE Mid Spanish Index – Inclusion	Gaia (70/100) – Top quintile of its category Standard Ethics – "Sustainable" with a rate of EE+, described as "very strong" S&P Global CSA (54/100 Top 19%)
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## Acquisitions and diversification

Applus+ has strengthened its portfolio through acquisitions in 2022 to offer a wider range of technology-intensive services, thereby providing a better response to market demand.

<p><b>Lightship Security</b></p> 	<p><b>ALPE Metrología Industrial</b></p> 
<p>Lightship is an accredited cybersecurity laboratory which specialises in certifying connected products for many of the world's leading product manufacturers.</p>	<p>ALPE Metrología Industrial (Industrial Metrology) is a calibration laboratory that stands out for its specialism in characterisation tests for clean rooms, laminar flow cabinets, biological safety cabinets and extraction cabinets.</p>
<p><b>Location:</b> North America</p>	<p><b>Location:</b> Spain</p>
<p><b>Division:</b> Laboratories</p>	<p><b>Division:</b> Laboratories</p>
<p><b>Date of Acquisition:</b> February 2022</p>	<p><b>Date of Acquisition:</b> April 2022</p>
<p><b>IDV Madrid</b></p> 	<p><b>K2 Engineering</b></p> 
<p>IDV operates three technical vehicle-inspection stations in the Community of Madrid, where it performs statutory vehicle inspections and taximeter testing.</p>	<p>K2 is a consultancy firm with a high technological component that advises its clients on environmental management, air and water quality, waste, noise, meteorology and flora and fauna conservation</p>
<p><b>Location:</b> Spain</p>	<p><b>Location:</b> Colombia, Peru, Ecuador y Guatemala</p>
<p><b>Division:</b> Automotive</p>	<p><b>Division:</b> Energy &amp; Industry</p>
<p><b>Date of Acquisition:</b> April 2022</p>	<p><b>Date of Acquisition:</b> July 2022</p>

<b>jtsec</b>	
	jtsec is a fast-growing cybersecurity certification company with an innovative approach to IT product certification and assessment of connected products to meet the increasing demand for products and systems requiring cybersecurity services driven by the Internet of Things (IoT).
	<b>Location:</b> Spain
	<b>Division:</b> Laboratories
	<b>Date of Acquisition:</b> July 2022

## Stakeholder engagement and materiality

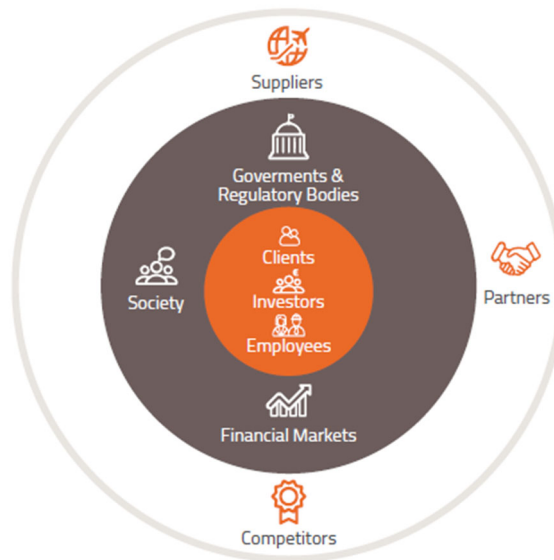
GRI 2-29 GRI 3-2 GRI 3-3 GRI 203-2 GRI 207-2

### BREAKDOWN OF OUR STAKEHOLDERS' RELATIONSHIP

Applus+ regards actively listening to our stakeholders as a key factor when defining and deploying our entrepreneurial strategy.

We maintain **communication channels** to ensure a **constant dialogue** that allows us to know exactly what our clients need and expect, and **report back** with openness, so stakeholders can view the results of our endeavors promptly.

Three levels of relationship have been defined, scaled from lesser to greater importance for Applus+. Our clients, employees and investors stand as our top priorities at the centre of our communication strategy.



### MATERIALITY ANALYSIS

In 2022, we identified relevant material topics through: analytical and contextual comparison with competitors in the TIC sector, the evolution of this sector, and the results of the company's risk assessment.

The **Materiality Matrix** encapsulates for the first time the significance of the material topics for our stakeholders, against the impact of such issues on the company's annually-updated risk assessment.

As in previous years, 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 perspective of Applus+, as well as that of the main stakeholders.

The results of this new process are shown below:



Due to the methodology change already explained, some of the topics that were significant in 2021 are no longer in this category, such as Compliance and reputation, Stakeholders' engagement, Innovation & digital transformation, Service quality and relationships with customer, and Competitiveness; and some topics are now included in this category as significant, such as Risks management, Corporate Governance, Privacy and data security, Talent Management, Diversity, inclusion and equality and Sustainable services.

Even if the selection of material topics has changed, the information provided in this report regarding the list of topics is similar.

## DIALOGUE WITH OUR STAKEHOLDERS

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

<b>Clients</b>	<b>Employees</b>	<b>Investors</b>
<ul style="list-style-type: none"> <li>• Topics of concern</li> <li>• Service quality and relationships with customer</li> <li>• Compliance and reputation</li> <li>• Privacy and data security</li> <li>• Innovation and digital transformation</li> <li>• Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Topics of concern</li> <li>• Corporate Governance</li> <li>• Compliance and reputation</li> <li>• Service quality and relationships with customer</li> <li>• Privacy and data security</li> <li>• Sustainable services</li> </ul>	<ul style="list-style-type: none"> <li>• Topics of concern</li> <li>• Economic performance</li> <li>• Stakeholder's engagement</li> <li>• Service quality and relationships with customer</li> <li>• Competitiveness</li> <li>• Risk management</li> </ul>
<p><b>Communications channels</b></p> <ul style="list-style-type: none"> <li>• Client satisfaction survey</li> <li>• Project meetings</li> <li>• Open days and periodic meetings</li> <li>• Conferences and forums</li> <li>• Client complaints</li> <li>• Applus+ Ethics and Compliance Communication Channel</li> <li>• Financial and Non-Financial Information Report</li> <li>• Associations and other forums</li> <li>• Applus+ web page and email</li> </ul>	<p><b>Communications channels</b></p> <ul style="list-style-type: none"> <li>• Employee satisfaction survey</li> <li>• Applus+ Ethics and Compliance Communication Channel</li> <li>• Local HR teams</li> <li>• Trade union organisations</li> <li>• Financial and Non-Financial Information Report</li> </ul>	<p><b>Communications channels</b></p> <ul style="list-style-type: none"> <li>• Vice-President in Investor Relations</li> <li>• Annual General Meeting (AGM)</li> <li>• Informative annual roadshow for institutional investors and voting advisors</li> <li>• Applus+ web page and email</li> </ul>

<b>Government and regulatory bodies</b>	<b>Financial markets</b>	<b>Society</b>
<p><b>Topics of concern</b></p> <ul style="list-style-type: none"> <li>• Compliance and reputation</li> <li>• Stakeholder's engagement</li> <li>• Privacy and data security</li> <li>• Local impact and socio-economic contribution</li> <li>• Corporate Governance</li> </ul>	<p><b>Topics of concern</b></p> <ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Stakeholder's engagement</li> <li>• Risk management</li> <li>• Sustainable business model and strategy</li> <li>• Corporate Governance</li> </ul>	<p><b>Topics of concern</b></p> <ul style="list-style-type: none"> <li>• Sustainable business model and strategy</li> <li>• Energy transition and climate change</li> <li>• Respect for human rights</li> <li>• Service quality and relationships with customer</li> <li>• Health and Safety</li> </ul>
<p><b>Communications channels</b></p> <ul style="list-style-type: none"> <li>• Official channels indicated by the authorities</li> <li>• Official reports</li> <li>• Applus+ web page and email</li> <li>• Financial and Non-Financial Information Report</li> </ul>	<p><b>Communications channels</b></p> <ul style="list-style-type: none"> <li>• Stock markets</li> <li>• Market and economic indices</li> <li>• Vice-President in Investor Relations</li> <li>• Financial and Non-Financial Information Report</li> <li>• Applus+ web page and email</li> </ul>	<p><b>Communications channels</b></p> <ul style="list-style-type: none"> <li>• Financial and Non-Financial Information Report</li> <li>• Applus+ web page and email</li> <li>• Applus+ social networking sites</li> <li>• Associations and other forums</li> <li>• Applus+ Ethics and Compliance Communication Channel</li> </ul>

<b>Suppliers</b>	<b>Partners</b>	<b>Competitors</b>
<b>Topics of concern</b> <ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Service quality and relationships with customer</li> <li>• Competitiveness</li> <li>• Local impact and socio-economic contribution</li> <li>• Risk management</li> </ul>	<b>Topics of concern</b> <ul style="list-style-type: none"> <li>• Sustainable business model and strategy</li> <li>• Economic performance</li> <li>• Sustainable supply chain management</li> <li>• Local impact and socio-economic contribution</li> <li>• Compliance and reputation</li> </ul>	<b>Topics of concern</b> <ul style="list-style-type: none"> <li>• Brand</li> <li>• Sustainable business model and strategy</li> <li>• Talent management</li> <li>• Energy transition and climate change</li> <li>• Respect for human rights</li> </ul>
<b>Communications channels</b> <ul style="list-style-type: none"> <li>• Trade fairs and exhibitions</li> <li>• Applus+ Ethics and Compliance Communication Channel</li> <li>• Specific channel for suppliers</li> <li>• Suppliers' Portal</li> <li>• Applus+ web page and email</li> </ul>	<b>Communications channels</b> <ul style="list-style-type: none"> <li>• Trade fairs and exhibitions</li> <li>• Applus+ Ethics and Compliance Communication Channel</li> <li>• Project meetings</li> <li>• Associations and other forums</li> <li>• Applus+ web page and email</li> <li>• Applus+ social networking sites</li> </ul>	<b>Communications channels</b> <ul style="list-style-type: none"> <li>• Trade fairs and exhibitions</li> <li>• Applus+ web page and email</li> <li>• Benchmarking and market studies</li> <li>• Associations and other forums</li> </ul>

## IMPACT ASSESSMENT

### GRI 203-2

In 2022, we produced a new analysis relating to the Group's material issues and the strategies we deploy. These are aimed at **identifying, assessing, measuring in economic terms and sizing the direct, indirect and induced socio-economic and environmental impact**, both positive and negative, that our activities generate in the most representative countries where we operate, and complements the impact reflected in the Group's financial statements.

By measuring how we generate value to society, we can better guide the management of our activities. Knowledge of the negative impacts we generate allows the Group to anticipate and develop action plans to mitigate the effects of any impact; conversely, knowledge of the positive impacts allows the Group to devote greater efforts to boosting them.

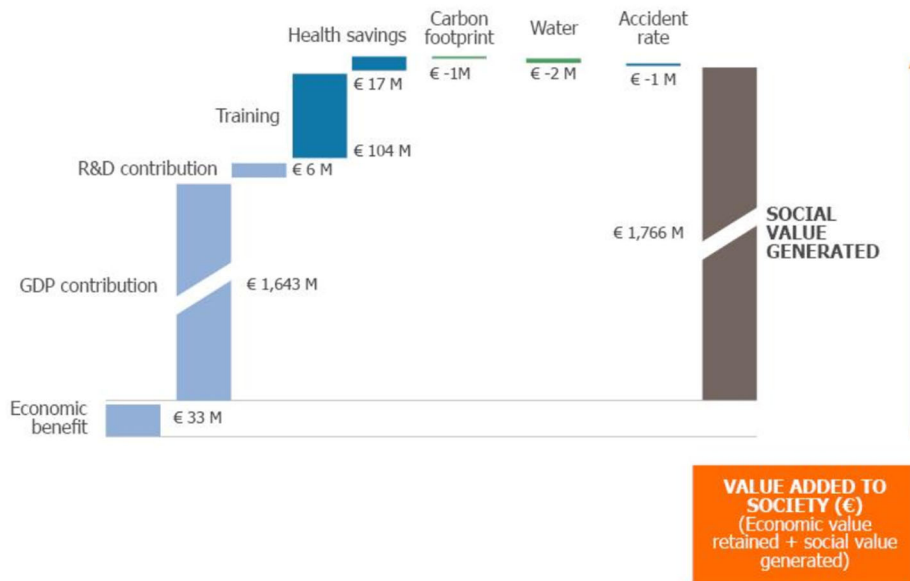
We have based our calculation on the nine most significant countries<sup>6</sup> in terms of total revenue (turnover). These are Spain, Ireland, The Netherlands, Australia, Germany, Saudi Arabia, Chile, Colombia and Brazil, comprising 58% of total revenues consolidated for Applus+ in 2022, and 67% of the workforce<sup>7</sup>.

For this first analysis, we have applied our own methodology grounded on the calculation of externalities that influence the value of our organisation. For the main externality, the socio-economic impact, we have used Leontief's economic model (or Input-Output model). Here is a graphic summary of the financial and non-financial balance, and the added value (or real impact) Applus+<sup>8</sup> generates for society; in addition, 37,751 workplaces were created, which 47% of them is direct employment.

<sup>6</sup> Including all legal entities of Applus+ in these countries.

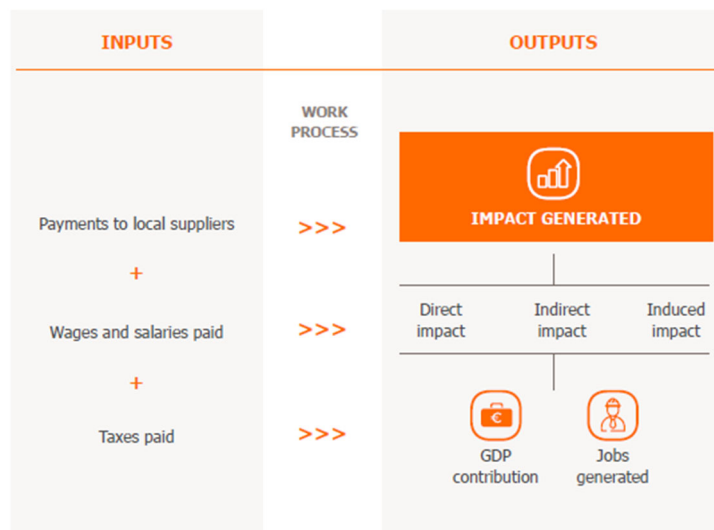
<sup>7</sup> By December 31st 2022.

<sup>8</sup> For the previously defined scope.



### SOCIO-ECONOMIC IMPACT

We have used the Leontief economic model (or Input-Output model) to measure the contribution made by Applus+ to GDP and employment. This model allows us to interrelate the inputs of our activity to the different sectors in the economy (inputs) with the impact on other activities (outputs).



### SOCIAL IMPACT

The following externalities have been identified - and measured in economic value - as having a significant impact on the environment.

Type of externality	Benefit (+) or Cost (-)	Details
Based on the Input-Output model GDP contribution	+	Payment to local suppliers, employee wages and salaries and taxes generate direct income.
Based on the Input-Output model Jobs generated	+	Job creation has a direct impact on a country's wealth and society's purchasing and consumer power.
Water consumption	-	The Group's consumption is related to the environmental and social cost associated with the extraction of water in ecosystems where it is scarce.
Carbon Footprint (Scope 1 and 2)	-	Our operations' emissions have a cost to society associated with the effects of climate change.
Accident rate	-	Accidents related to work involve health costs.
R&D investment	+	Investment in innovation and development has a positive social impact because it improves productivity and fosters social progress.
Reduction in health costs	+	The generation of jobs reduces mental healthcare costs.

The economic value of the externalities can be measured using several and different transformation factors to economic value (proxys). These proxys allow us to transform the impact value as an economic value, in such a way that:

$$\text{Externality value} = \text{impact indicator} \times \text{Proxy}$$

For certain externalities, intermediate calculations have been necessary in order to ensure the consistency and reliability of the information. For example, for the calculation of the cost for emissions emitted by waste management, the emissions generated were first calculated, and, after their calculation, the emissions were transformed into economic value using the social cost of carbon.

After transforming each one of the externalities into economic value, the value generated to the society for each one of the countries analysed has been added to the economic sphere.

Finally, the real value generated for society and the environment has been calculated including corporate profits. For this purpose, specific estimates and calculation sources have been applied.



## Supply chain management

GRI 2-6 GRI 204-1 GRI 308-1 GRI 414-1

**At Applus+, we are aware that, with a total supplier cost exceeding 600 million euros per year, the global impact of our purchasing decisions is significant. By introducing sustainability criteria, we can drive behavioural changes throughout the supply chain.**

Our procurement processes aim to extend to our suppliers our environmental, social and ethical principles, and to maximise efficiency and resilience in an ever-changing context.

1. POLICIES	2. NEGOTIATION	3. COMMUNICATION	4. DIGITALISATION	5. NEW STRATEGIES
Definition of our supplier-oriented policies, aligned with the initial evaluation and monitoring of providers.	Negotiating with our suppliers guarantees maximum process efficiency and cost reduction, and the motivation to work together in a more sustainable way.	Optimisation of our supplier communication mechanisms to continue developing new capabilities.	Rolling out technology that assists in reducing lead times and adds efficiency to our procurement process.	New purchasing strategies to adapt to the current economic situation.

The Applus+ Group's **initial procurement process** ensures that all suppliers accept our environmental, social responsibility and ethical practices in business conduct. 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, environment, business ethics and anti-corruption.

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

This initial qualification is valid for three years, during which we monitor and request additional data for any new requirements. After three years, we initiate the re-qualification process.

Our **Corporate Procurement Department**, in collaboration with the Accounts payable team, is responsible for the *Procure-to-Pay* (P2P) process, which enables optimal planning, implementation, evaluation and control of strategic and operational procurement decisions on a global level, while ensuring compliance with purchasing procedures and segregation of duties.

We have IT tools that provide us with the necessary indicators to **monitor** all these processes and guarantee compliance.

### HIGHLIGHTS IN 2022

The energy crisis has generated major challenges that we have addressed by developing new procurement strategies to cushion its effects.

Due to the unprecedented **escalation** in **global electricity and gas prices**, driven by the conflict in Ukraine, Applus+ has faced an increase in the cost of energy and a number of raw materials.

In addition, during the first half of the year, we suffered the consequences of the global **supply chain crisis and electronic chip shortage**, which caused delays in the delivery of some products that had a slight impact on our operations.

Despite the economic situation, Applus+ has managed to keep expenditure below its competitors thanks to **negotiations with our main suppliers and by anticipating risk**.

Another strategy for risk mitigation, reinforced in 2022 in the face of an exponential growth in global cyber-attacks, was to evaluate suppliers deploying the **information security criteria** defined in 2021.

We consistently pursue our goal of driving ahead the Group’s digitalisation initiatives. We seek to make our procurement processes simpler and more efficient by uploading any number of documents generated during the process, such as offers, contracts and invoices. Our supplier-management model based on **Ariba** is now used by 46% of the countries where we operate.

Applus+ continues to be firmly committed to making our supply chain more sustainable by building sustainability criteria into our purchasing practices.

The **management of our vehicle fleet** is usually based on rental/leasing periods of less than three years, which facilitates the incorporation of more efficient greener models. In 2022, 102 eco-friendly vehicles<sup>9</sup> were added to our fleet.

“Applus works with local suppliers as part of its commitment to contributing to the socio-economic development of the countries where we operate and reducing the carbon footprint linked to the transport of goods and services.” Montse Empez, Chief Purchasing Officer

KPI	2021	2022
Total expenditure with suppliers (M€)	569	649
% of products and services purchased locally	96%	94%
Total number of worldwide suppliers	44,113	43,868
% of new strategic suppliers approved using environmental and social criteria	100%	100%
Relevant incidents related with supplier management	0	0

Data related to countries with SAP, which covers the 63% of the Group revenues.

Relevant incidents are those that have an impact on the Group’s operations.

<sup>9</sup> This figure covers the following countries: Germany, Australia, Belgium, Brazil, Canada, Chile, Colombia, United Arab Emirates, Spain, United States, France, Guatemala, Italy, Ireland, Mexico, Netherlands, Peru, Portugal, United Kingdom, Czech Republic and Turkey.

## 04. VALUE FOR THE CLIENT

### Overview and approach

At Applus+, we place the talent of our professionals and cutting-edge technologies at our clients' disposal to tackle global challenges with **confidence** in the current context of uncertainty and transformation.

Our services enable our clients to make their businesses more **productive and efficient**, supporting them to move towards **sustainability** and protecting their **people**, assets and infrastructures.

Technology-based **innovation** drives our business development, always in collaboration with customers, partners and suppliers to maximise **synergies** and achieve the best results.

Our business strategy is based on **customer satisfaction and continuous improvement**, which is underpinned by a management system governed by international standards 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 (calculated as the percentage of revenue generated by legal entities certified by a third party). Our **third-party acknowledgments** endorse our efforts and achievements, demonstrating our competence in the TIC sector.

**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.

We are committed to mitigating and minimising cybersecurity-related risks in an increasingly digitalised world. We deploy specific, continuous improvement plans for cybersecurity to **safeguard our clients' data**, which is a differential element in an environment in which cyber-attacks are growing exponentially.

As is customary, the Applus+ Group celebrated **World Quality Day** in 2022 to highlight our commitment. With this year's slogan "Recognised for the quality of our services", we commemorated the commitment and responsibility to quality of the Group through some of the awards received.



### Innovation and digitalisation

At Applus+, we help companies respond to the challenges presented in the fields of new mobility, energy transition, electrification and connectivity. Our innovation efforts aim to meet these challenges as well as to deploy digital technologies in all business processes.

The company's focus on innovation as a strategy is based on strengthening our knowledge and technology, and working closely with our suppliers, partners and clients with whom we have reached agreements for large-scale projects.



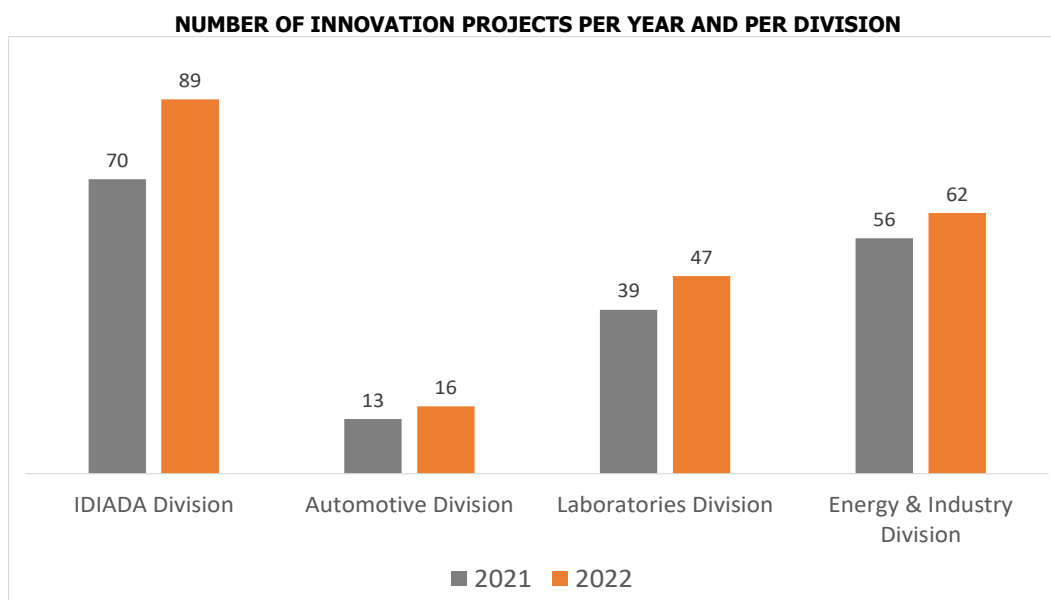
- Many of our projects promote **autonomous terrestrial mobility** by studying connected and autonomous vehicle technology, operability and **connectivity**, as well as **autonomous aerial mobility**, developing comprehensive services based on the use of drones and their compliance as a product.
- We are working to offer the market ground-breaking solutions for **renewable energy**, aimed at improving its efficiency and facilitating its deployment.
- We are a trusted technology partner in the **electrification** of the automotive sector in particular, providing wide-ranging experience and knowledge when developing solutions to make electro-mobility a reality.
- We have consolidated the application of **artificial intelligence** in several business areas, deployed **digital communication with clients**, and launched a new line of business based on **our digital solutions**, as well as our first pilot projects through the **Corporate Venturing programme**.

## RESULTS IN 2022

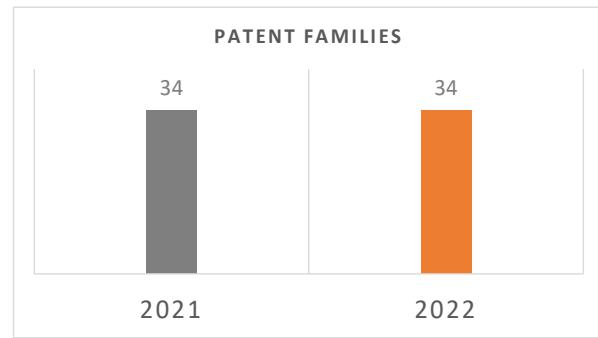
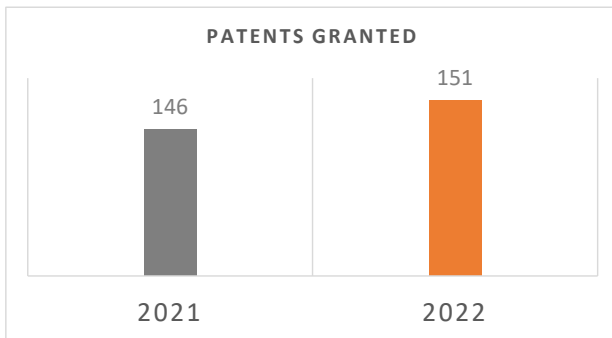
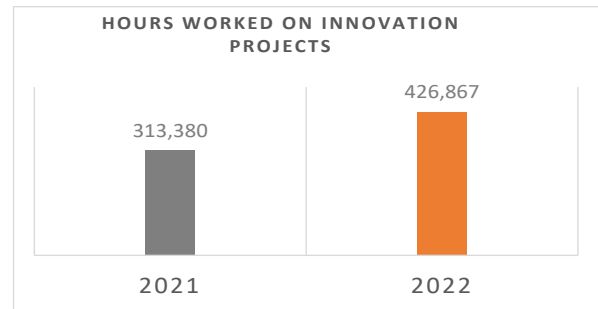
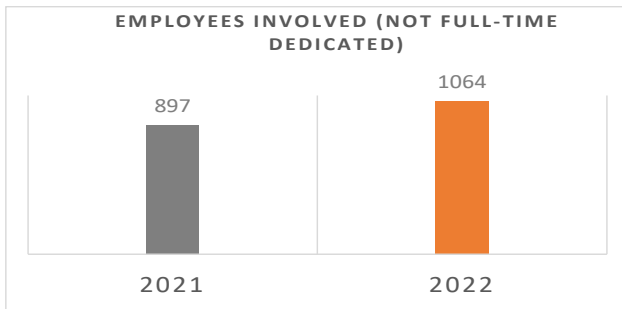
Our strategy is based on sustained investment in innovation and technology to offer our clients the best technical solutions. To this end, we have an extensive research, development and innovation portfolio in various technological lines and in digitalisation, with **214** projects, on which **1,064** people are dedicating **426,867** hours.

In addition to ongoing projects, Applus+ has an intellectual property portfolio holding **151** patents in force and **34** active patent families<sup>10</sup>. In 2022 we increased the number of patents by **10** from **4** different families.

We collaborate with private and public external bodies in **99** agreements, and we share our knowledge in technical forums. This year we completed **63** oral contributions to technical events, **23** technical publications, and **87** training sessions.



<sup>10</sup> Collection of patent applications covering a single invention.



## CONNECTED AND AUTONOMOUS MOBILITY

Connected and autonomous mobility remains one of our main lines of research. We continue to advance our capabilities to support our clients in developing this type of vehicle.

In 2022, we have expanded our **technological capabilities** by building **new connected and autonomous vehicle (CAV)** validation tracks to complement our existing ones. These facilities represent a comprehensive set of realistic scenarios that replicate urban, intercity and on-road environments, with the advantage of allowing a seamless transition between driving scenarios when performing **complex CAV and ADAS** (Advanced Driver Assistance Systems) **testing and validation programmes**.

The tracks are also complemented by a **private 2G, 3G, 4G and 5G mobile network**, creating a unique facility for tests under controlled conditions, which are capable of replicating global network configuration and conditions to develop and validate connected vehicle solutions. The opening of this new set of test tracks has made Applus+ **one of Europe's largest facilities** for testing this type of vehicle.

"This mobile network is part of the plan to upgrade our facilities to meet the new development requirements of the automotive industry and all those companies that need to develop and validate applications and connectivity systems in a controlled environment," commented Abel Carbonell, Head of Electronics at Applus+ IDIADA.

Regarding the safety of vehicles incorporating advanced technologies, Applus+ in the United States has been selected by the US National Highway Traffic Safety Administration (NHTSA) to conduct **NCAP ADAS** tests.

Applus+ is coordinating the European H2020 **SAFE-UP** project, which brings together efforts from different vehicle development areas (ADAS and Electronics, Passive Safety and Body Development) to ensure people's safety inside and outside vehicles in the new context for mobility.

## CASE STUDY: SUaaVE EUROPEAN PROJECT



The goal of the EU-funded SUaaVE (SUpporting acceptance of automated VEHICLE) collaborative project is to improve **public acceptance, trust and comfort of autonomous vehicles**.

The introduction of autonomous vehicles is set to disrupt the industry and the market. The transformation of drivers into passengers requires new systems, designs and features, both from a technical and user perspective.

SUaaVE project solves the gap between technological advances and public acceptance, through the **inclusion of the user in the design and prototyping process**. Applus+ has created use-cases to study how users will utilize and interact with the system, laying the groundwork for the acceptance of autonomous vehicles.

This experience can be used in future projects to reduce the barriers to incorporating connected, autonomous and adaptive vehicles into the market.



## NEW AERIAL MOBILITY AND AEROSPACE DEVELOPMENT

Autonomous air mobility has made significant strides recently, both in terms of technology and in its uses and applications. These require new regulations and certifications, and open up a range of possibilities for the use of those aircrafts in our services.

Applus+ has been developing **remote inspection solutions**, such as inspections with **drones or Unmanned Aerial Systems (UAS)**, key elements of Advanced Air Mobility<sup>11</sup> (AAM), in multiple scenarios. In addition to providing safer working conditions, remote inspections are an efficient way of obtaining large amounts of data, even on large infrastructures, which makes it easier for our clients to take **real-time decisions**.

One of its applications is **reality capture** or the **Digital Twin** technique, which relies on our expertise in 3D solutions such as scanning, point-cloud processing, CAD modelling and its conversion into 3D digital models.

“Reality capture, or Digital Twin, is used for capturing and recreating a real-world asset in a digital environment, and using it for functions such as inspection, condition monitoring and assessment, engineering or consultancy. This allows the work to be completed remotely, says Daniel Lewis, Applus+ Digitisation Manager in Australia.

<sup>11</sup> A newly emerging industry that aims to develop and operate new air vehicles potentially capable of safe, reliable, and low-noise vertical flight.

Other examples of **aerial drone inspection** applications include high-accuracy **DROPS** (Dropped Object Prevention Scheme) inspection, carried out in Brazil. Also, the **GPS-RTK (GPS real-time kinematic positioning)** and GNSS (relative positioning technique) topographic surveying, which allows for greater precision than traditional methods.

To **test and certify drones** with the quality and safety guarantees required by manufacturers and users, Applus+ offers its expertise in cybersecurity, wireless, electronics, mechanics, etc. We participate in R&D projects such as the **COLIBRI** project, funded by the Centre for Technological Development and Innovation (CDTI), to define a regulatory framework for indoor drones with industrial applications.

We have reinforced our positioning within the **aerospace cluster**, with the **validation of the Ariane 6 rocket's mid-tank structures**. This is developed by the European Space Agency (ESA) programme, and our experts tested the strength, stiffness and reliability of the intermediate tank structure at our Dresden facilities.

We continue furthering **aviation sustainability**. The decarbonisation of the aerospace sector requires more research and improvements in the automated manufacturing processes to obtain to more **complex and lighter aircraft structures**. Applus+ is developing solutions in projects such as the CDTI-funded **OPTIMUS** project, in collaboration with Airbus, which continues to develop A+ Glide Forming technology.

## CASE STUDY: DRONE CERTIFICATION



In 2022, Applus+ became the **first European Group** to achieve **full accreditation** under European regulations **to certify all types of drones** and accessories.

In addition, in 2022 year Applus+ signed an agreement for the validation and certification of UAV drones in Europe with Aeroports de Catalunya (Catalonian Airports) and the Advanced Centre for Aerospace Technologies (CATEC). This agreement means we now have **airport facilities with real test environments** at our disposal to add to our previous agreement for performing flight tests with the ATLAS Experimental Flight Centre.

The use of UAV drones is growing exponentially and the new European regulation for their usage will be mandatory in January 2024. Applus+ has all the necessary technologies to offer a **complete testing and certification service** for these high-tech devices, and to collaborate in the development of Advanced Air Mobility<sup>11</sup> (AAM) solutions.



## ELECTRIFICATION

Together with key players in the sector, Applus+ participates in innovation projects to promote the transition to electric mobility, develop new systems and further the social acceptance of electric vehicles. We are involved in several European collaborative R&D projects funded by the Horizon 2020 programme, and work to advance new technological improvements for electric vehicles (EVs), providing our expertise to contribute to the development of new systems.

**COBRA** (CObalt-free Batteries for FutuRe Automotive Applications) is a collaborative research and innovation project to develop a **novel Cobalt-free Lithium-ion battery technology** for the next generation of high-performance, cost-effective and environmentally sustainable batteries to supply electro-mobility.

Taking a different approach, the **MARBEL** consortium also aims to produce more sustainable, efficient electric batteries by developing **new compact, lightweight and high-performance modular battery packs** to accelerate mass-market adoption of ultra high-performing batteries.

Another key aspect of EV deployment is **social acceptance**. As part of the European **eCharge4Drivers** project, we are working to **enhance the user experience of EVs** at electric-vehicle charging stations by offering improved services such as smart charging solutions.

We have strengthened our global **EV component-testing capabilities** to support our clients in developing electric mobility, which enhances the functionality, quality and safety of their devices.

We have upgraded our **UK** automotive testing centre with a **new EV battery testing laboratory**. This now features **specialist test benches** for climate, vibration and shock tests at full battery-pack level, with ad-hoc security measures. There are **no other systems in the UK** that **can test battery packs as large** of this size, and there are only a few in the whole of Europe.

### CASE STUDY: ELECTRIC MOBILITY IN CHINA

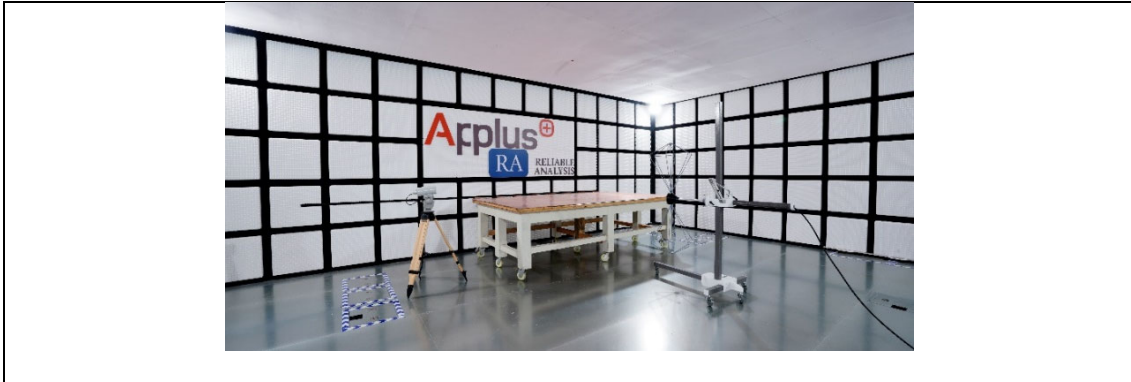


Applus+ plays a **key role in electric vehicle (EV) component testing in China**, which is one of the world's powerhouses in the field of the electrical mobility. Applus+ has strengthened its collaboration with manufacturers of these types of components through continued investment in new facilities and capabilities.

We have **pioneered electromagnetic compatibility (EMC) testing in China**, which is a key factor in ensuring **electric mobility performance and safety**. With the addition in 2022 of three new chambers, our Laboratory in China now has a total of 10 EMC chambers, including a **reverberation chamber** for high-frequency testing and a specialised chamber for **electric batteries**. These facilities are used to validate key components of new electric vehicles, such as electronic motor control, converters and integrated battery chargers.

We have also opened a **new specialized cable and connector testing laboratory**, which performs environmental, ageing, mechanical, electrical, and protection tests.

Thanks to the Applus+ Group's commitment to quality and excellence, we are now a benchmark for automotive manufacturers in China and around the world.



## ENERGY TRANSITION

Applus+ approaches the challenge of energy transition through innovation, assisting companies to evolve towards new technologies and diversified and sustainable sources of energy.

We participate in discussion forums and play an important role in **technological research, inspection** and **monitoring** of renewal energy infrastructures (biomass, biofuel, onshore and offshore wind energy, photovoltaic energy, and green hydrogen).

For wind energy, we provide the industry with expert knowledge and solutions in the non-destructive testing (NDT) inspection of large construction projects. These include **inspections** at several **wind farms in the UK and Ireland**.

We have provided inspection services during the construction of alternative energy infrastructures, such as the **building of a biofuel plant** in the Netherlands, and we have been assigned a project for NDT testing for a **major biomass plant** in Lakeside, UK.

We have participated in **major green-hydrogen projects across Europe**, providing, among other services, advanced NDT services for the new construction of two hydrogen pipelines in the Netherlands.

To encourage the adoption of hydrogen technology applied to the **automotive sector**, Applus+ participated in the positioning paper "**Green Hydrogen in Automotive Road Transport**", published by EARPA's Foresight Group Energy Powertrains and Electrification (EPE).

We are also working to address the potential of fuel cells in the automotive sector. Our in-house internal **GEMSTONE** project is developing a Hydrogen (H<sub>2</sub>) refuelling simulator, that ensures processing safety and vehicle-infrastructure interoperability. The new Horizon Europe Transport project **ZEFES** will develop simulation platforms for Battery Electric Vehicles (BEV) and Fuel Cell Electric Vehicles (FCEV).

### CASE STUDY: MASSIVE DAYTIME ELECTROLUMINESCENCE



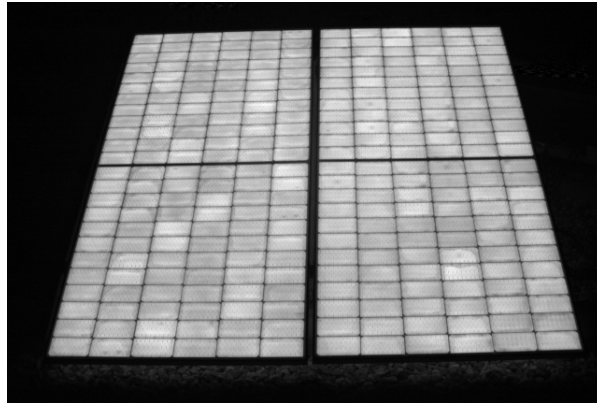
Applus+ together with the GdS Optronlab Group has developed a device using near-infrared sensitive cameras and special acquisition procedures, which permits **daytime electroluminescence** measurements on **photovoltaic modules** in solar radiation environments (EL images are normally taken at night in the absence of light), with no need to disassemble the panel.

The device is a breakthrough in the field and may greatly increase test **efficiency** in the long term.

The prototype incorporates software, with a wide range of image capture and processing procedures, which makes it possible to obtain images under different conditions (night-time and daytime) by **automated processes**. The system enables simultaneous polarisation of entire strings of modules, thereby reducing the number of connections and disconnections, which increases the module inspection rate while decreasing accidental error probability.

The good test results of the prototype significantly improve night-time technical-operational conditions.

The project has been developed within the framework of a funded R&D project by the Centre for the Development of Industrial Technology (CDTI).



## ARTIFICIAL INTELLIGENCE

The implementation of Artificial Intelligence (AI) is already a reality at Applus+. We combine technology and expertise to use the potential of AI to solve operational problems and offer our clients more advanced services.



AI is transforming our **inspection** processes by **optimising and automating** the **analysis and interpretation** of **non-destructive testing** data and images. We highlight the **automated assessment** of residual pipeline wall thicknesses from **digital X-ray images** or the AI-based **Quality Assistant** system that provides technical support to inspectors.

“We want to support our inspectors through the use of Artificial Intelligence and expect that by using AI, specially adapted for us, the evaluation of image data will achieve an even higher quality and thus security in the result,” affirms Dr Michael Neiser, Director of Applus+ in Germany.

In **automotive testing and engineering**, we are working on **machine learning-based solutions** in a number of use-cases: characterization of vehicle comfort level to adapt the autonomous driving styles, automated brake noise detection, automated validation of crash-test signals or the objectification of subjective evaluations.

We are taking part in the **ARTICO** (Artificial Intelligence and Correlations) project, funded by the German state of Bavaria, which is developing an AI-based methodology to test the correlation between digital twins and their real counterparts.

AI has been built into different areas of **statutory vehicle inspection**, both in terms of client experience and operations, for example, in client relations during bookings or in number plate recognition. The new **chatbot**<sup>12</sup> feature added to the Online Booking Portal for vehicle inspections is designed to provide new, advanced functionalities based on Microsoft's Cognitive Services tool, adapted for mass-use. Since its launch in May 2022, the chatbot feature has enabled our teams to manage more than 30,000 appointments.

<b>CASE STUDY: VEHICLE DAMAGE DETECTION</b>	
<p>Applus+ has devised its own system for recording <b>car damage</b> at the end of its leasing period, using an <b>AI-based App</b> developed in Denmark in collaboration with the company focalX.</p> <p>The system automates damage recognition, minimises errors and avoids subjective assessments by individuals. As a result, the process is two to five times faster than the traditional visual method.</p> <p>"The solution gives customers the opportunity to inspect cars via the app solution and, at the same time, receive a report from Applus+ that includes a damage assessment," confirms Helle Söderhamn, B2B commercial manager for Applus+ in Denmark.</p> 	

## E-DELIVERY AND E-COMMERCE PORTALS

Communication and information exchange through web portals is key to offer an improved experience to our customer. Portals allow us to provide our clients with a value-added service as well as more complete and better quality information.

Applus+ has developed a range of high-performance web portals to communicate and share content with clients and provide ground-breaking services for different sectors. As a result, we have improved the service experience and increased client loyalty and acquisition.

Our **statutory vehicle inspection** has been at the forefront of **developing web portals** to provide these services. The **eReformas** portal, launched at the end of 2022, is a web application allowing clients to manage their vehicle modifications and technical data sheets online and centralised, and uses **AI** to extract information from documents. This e-delivery tool is designed to reduce the number of trips to the vehicle inspection stations and provides an online management system for all non-periodic inspection services.

<sup>12</sup> A computer program designed to simulate conversation with human users, especially over the internet.

We have also developed a **Private Portal for clients' vehicle inspections**, which will allow them to view all their vehicles, examine official documentation and access the inspection history, as well as an extended report of the latest inspection.

We have also launched **GMA+ (Global Market Access)**, a new platform for the **international certification of electrical and electronic products**. This tool for **project management and regulatory information** is intended for manufacturers who market these products in various international markets or worldwide. GMA+ contains an extensive library of more than 520 schemes, including voluntary brands commonly used in electronic equipment, such as WiFi Alliance, Bluetooth SIG, Amazon Alexa, Apple CarPlay, etc.

<p><b>CASE STUDY: IDIADA DIGITAL SOLUTIONS PORTAL</b></p>	
<p>At the end of 2022, we launched the <b>IDIADA Digital Solutions B2B e-commerce portal</b>, the first of its kind in the field of automotive validation and homologation.</p> <p>The portal provides these industry's users a suite of <b>digital tools, applications and solutions</b> developed in-house by Applus+ to boost the agility and efficiency of <b>engineering projects for vehicle development</b>.</p> <p>Among the variety of products offered by the portal we can find:</p> <ul style="list-style-type: none"> <li>Digital tools and services for target setting, reporting and <b>lifecycle management of tests and data</b></li> <li>Tools to obtain reference <b>benchmarks</b></li> <li><b>Digital twins</b> for virtual development</li> <li>Servicios especializados de homologación individual de vehículos.</li> <li><b>IDIADA's Regulatory Information System (IRIS)</b> application, which provides up-to-date information on current and future regulations and legislation for vehicle homologation and market access.</li> </ul> <div data-bbox="459 1267 1131 1675" style="text-align: center;">  </div>	

**APPLUS+ VENTURES**

The Applus+ Ventures initiative is our corporate venturing programme, and aims to complement the Group's innovation, sustainability and corporate growth strategy through collaboration with the entrepreneurial ecosystems.

During 2022, as part of the programme, multidisciplinary teams from several business units gained access to **technologies and solutions from innovative start-ups** through **pilot projects**, with a view to incorporating them into R&D and business development projects, the service portfolio or internal operational processes.

Applus+ Ventures, together with our business units, regularly identify the specific areas of action which will require greater levels of innovation, digitalisation and business development. In this first edition of pilot tests, we have focused on the inspection of **renewable energy assets and distribution networks, hydrogen vehicles** and the application of **Artificial Intelligence in back-office processes**.

Applus+ Ventures has ties with networks of investors, corporations and other innovative agents in entrepreneurship ecosystems. In 2022, we became strategic investors and partners in an investors network in the field of energy transition, **Klima Energy Transition Tech Fund**, a venture capital fund **driven by Alantra** and **Enagás**.

Klima identifies and invests in start-ups that contribute to energy transition, in line with the European REPowerEU strategy and the United Nations' Sustainable Development Goals. This transaction will speed up the **development of business opportunities for Applus+ with start-ups** linked to smart grids, energy storage, green hydrogen, circular economy, digitalisation, energy efficiency and sustainable transport.



## Relationship with clients

GRI 2-24

Applus+ regards actively listening to our clients' opinions as a key activity. **Constant dialogue** allows us to 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. **Other communication channels** 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, social networks and the Group's website.

We have local channels for handling **complaints**, which we regard as an opportunity to improve. Our teams analyse all complaints and respond to the client, which leads us to take action to resolve their causes when necessary. In 2022 we received a total of 574 complaints, 498 of which were closed during the year, while the remainder are in the process of being analysed and resolved.

The recognition Applus+ receives from our clients is a testament to our performance. In 2022 Applus+ received a variety of recognitions, with highlights as follows:

- In Spain, we obtained one of the first awards of an initiative led by a **Technology Circle** for the creation of a **connected vehicle hub** offering **specialised engineering services** in the automotive sector, with the capacity to shape a more sustainable, fair and resilient economy and society.

- The **article** "*Regulatory framework for automated driving: challenges and approaches*", presented at the ITS World Congress, won the *Best Technical Paper - EMEA Region award*. This paper reviews the state of the **automated driving regulatory framework** to understand the new regulations, current challenges and different approaches to be considered by international regulatory bodies.
- In Canada, several clients have commended us for providing best-in-class NDT services through proven approaches, tools and resources, including a range of **conventional and advanced technologies and digital solutions**.
- In Colombia, the National Association of Industrialists (ANDI) awarded us special recognition for being ranked fifth in the Santander department's **Business Innovation 2022** list. ANDI's objective is to spotlight Colombian companies' efforts and achievements in the national and international market.

In 2022, we have implemented the calculation of the Net Promoter Score, a measure of customer loyalty, to all our divisions. The score based on more than 223,500 surveys received was 53, indicating an Excellent result.<sup>13</sup>



## Sustainability services

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

In previous years, we identified services that helped reduce the environmental impacts of our clients. This year, we wanted to expand this concept to include services that have a positive social impact. With this new scope, 51% of our turnover is generated through sustainability services of which 22% contribute to the environment and 29% to the social area.



### REDUCTION AND EMISSION CONTROL

#### Statutory vehicle inspection

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

#### Aerospace

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

#### Industry, energy and public administrations

- Emission monitoring.
- Development of carbon footprint plans.
- Development of sustainable mobility plans.

#### 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.

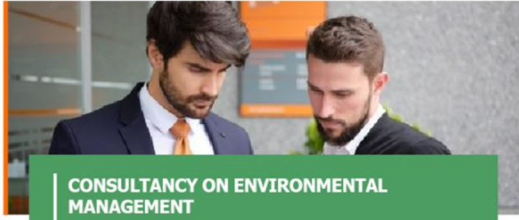
#### Industry, energy and mining

- 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

- Authorised control body of a large number of public administrations.
- Verification and validation of clean development projects (CDMs).
- Environmental management systems, EMAS.
- Energy management systems.
- Verification of GHG emissions.
- DNSH (Do No Significantly Harm) verification.
- Product energy efficiency certificate.
- Sustainable certifications: BREAMM, LEED y GREENLIGHT.
- Carbon footprint verification.
- Water footprint verification.

<sup>13</sup> This result covers the 48,53% of the company



## CONSULTANCY ON ENVIRONMENTAL MANAGEMENT

### 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.

### 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.



## 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 energy

- 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.



## PEOPLE-ORIENTED CONSULTING CERTIFICATION

### Sustainability Consulting

- Sustainability Reports
- SDG Diagnostics and Implementation Plans
- Codes of Conduct and Good Governance
- Equality Policies and Plans
- Corporate Social Responsibility Management Systems
- Protocol for the Prevention of Physical, Sexual and Occupational Harassment

### Occupational Risk Prevention Consultancy

- Occupational Risk Assessment
- Health and Safety Management Systems
- Legislative Compliance Advice and Audits
- Health and Safety Training
- Emergency and Self-Protection Plans
- Emergency Drills



## CERTIFICATION

- Occupational Health and Safety Certification Systems
- Certification of Industrial Products, CE Marking, Agricultural Products, Medical Devices
- Compliance and social responsibility



## PROTECTION OF PEOPLE AND THEIR DATA

### Vehicle-Related Safety

- Voluntary and Statutory Vehicle Inspection
- Road Safety and Education
- Active and Passive Safety Testing
- Vehicle Type Approval

### Infrastructure-Related Safety

- Quality Assurance and Quality Control
- Fire-Safety Testing
- Construction Materials Testing
- Structural Testing
- Asset Integrity Management
- Geo-Hazard Assessment
- Regulatory Inspections
- Legal calibration

### Cybersecurity

- Cybersecurity Assessments
- Information Security Systems

Here are some examples of sustainable services we have carried out in 2022.

### Inspection of photovoltaic (PV) modules with a mobile laboratory in Mexico

The Mobile PV Lab's on-site testing capabilities, designed and patented by Applus+, deliver optimal results comparable to those of stationary laboratories, minimising shipping risks and improving time efficiency. The mobile PV Labs are available in three units, with one in Mexico, one in Chile, and the other in Europe.

Applus+ also has an ISO/IEC 17025 accredited laboratory, which guarantees technical competence of the services and measurement traceability.

The Mobile PV Lab carries out Maximum Power Determination (or flash) tests at Standard Test Conditions (STC). It also performs Electroluminescence (EL) tests to evaluate the performance of solar photovoltaic modules and detect internal defects. EL tests ensure that PV modules are in optimal technical conditions, guaranteeing the maximum profitability of the asset.

These tests allow for a comprehensive monitoring of the PV modules' quality conditions and are performed during the commissioning and operational stages of a project. They are performed, for instance, in the post-installation phase, after the module's initial exposure, to monitor its annual degradation, after extreme wind, hail, or storm events, and to identify causes of under-performance.



### **Study of the energy consumption in the Spanish industry**

Applus+ will carry out services related to the study and monitoring of energy consumption over the next two years. These will be done for statistical purposes, based on diagnoses, surveys and measurements of energy consumption in industrial facilities.

The services provided under this contract will include the design of a solid methodology to combine the procedures, indicators and requirements necessary for the adaptation and improvement of the current information acquisition and processing system.

The Institute for Diversification and Energy Saving (IDAE) is responsible for the study's execution, on the terms indicated by the Secretary of State for Energy of the Ministry for the Ecological Transition and the Demographic Challenge (MITERD) and in accordance with the guidelines indicated by EUROSTAT.

A team of professionals from the department of Energy Efficiency Services at Applus+ will be responsible for delivering the following tasks:

- Exploration and analysis of available administrative data
- Design and implementation of telematic surveys
- On-site measurements of energy consumption at industrial facilities
- Ad hoc sectoral studies of energy-economic characterization
- Development of a web platform for benchmarking the results obtained
- Processing of information and exploitation of results
- Generation of reports for the corresponding results

### **Environmental services to conserve flora and fauna at a photovoltaic park in Colombia**

The team at Applus+ has been responsible for the removal, rescue, relocation and maintenance of wildlife species during the construction phase of a photovoltaic park. The park will have more than 400,000 interconnected solar panels and will generate an installed capacity of 150 MWDC (nominal photovoltaic power), capable of supplying the needs of approximately 370,000 people each year.

During nine months of operation, Applus+ has successfully rescued and relocated 97.5% of the wildlife. In addition, our professionals have facilitated 24 training courses covering the management of endangered species, in which over 260 employees have benefitted.

In addition, Applus+ is developing activities for the protection of bromeliads and epiphytes, flowering glass-like plants, during periods when their commercialisation is prohibited. To date, these environmental-protection activities have relocated 551 bromeliads and 239 epiphytes to ensure the conservation of flora during construction, safeguarding the threatened species in the surrounding ecosystem.



## CASE STUDY: SUSTAINABLE VEHICULAR TRANSPORT



Applus+ contributes to shaping the roadmap for achieving sustainability in vehicular transportation in Europe through the reduction of emissions.

The steps are compiled in the paper "*Clarification on 'ZERO' emissions*", published by Energy Powertrains and Electrification (EPE), the foresight group of the EARPA association, comprising automotive R&D organisations.

The document aims to give a comprehensive overview of the main aspects involved in the fulfilment of the European sustainable transportation milestone, and attempts to clarify the meaning of zero emissions in different contexts.

In doing so, the paper analyses the current starting point from energy-production assessment in the context of well-to-wheel analyses, and provides an assessment on an array of key aspects such as: zero-emissions approach for different vehicle types; the impact and implications of pollutants – both regulated and non-regulated, primary and secondary – and greenhouse gas (GHG) emissions; the emission control and On-Board Monitoring (OBM) to comply with stricter future regulations.

The KPIs for the evaluation and research needs are described by stating the main expected impacts which can be directly quantified for emissions in alignment with the Green Vehicle Index (GVI) project, coordinated by Applus+ IDIADA, which focuses on clean air, energy efficiency and GHG indices.

The paper also indicates areas of improvement of basic components in the development of powertrains with "near zero" impact in the medium- and long-term, and for urban environments in particular, based on Well-to-Wheel (WtW) emissions, and on thorough Life Cycle Assessment (LCA).

The paper also considers an overview of management optimisation for energy and power; mass and volume impact; charging strategies; electromagnetic compatibility for electrified powertrains; and the future of internal combustion engines and cybersecurity.

Finally, regulation aspects, such as extended testing conditions and further pollutant considerations, are analysed and compared from a worldwide perspective, taking into account the acceptance and participation of the general public in order to mitigate any aversion to change.

"Our investments in facilities to test batteries and fuel cells will allow our clients to develop sustainable vehicles and to achieve the overall emissions reduction target for the transport system in the years to come". Marco Mammetti. Head of Powertrain R&D at IDIADA Division.

## Strategic alliances

GRI 102-13

**Applus+ participates in the standardisation and normalisation committees of the main associations in different sectors and also work closely with the different actors in the value chain, joining forces to implement the results of innovation.**

Some of the most relevant alliances are:

### AUTOMOTIVE

ASSOCIATION	POSITION	2022 HIGHLIGHTS
	Applus+ is a member of the Permanent Bureau. Our representatives take part in regional advisory groups. Applus+ chairs "R&D Vehicle Compliance" Topic Area, and we participate in working group meetings related to ADAS, micro-mobility, emissions, NOx, Roadworthiness Package, electric vehicles, and Type Approval.	Applus+ participated in the International Conference held in Brussels, chairing the "R&D Vehicle Conformity" meeting and presenting a paper on "The future of vehicle conformity".

	The partnership with <b>Orange and Ericsson</b> has enabled Applus+ to develop an <b>electric vehicle hub</b> . Our advanced test lab has a private mobile network supported by Orange's 5G network connectivity and by the "end-to-end" services deployed by Ericsson, that leverages the advanced capabilities of the new 5G mobile standard for testing Connected and Automated Vehicles (CAV) in a controlled and safe environment.
	We participate in European platforms that foster collaboration across the different parties to contribute to the acceptance and deployment of technologies for automated mobility, such as <b>CCAM</b> ; and others to speed up the transition in Europe for a climate-neutral and clean road transport system, such as <b>2ZERO (Towards Zero Emission Road Transport)</b> .

### AIR MOBILITY


#### AEROSPACE INDUSTRY

Applus+ has signed an agreement with **GKN Westland, Inc.** to provide **state-of-the-art automated NDT** equipment, which supports quality assurance during **aircraft engine production**. The programmes are for the GE9X, the largest and most powerful commercial aircraft engine ever built. This agreement, which reinforces a long-standing partnership, makes us their exclusive supplier of NDT technology and lays the groundwork for continued cooperation. "This is great news for both companies as we solidify our partnership through joint investment in future aircraft engine programmes," says Charles Bushman, Arcadia Aerospace CEO.



#### AAM (ADVANCED AIR MOBILITY)

**Applus+, Catalunya Airports and CATEC (Centre for Advanced Aerospace Technologies)** have signed an agreement that will allow Lleida-Alguaire Airport to carry out drone flight tests on the facilities of Lleida-Alguaire airport. This cooperation leverages both the capabilities for testing and certification at Applus+ and the other two entities' facilities, with the aim of consolidating a technological certification, development, testing and demonstration platform for the AAM sector.

## INFORMATION SECURITY

ASSOCIATION	POSITION	2022 HIGHLIGHTS
	<p>Applus+ is a member of this global organisation unifying the mobile ecosystem to develop and deliver innovation foundational to positive business environments and societal change.</p>	<p>Applus+ is a recognised laboratory by GSMA to carry out the security assessment of embedded SIMs, the new SIM solution used by both next-generation mobile phones and machine-to-machine devices that connect to a 5G network. In addition, Applus+ has participated in several working groups related to the definition of the security requirements of the different components that form part of a 5G network.</p>

## STANDARDISATION

ASSOCIATION	POSITION	2022 HIGHLIGHTS
	<p>Applus+ participates in several ISO standardisation and normalisation committees, contributing to the technical development of industrial standards.</p>	<p>We participate in the process for standards development in more than 40 ISO technical strategy committees. Some prominent groups are: ISO/TC44/SC5/WG2 Ultrasonic testing of welds; ISO/TC44/SC5 Testing and Inspection of welds; and ISO/TC 135/SC3/WG5 Ultrasonic tests equipment.</p>
	<p>Applus+ is a member of the EUROLAB Board of Directors and holds the Vice-Chairmanship for TCQA (Technical Committee for Quality Assurance in Testing and Calibration).</p>	<p>The TCQA is a horizontal EUROLAB committee providing the Board of Directors with activity reports and the laboratory expertise in the field of quality assurance.</p>

## RENEWABLE ENERGIES - ENERGY EFFICIENCY

ASSOCIATION	POSITION	2022 HIGHLIGHTS
	<p>Applus+ is a member of AEE, principle body for the wind-energy sector in Spain with the aim of promoting the growth of this technology.</p>	<p>We have worked actively with AEE, contributing to discussions at its assemblies and other forums organised to promote <b>offshore wind energy</b>. Of particular note was our collaboration in the 1st Offshore Wind Congress, organised by the association in November.</p>

## Experts Feature: The Future of Solar

MESIA

Applus+ remains a member of the Middle East Solar Industry Association (MESIA). Within the framework of this association, we have contributed to its magazine, along with seven other companies in the sector, on the direction that renewable energies are taking. MESIA has translated into Arabic and published our technical article in Solarabic and on social networks. The English version is available at: "Owner's Engineering, key to ensure the quality of solar PV plants" (enertis.com).

### CASE STUDY: SMART MANAGEMENT SYSTEM



Applus+ has reached an agreement with **Indoorclima**, strengthening its service portfolio for **energy efficiency and management** with high value-added services. Indoorclima leads its sector in developing consumption-optimisation technology for air-conditioning systems and has devised a pioneering, innovative system based on **constant reception, big data and machine learning**. This alliance is decisively important for Applus+ because it gives our clients a **ground-breaking technological solution** which enables them to reduce energy consumption and, consequently, their CO<sub>2</sub> emissions.

## 05. GOVERNANCE



### Corporate governance

GRI 2-09 GRI 2-10 GRI 2-11 GRI 2-12 GRI 2-13 GRI 2-17 GRI 2-18 GRI 2-19 GRI 2-20 GRI 2-27  
GRI 405-1

At Applus+, we place the G for Governance in ESG at the heart of our strategic decision-making process. In turn, this focus offers **trust** to our stakeholders in the proper functioning of our management model.

Since the Group's listing, Applus+ has appointed an independent Chairman of the Board, separated from the company's CEO. The number of **independent** directors is now 78%, and the number of **women** stands at 44%. These are achievements which therefore certify our commitment.

In 2015, we created the CSR Committee, the precursor of our current Environmental, Social and Governance or **ESG** Committee. This still voluntary committee has enabled us to **anticipate** changes in the vision and regulation of non-financial risks. The Committee's work has been decisive in the deployment of our strong culture of compliance, the enhancement of environmental initiatives (the E in ESG), and actions related to the Group's more than 20,000 employees and society as a whole (the S in ESG).

To demonstrate the importance that we attach to good governance, and following our continuous improvement objectives, in 2022 we reached an **effective compliance rate of 98% in accordance with the recommendations of the CNMV for listed companies**. Out of a total of 64 recommendations, 55 apply to the Applus+ Group, of which we can affirm that 54 are fully met and 1 is partially met.

All of the above is fully described in the **Annual Corporate Governance Report (ACGR)** and the **Annual Report on Directors' Remuneration**. Both are published on the Group's website.

#### HIGHLIGHTS IN 2022

1. Evaluation of the Board of Directors by an external third-party expert (Spencer Stuart).
2. Annual corporate governance roadshow with the main investors and proxy advisors led by the President of the CNR, and the Chairman of the Board in 2022, and senior executives of the company.
3. The new Board of Directors' Remuneration Policy which covers the period 2022-24. This policy includes ESG parameters for the CEO in addition to conforming to other recommendations.
4. Hybrid Annual Shareholders' Meeting, including virtual attendance, with high participation.
5. Succession: CEO's notice of resignation and retirement; and the appointment of the new CEO.
6. Re-election of Christopher Cole as an Independent Director and President of the Board of Directors.
7. Re-election of Ernesto Mata as Director (other external).
8. Appointment of Marie Françoise Madeleine Damesin as Independent Director and, subsequently, appointed by the Board of Directors as the new Chairperson of the Appointments and Remuneration Committee.
9. Appointment of Brendan Connolly as Independent Director.

**10.** 9 meetings of the Board of Directors, six face-to-face meetings and three virtual meetings. Four sessions of the Audit Committee, four sessions of the ESG Committee, and three ordinary sessions and eight additional meetings of the Appointments and Remuneration Committee.

**GOVERNING BODIES**

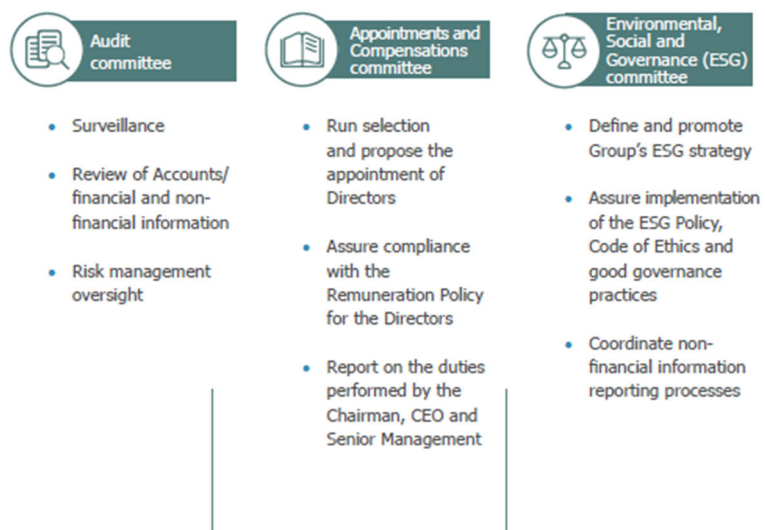
In addition to the Shareholders' Annual General Meeting (AGM), which constitutes the sovereign decision-making body of the company, **the Board of Directors** is the Group's highest governance body and is assisted by **three specialised committees**: the Audit Committee (mandatory), the Appointments and Remuneration Committee (mandatory, although in the case of the Applus+ Group, this is consolidated into a single committee), and the ESG Committee (voluntary).

These committees focus on specific, relevant areas to assist the Board in its supervisory function of managing the impacts of the Applus+ Group's activities on the economy, the environment and people.

All three committees report quarterly to the Board of Directors, as a minimum, and provide a yearly report on the progress of the respective committees' duties. The Audit Committee and the Appointments and Remuneration Committee (CNR) submit additional reports to the Annual Shareholders' Meeting.

The most relevant actions of the Board, the Audit Committee and the CNR Committee are detailed in the ACGR.





## BOARD OF DIRECTORS

### Independence

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

- Following the resignation of an Executive Director, the Board comprises nine members.
- Eight out of these nine directors are non-executive and seven are independent.
- An independent Chairperson heads the Board, separated from the CEO function.
- All committees are chaired by independent directors and are entirely composed of non-executive directors.

### Diversity

The CNR Committee and the Board of Directors, based on the Group's *Director Selection Policy* aims to define the principles that govern **the selection of candidates to achieve an adequate balance on the Board of Directors, ensuring that the selection processes foster diversity** in terms of gender, age, experience, knowledge and nationality, to continue leading the company's strategy and meeting our stakeholders' expectations.

The current composition of the Board and its diversity is highly valued, both by the Directors in their annual reports (highlighting the greater depth of debates and decision-making), and by the Group's institutional investors and proxy advisors, within the framework of corporate governance meetings held.

With these changes, the Board reached the goal of **40% female** representation established in its policy one year ahead of schedule.

In 2022, apart from the CEO's retirement and consequent replacement, the Applus+ Group made no changes to its Board of Directors, which continues to strengthen the diversity and the skills, knowledge and experience within the Board, thanks to the recent incorporation of Mr. Damesin and Mr. Connolly, especially in the **TIC** and Automotive sectors, and in the areas of human resources and cybersecurity, all of which are vital for the Group.

"We are particularly proud of the diversity of our Board of Directors and our solid model of good corporate governance, acknowledged through external ratings from multiple agencies, which we will remain committed to maintaining, thus fostering trust in our stakeholders." Eva Argilés, General Counsel



**7/10** Directors are independent  
**4 /10** Directors are women  
**4 /10** Directors from outside Spain

## SEPARATED CHAIRMAN AND CHIEF EXECUTIVE OFFICER (CEO) POSITIONS

### Conflicts of interest

The *Board of Directors Regulations* strictly designates the duties of the Directors with respect to potential **conflict of interest** situations, and if applicable, how to address and mitigate any. Under the applicable regulations, Directors provide information in the Group's annual accounts regarding possible situations of conflict of interest.

Applus+ has a **Conflict of Interest Policy** within the framework of our compliance model, which applies to all company employees.

### Independent assessment

Although the Board of Directors carries out an annual assessment of its performance, as well as that of its committees, the Chairman and the CEO, in 2022 the Board completed this evaluation through an external consultancy, of recognised prestige, and analysed the conclusions at its first meeting.

As a result of this **external evaluation**, the Board confirmed its good performance in relation to work environment, professionalism, dedication and commitment. The Board agreed to continue focusing its efforts in the following areas: succession, talent management, strategy with particular focus on ESG, cybersecurity and digitalization.

## **ESG approach**

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 the Group and assists us to maximise our value to society through responsible management of the business, taking into account stakeholders' interests and expectations.

The 2022-2024 **Strategic Plan**, approved by the Board of Directors at the end of 2021, focuses on ESG, among other things, addressing it from multiple perspectives.

The Board approved and published the Group's ***Environmental, Social and Governance Responsibility Policy*** in 2020, establishing the *Policy's* strategic lines and activities, as well as its management and control strategy.

The **ESG Committee supports and collaborates on the Board's mission** to supervise the implementation of this *Policy*, in the same way as the leaders of the corporate areas do. However, it is the responsibility of all the Group's executives to ensure the *Policy's* implementation and manage its impact on the environment.

The Internal Audit Department supervises and controls the monitoring of ESG policies and processes, reporting its conclusions to the Audit Committee. This information is subsequently published in the **Financial and Non-Financial Report** which, as part of the annual accounts, is ultimately approved and formulated by the Board of Directors.

## **Remuneration**

In 2022, the Shareholders' Annual General Meeting approved the ***new Directors' Remuneration Policy***, which covers the period **2022-2024**. 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 *Directors' Remuneration Policy* formally incorporates the **ESG criteria**, in line with best practice for such recommendations and expectations.

DIRECTORS	POSITION	CATEGORY	Applus+ COMMISSIONS			OTHER POSITIONS IN LISTED COMPANIES		
			AUD	ACC	ESG			
Christopher Cole	Chairperson	Independent			C	Tracsis	WSP Global	
Joan Amigó	CEO	Executive						
María José Esteruelas	Director	Independent		M	M			
María Cristina Henríquez de Luna	Director	Independent	M			Meliá		
Marie Françoise Damesin	Director	Independent		C				
Essimari Kairisto	Director	Independent	M			Fortum	Iveco Group	
Ernesto Mata	Director	Others	M					
Brendan Connolly	Director	Independent		M	M	Synthomer	Victrex	Pepco Group
Nicolás Villén	Director	Independent	C					
<b>TOTAL</b>	<b>9</b>	<b>9</b>	<b>4</b>	<b>3</b>	<b>3</b>			





**Christopher Cole**  
Independent Director.  
Chairman of the Board and  
Chairman of the ESG 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.



**Joan Amigó**  
Chief Executive Officer (CEO)  
and Executive Director

**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.



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

**Board Member:**  
2016 onwards

**Previous experience:** 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.



**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 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:** 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.



**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 Coming Glass Works.

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



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

**Board Member:**  
2021 onwards

**Educational qualifications:** Licenciada en Economía por la Universidad Paris Dauphine, MBA del ESSEC. Board Director Diploma del IMD Lausanne.

**Previous experience:** 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.



**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 [Applus+ website](#)

## Ethics and Compliance

GRI 2-15 GRI 2-16 GRI 2-26 GRI 205-1 GRI 205-2 GRI 205-3 GRI 206-1 GRI 412-1 GRI 412-2 GRI 412-3

At Applus+, we are convinced that good principles and value-driven management practices achieve more efficient and competitive results, thereby ensuring profitable and sustainable growth.

The Applus+ Group's reputation is one of our most valuable assets and a key component in developing our services. Impartiality, independence and integrity are therefore the cornerstones of our *Code of Ethics*.

### CODES OF CONDUCT

#### Integrity

- Respecting dignity in the workplace
- Data protection and privacy
- Market competition and consumers
- Confidential and non-public information
- Integrity in our services
- Use of the Applus+ Group's resources

#### Transparency

- Market competition and consumers
- Fighting against corruption
- Veracity of information and record keeping

#### Impartiality and independence

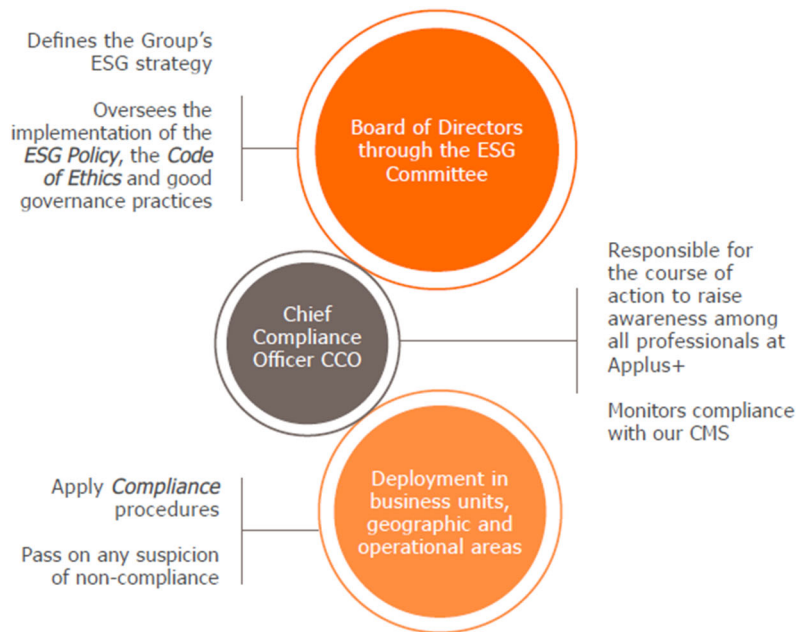
- Fighting against corruption
- Conflicts of interest

#### Responsibility

- Preventing health and safety risks and respecting employee rights
- Environmental protection
- Social responsibility, sponsorship and donations

Business growth and maintaining high standards are mutually reinforcing elements within the management and compliance with regulations. Building trust with the wider public is a gradual process and requires constant effort.

The Applus+ Group's *Code of Ethics*, together with the rest of the Group's *Compliance Management System* policies, is supported by an extensive implementation programme to ensure all employees and directors are familiar with the internal policies and procedures, and of which all requirements are effectively met.



## CODE OF ETHICS

The *Code of Ethics* is a binding set of rules that define the expectation of behaviour and set the principles that should guide the conduct of Applus+ and all its professionals when performing their duties and in their commercial and professional relationships. The rules in the *Code of Ethics* represent minimum standards for ethical behaviour within the Group, which apply to all countries, companies and legal systems.

In 2022 **we updated our *Code of Ethics***. Published in January, the latest version is further aligned with the Group's ESG Policy and includes an explicit mention of our commitment to sustainable development.

In the 'Principles of Conduct' section, we have included our commitment to diversity and equity, sustainable development and the protection of the environment and human rights, and the rejection of child labour and modern slavery. With this update, we have adapted to the requirements of the most recent regulatory and legislative changes and incorporated the latest approved policies.

We have also given our *Code of Ethics* a more modern look and feel to make it an attractive, easy-to-reference resource, which encourages greater engagement of our employees and stakeholders.

This new version of the *Code of Ethics* provides a more visual and clearer guide to Applus+ standards of conduct for our professionals, as well as for our clients, suppliers and business partners. Given the diversity of the professionals at Applus+, our Code is available to all of our stakeholders in 21 **languages**, both on the Applus+ website and on the Group's Global Intranet.

## TRAINING

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 we provide is a powerful tool to convey the importance that the company gives to the policies and the standards of behaviour that should govern our actions. The contents are offered in 17 languages, which is updated every year. This allows each of our professionals to renew their commitment to compliance and its values, affirmed with their signature.

When employees first join the Applus+ Group, they also sign a commitment to the *Code of Ethics* and its related policies as part of their employment contract.

Requirements for new professionals	Requirements for existing professionals
<ul style="list-style-type: none"> <li>• Training on the <i>Code of Ethics, Anti-Corruption</i> and associated policies</li> <li>• Questionnaire on conflicts of interest</li> <li>• Commitment to the <i>Code of Ethics</i> and <i>Anti-Corruption</i> and associated policies</li> <li>• Receive the policy on the use of IT resources</li> </ul>	<ul style="list-style-type: none"> <li>• Annual training on the <i>Code of Ethics, Anti-Corruption</i> and associated policies</li> <li>• Occasional live sessions</li> <li>• Reconfirmation of the commitment to the <i>Code of Ethics, Anti-Corruption Policy</i> and related Compliance policies</li> <li>• Reconfirmation of the compliance with the <i>Global Conflict of Interest Policy</i></li> </ul>

- Training topics 2022**
1. Respecting dignity at the workplace
  2. Committing to human rights and rejection of child labour and modern slavery
  3. Conflicts of interest
  4. Fighting against corruption
  5. Encouraging diversity, inclusion and equity among our workforce
  6. Preventing health and safety risks and respecting employees' rights
  7. Integrity in our services
  8. Veracity of information and record keeping
  9. Use of the Applus+ Group's resources
  10. Fair competition and clients
  11. Data protection and privacy
  12. Handling confidential information
  13. Cybersecurity
  14. Sustainable development and environmental protection
  15. Complaints communication channel and protection

"The training materials are appealing and easy to understand. The case studies in particular represent risk situations that we may realistically encounter as employees. The messages about what we can and cannot do are very clear, which makes it much easier to apply the company's criteria." Isabel Domínguez, Project Manager in Spain.

## DEPLOYMENT AND MONITORING

The Applus+ Group ensures that the **Third Parties we work with** fully know, understand and comply with the principles included in our *Code of Ethics*.

Everyone who acts on behalf of the Applus+ Group undergoes a strict approval process, which includes knowing and agreeing to comply with our *Code of Ethics* and *Global Anti-Corruption Policy and Procedure*. Each employee also undergoes reputation and integrity testing before entering into any type of relationship with the Group's and its entities.

Our suppliers, as well as our partners in any consortium coordinated by the Group, must sign a certificate of compliance stating their commitment to *the Code* and its associated policies.

To monitor the implementation of the different policy and procedure requirements, the managers of all our business entities also hold regular meetings.

All of the Group's professionals, as well as any third parties (clients, suppliers and business partners), can use the Applus+ Group's Ethical and Compliance Communications Channel to submit queries or to 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**. The Chief Compliance Officer (CCO) manages the channel.

Number of notifications reported in 2022 128	Number of investigations initiated <sup>1</sup> 100	Number of investigations resolved in 2022 <sup>2</sup> 85	Breaches of the <i>Code of Ethics</i> 38	Correction or disciplinary action 36
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<sup>1</sup> We pursue those notifications that have enough information to develop the investigation.

<sup>2</sup> The rest of the investigations are underway.

ORIGIN OF THE NOTIFICATIONS		RECEPTION CHANNELS		
Internal sources of the Group	External sources	Formal channels	Management team	Audit processes
105	23	72%	26%	2%

## COMPLIANCE MANAGEMENT SYSTEM

The Applus+ Group's **Compliance Management System (CMS)** allows the company to manage any possible criminal offences under the Spanish *Criminal Code*, UK *Bribery Act* and the US *Foreign Corrupt Practices Act*. The CMS comprises the principals of risk analysis, standards and controls, resources and dependence, as well as the complaints systems and its regular update.

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

Throughout 2022, the Group's Compliance Department focused its international efforts on consolidating the implementation of the CMS policies in all divisions and countries, placing special emphasis on the companies that the Applus+ Group acquired, contributing to the development and rollout of the Internal Control Guide.

This Guide **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*, *Global Expenses and Travel Policy*, the *Group Treasury Policy*, the *Sanctions and Export Control Policy*, the *Group's Anti-Money Laundering Policy* and the *Competition Policy*.

Accordingly, we have adapted and improved the **internal control model** by 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 which are part of our CMS.

The **Group's Internal Audit** team is responsible for monitoring and reviewing the CMS, who inform and report its conclusions to the Chief Compliance Officer and the Audit Committee. Finally, each year, members of senior management team are required to sign a declaration to confirm the correct implementation of these requirements.

Every year, the Applus+ Group's Compliance model is **audited by an independent external company**, which issues a certificate of compliance according to TIC Council parameters. The Chief Compliance Officer then reports the audit result and certificate to the ESG Commission.

Concerns which are considered critical because of an actual or potential negative impact on a stakeholder are reported to the Board of Directors through the ESG Committee. No concerns were detected in 2022.

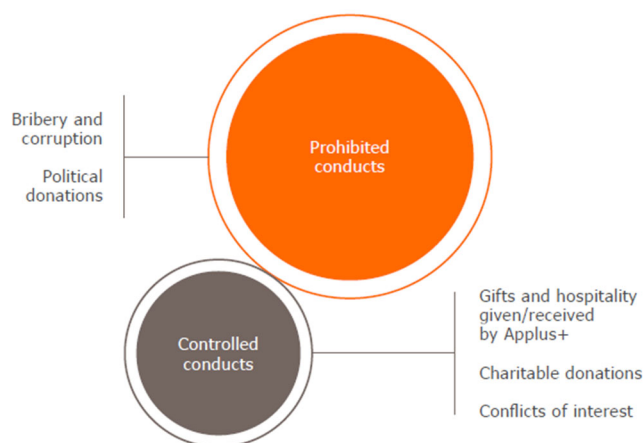
## CORRUPTION AND BRIBERY

The Applus+ **Group's** Global ***Anti-Corruption Policy and Procedure*** serves to prevent, detect, investigate and remediate any acts of corruption across the company's business entities.

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 carries out business; and to ensure that all professionals at Applus+, and other third parties, carry out business in a consistent manner.
- Fighting against bribery, kickbacks, improper or illegal payments, gifts or contributions, and any other improper method of seeking favourable treatment.

The *Global Anti-Corruption Policy and Procedure* regulates both our professionals' behaviour and relations with third parties, as well as any mergers and acquisitions.



In 2022 the Group contributed €49,431 to foundations and non-profit entities, always in accordance with the provisions of our *Global Anti-Corruption Policy and Procedure*. In line with our *Policy*, no donations were made to any political party.

## MARKET COMPETITION

### GRI 206-1

The Applus+ *Code of Ethics, Competition Policy* and the *Bids and Tenders Policy* foresee **compliance with anti-trust and competition** laws.

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 **2022** no legal proceedings were 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 protection and cybersecurity

At Applus+, we are committed to **protecting privacy, personal data and strengthening cybersecurity**.

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

In 2022, the Group also initiated an **international project** to review and adapt, where necessary, the processing of personal data carried out by the Group's various entities, to ensure compliance with the applicable data-protection regulations.

In fact, most of the Group's companies in the European Economic Area (EEA) and the United Kingdom implemented the GDPR in 2018, when the Regulation for EEA entities came into force, and with the UK General Data Protection Regulation (UK GDPR) in the case of the United Kingdom, and, in both cases, the local rules complementing each regulation.

We are aware of the evolution of the laws governing data protection since 2018, so we have undertaken this review process to include the latest developments in the field. Furthermore, the Group has a global presence and many countries have developed, or are in the process of developing, data-protection regulations. Accordingly, the Group continues to monitor the compliance of data processing by entities in these countries to such standards.

In 2022, we successfully deployed **online training** to all our employees in the aforementioned European regions (approximately 12,500), with the aim of refreshing the essential concepts for the daily management of data protection and detecting situations of potential risk. We have also prepared specific and detailed training for our data-protection coordination team.

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. The 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 within the Group's different subsidiaries and businesses.

In 2022, we had **no material disclosure, theft or loss of personal data information**, and Applus+ responded to **approximately 59,000 enquiries on exercising data-privacy rights in Spain**. As in other years, these enquiries were mostly related to our vehicle-inspection stations. This new sizeable increase is due particularly from customers exercising data-privacy rights automatically through the corresponding websites.

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**.

At Applus+, cybersecurity plays a **key role in keeping our company's assets safe**, and it is also becoming a **differentiating element for our clients** looking for trusted partners.

We have a **Global Information Security Policy**, which applies to all Group companies and is based on a set of principles and objectives that support the Applus+ Group's business strategy.

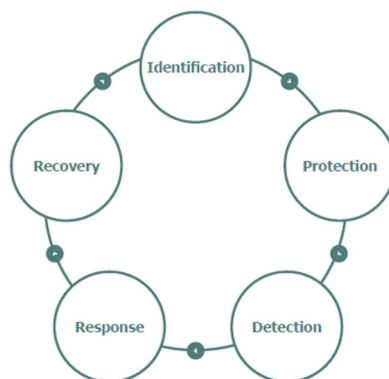
We adapt the management of our information systems to comply with **cybersecurity standards** and **data protection laws** in force in the countries where we operate. We are also **certified** in Information Security Management in accordance with **ISO 27001** in different areas and divisions of the Group.

A **specialised team** is responsible for implementing and managing the organisational, technical and process measures designed to protect the Group's assets, ready to respond to any incident arising.

Led by the CISO (Chief Information Security Officer), it reports directly to the CIO (Chief Information Officer), who is responsible for developing the Group's IT strategy. The CIO reports to the Board of Directors every six months.

The Cybersecurity Communities coordinate the initiatives in each of the Divisions and ensure their compliance. They also help to assess the risk associated with new initiatives launched by the Divisions.

In 2022, Applus+ focused on strengthening the security measures rolled out in previous years, and on further improvements in the five areas defined by the cybersecurity framework of the National Institute of Standards and Technology (NIST):



- **Identification:** We have the necessary information and knowledge to manage arising cybersecurity threats in the company's systems, assets, data and sectors.
- **Protection:** We have implemented the most appropriate security measures to ensure the provision of our critical services.

- **Detection:** We have defined the essential processes necessary to identify cybersecurity events.
- **Response:** We respond to any cybersecurity threat detected.
- **Recovery:** We have developed plans for the resilience and restoration of any impaired capabilities or services.

Applus+ **continuously monitors our rating** against each of these five areas from internal and external stakeholders. This type of assurance helps to build and maintain our clients' trust.

In 2022, in line with our plan to raise staff awareness, 25,004 employees participated in our **annual cybersecurity training**. We also emailed 25,339 internal phishing campaigns and six short video clips to all Applus+ users.

In line with our ongoing cybersecurity review plan, we carried out a **Red Team/Blue Team assessment exercise**. An external team of specialists (Red Team) performed a number of real-world cyberattack tactics and techniques against the Applus+ Group's information systems to measure the effectiveness of the protection and detection systems. The exercise also recorded the response capacity of our internal cybersecurity team (Blue Team), which was deliberately not informed in advance of the test.

With the support of external experts, we have designed a Cyber-Incident **Crisis Management Plan** to prepare for an emergency. This plan provides us with:

- Organisational models (Crisis Committee, with roles and responsibilities)
- Operational guidelines
- Clear lines of communication
- Operational normality threshold values and security-incident scaling process
- Clear cybersecurity playbook for a four-case scenario: Denial-of-Service, Information Leakage, Phishing and Ransomware
- Training drills to prepare the IT team

"With the new Crisis Management Plan, Applus+ is better prepared to reduce the impact of a cyberattack, report the incident to a competent authority, restore the affected systems, and resume work in the shortest possible time." Rubén Ávila. Chief Technology Officer.

We have implemented a **Privileged Access Management (PAM)** system based on cutting-edge technology, to ensure that IT staff are only granted privileges of access at the level necessary for them to do their job. The PAM solution allows security teams to identify malicious activities that are the result of privilege abuse and take immediate action to remediate risk.

## CASE STUDY: SecurityScorecard Index



At Applus+, we monitor the Group's cyberhealth using the **SecurityScorecard Index**, which evaluates an organization's cybersecurity risk using data-driven, objective and continuously evolving metrics. The index also allows us to compare the Group's risk ratings against our competitors.

The November 2022 Ransomware Analytics report gave us a 98 score, which places us in a **Good Position** compared to the global average of 79. The report shows which cybersecurity issues make an organisation more susceptible to ransomware attacks.



## Risk management

GRI 201-2 GRI 205-1 GRI 207-2

At Applus+, we systematically identify and analyse risks to determine their likelihood and take the appropriate precautionary measures.

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 and follows the **Risk Management Policy and Procedure**. Based on its results, we deploy our action plans.

Our analysis includes all factors considered critical to our business activities from a **strategic perspective** including those related to **sustainability and climate change** as well as from an **operational, financial, legal and compliance perspective**.

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

Board of Directors Audit Committee	Approve the Group's <i>Risk Management Policy</i> .  Determine tolerance thresholds.  Oversee the effectiveness of the Risk Management System (ensure the Group has appropriate strategies and indicators in place to mitigate the negative impact of risk).	The Risk Map and associated action plans are reviewed twice a year by the Audit Committee and annually by the Board of Directors
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 risks related to Environmental, Social and Governance Responsibility, including climate change.	
Remuneration and Appointments Committee	Oversee the management of risks related to people management, such as talent retention.	

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



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

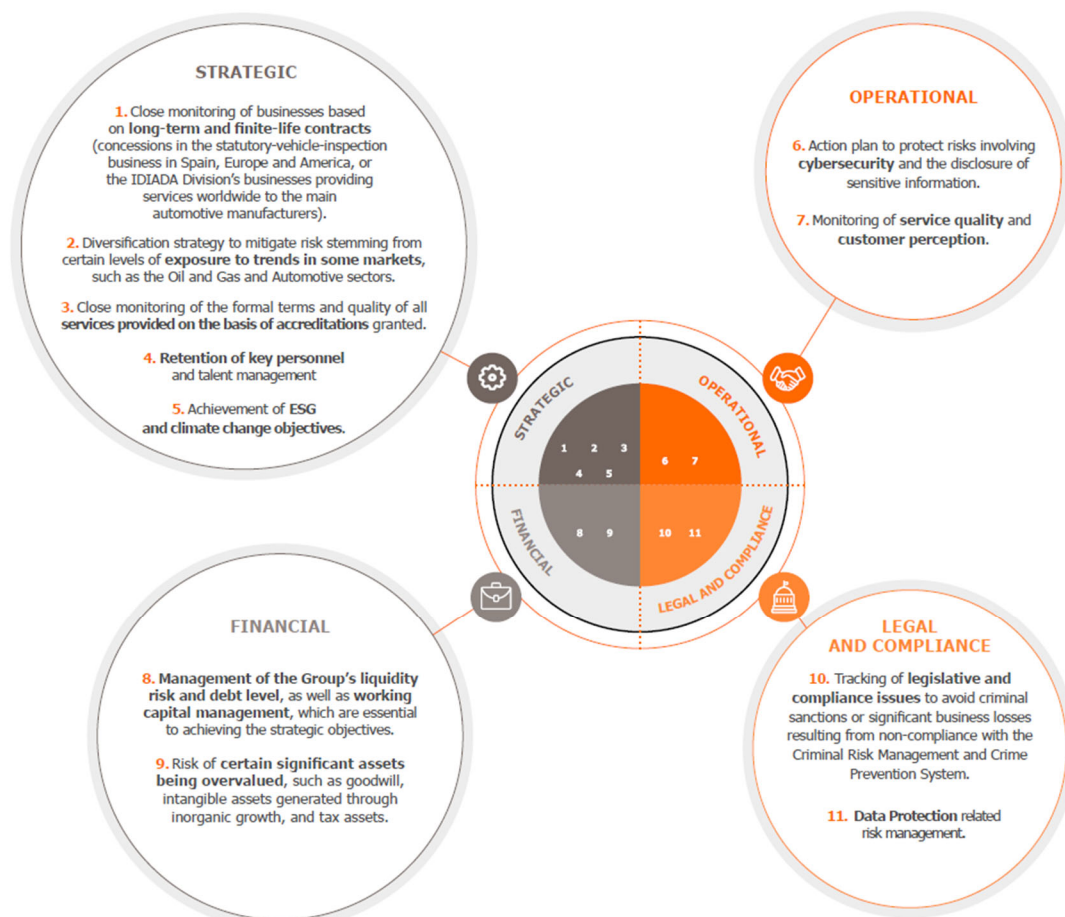
We consider climate risk as one of the most important non-financial risks to manage. To mitigate this risk, we are adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

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

In 2022, we updated the Risk Map and focused on managing the most relevant or significant risks resulting from the year's assessment. We have identified 38 risks, of which 10 have been determined as high level, 9 as medium level and 19 as low-level risks. We identify and assess risks by applying "Impact and Likelihood" criteria, that is, the probability of risk occurrence and its impact should it materialise.

Acceptable risk is considered to be any risk not exceeding the **low-risk level**. For medium- and high-level risks, we define **risk indicators** and design **action plans** to mitigate any effects.

The **lines of action** from previous years to mitigate the main **strategic, operational, financial and legal/compliance risks** are still in place.



Although in 2022 the risk of ending the statutory-vehicle-inspection contract in Costa Rica materialised, the main risk was the finite-life contract associated with the IDIADA Division, which expires in 2024.

This year, macroeconomic factors, such as a rise in costs derived from inflation and higher energy costs, have impacted the Group's results and slowed down the positive trend of the profit margin occurring since 2021.

We continue to focus on **making all our operations more efficient**, both through a direct reduction in costs and an increase in tariffs where possible, and by incorporating digital technologies in all business processes.

The Group's objective remains to **diversify and improve the quality of our service portfolio** further through divestments in non-strategic businesses and acquisitions with high-growth prospects and good margins.

## 06. VALUE TO PEOPLE

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GRI 2-23 GRI 2-24 GRI 2-30 GRI 402-1 GRI 404-1 GRI 404-2 GRI 407-1

### Perspective and approach: culture and management

At Applus+, we promote a people-based culture, fostering a diverse and inclusive work environment that enhances personal wellbeing and individual development.

We employ and train a wide range of specialists, from young people who develop their skills by taking advantage of our company's learning opportunities, to highly skilled engineers and technicians. We work to **attract and retain talent** and establish **programmes to enhance its deployment**.

We have always been passionate about striving toward a working environment focused on **respect, ethics and equal opportunities** for everyone in the Group's businesses.

We have developed policies and procedures that allow us to formalise and guarantee the same criteria for our entire workforce, regardless of country or division, and to help create our company's culture and management approach.

We understand **collective bargaining** as a fundamental right that fosters listening and understanding with workers' representatives and social partners, with the aim of establishing a collective agreement to regulate working conditions. Workers' representatives are freely elected by our employees in accordance with the labour legislation in force in each country.

Our **Remuneration Policy** is primarily aimed at aligning employee expectations with the long-term interests of the company and our shareholders. Our remuneration setting process is subject to the dedication provided and the responsibility assumed, and 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 ensure **equal pay for women and men** within the organisation. Our commitment to equality is reflected in our *Code of Ethics* and our *Global Anti-Discrimination Policy*, our adherence to the UN Women's Empowerment Principles (WEPs) and to the Diversity Charter, as well as through our active participation in the Target Gender Equality programme run by the UN's Global Compact initiative.

Our **wellbeing objectives** are based on promoting a healthier lifestyle and dynamic social activities and offering essential amenities. We have various social and economic benefit programmes. We promote people's health through initiatives involving their **physical, psychological and emotional wellbeing**, as well as activities that can enrich our people personally and make them feel part of a group, beyond the working relationship.

We comply with the right to **disconnect from work**, and, where a job allows it, we give our employees the option of **working from home**, which is always on a voluntary basis and with the right to reverse the decision.

Thanks to this approach, we have a low absenteeism rate<sup>14</sup>, which in 2022 stood at **2.3%**

"People are the company's most important resource. Managing people on the basis of diversity and inclusion allows us to attract all the talent present in society. It is no longer an option, it is essential." Sonsoles Somoza. Talent Acquisition Specialist.

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<sup>14</sup> Percentage of the absences from work caused by a work-related or a non-work-related illness or injury. The absence of an employee on maternity or paternity leave is not included.



## Human Rights

We are firmly committed to respecting human rights principles promoted by leading international organisations.

We ratify the United Nations' Guiding Principles on Business and Human Rights, the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the International Finance Corporation (IFC) Performance Standards, and the ten principles of the United Nations' Global Compact.

This commitment extends to everyone in the company and to those who work with us along our value chain. Each year, we launch **training activities** to raise awareness, among our entire workforce, of the importance of complying with the requirements defined by the company in terms of diversity and respect for human rights.

Our commitment applies to all communities where we operate, including indigenous peoples. We are particularly committed to supporting **vulnerable groups**.

We establish **action principles and guidelines** to identify, prevent, mitigate and redress potential or actual negative impacts on human rights from our company or arising from our business relationships, as well as to enhance the positive impact of our operations.

The company's **Code of Ethics**, and the **policies** to develop it hold the highest regulatory status. All employees must report any non-compliance through the Ethics and Compliance Communications Channel. In 2022, the Group received no complaints regarding human rights violations.

We actively participate in the **United Nations' Global Compact** through its **digital learning Academy**, which provides business leaders and practitioners with the skills and knowledge they need to move their companies faster in implementing the Ten Principles of the UN's Global Compact and Sustainable Development Goals.

"Since I began participating in October 2022, the Academy has given me a significant insight into what other companies are doing and all the possible actions we can take to improve." Fiamma Saggion, Talent Acquisition Specialist.

## Our professionals' engagement

We encourage employee engagement by listening to their needs, acknowledging their work and building personal relationships within teams beyond their working relationships.

All of our employees' opinions, ideas and contributions are highly valued by the company. We have various channels to help us reach our workforce.

In 2022, we launched **pulse surveys** in Spain, Chile, the United States, Mexico, Colombia and the United Kingdom focused on **psychosocial aspects** to find out the opinion of our personnel and implement actions to improve their work environment.

In addition to the engagement and pulse surveys, our employees have access to opinion forms on the intranet and physical mailboxes in the offices where they can give their opinion anonymously.

In the UK, we have created the **Applus Voice** initiative, an employee forum comprising representatives from each of our UK sites. Since 2017, this forum has provided a platform for employees to raise their concerns, suggestions for improvement, and communicate news.

## INITIATIVES TO FOSTER PERSONAL RELATIONSHIPS

During 2022, we carried out a series of activities to foster **meeting spaces** among Applus+ people.

In November, we launched the networking event "Getting back together with renewed energy". Santos García, CEO of Applus+ Enertis, opened the event by presenting the objectives of the Business Plan for 2023 and the conclusions of the internal-climate survey, carried out in October. Afterwards, the participants enjoyed a show and a lunch served by a sustainable catering company.



### CASE STUDY: TEAM BUILDING IN PORTUGAL



The Applus+ delegation in Portugal participated in a **team building** action with the Agile Thinkers label, on 17<sup>th</sup> May 2022.

The event was held at the Portuguese Chamber of Commerce and Industry, in collaboration with private companies and entities such as the Lisbon City Council and the Portuguese Army and Air Force. And to start strengthening a collaborative working environment for our team, the previous day we organised the peddy-paper, or paper-chase, "Em Lisboa na Pegada dos Graffitis" (In Lisbon in the Footsteps of Graffiti).

The objective of these initiatives is to optimise work and achieve a sustainable change process by demonstrating the **skills and talents of the teams to solve organisational challenges** through the adoption of best practices. Such initiatives encourage employee motivation, communication and teamwork.



## INITIATIVES FOR THE RECOGNITION OF OUR PROFESSIONALS

Through the different initiatives, we recognise our professionals' talent and effort in relation to issues we consider essential.

### Valoramos tu Plus" ("Beyond the Call")

Once again, this year we presented in Spain the "Valoramos tu Plus" (Beyond the Call) award in recognition of those employees who stand out for their proactive stance at work, the level of customer satisfaction, or the innovative nature of the projects in which they have participated. Jonatan Fernández, of the Applus+ Telecommunications Department in Catalonia and Aragon, was the winner of the 2022 edition for his professionalism, commitment and success in the different projects in which he has had the opportunity to collaborate.



**Beyond Standards Employee Award.** In the United States, we offer this award of excellence in all aspects of our business to Applus+ professionals who ensure integrity, independence, customer satisfaction and safety in the workplace.

*Beyond Standards Employee Awards*

Applus+  Together beyond standards

Applus+ RTD	JANX
<ul style="list-style-type: none"><li>■ Emmanuel Mejia, California</li><li>■ Christopher Hevly, Washington</li><li>■ Eric Heimann, Washington</li><li>■ Andrew Gallagher, Washington</li><li>■ Jennifer Brownen, California</li><li>■ Cameron Hansen, California</li></ul>	<ul style="list-style-type: none"><li>■ Benjamin Baumann, Michigan</li><li>■ Tanya Baumann, Michigan</li></ul> <p><i>We would like to express our appreciation for the hard work and exceptional performance of each team member!</i></p>

**Good Catch Program.** This prize rewards excellent behaviour in the USA, above and beyond standards, in the field of health and safety, as part of our commitment to a culture of safety. Keith Lundin observed unsafe behaviours near his work area, assessed the risk and implemented a solution that improved awareness of ongoing operations and mitigated risks to other employees and contractors.



**Awareness-raising initiatives.** Applus+ employees in the UAE participated in Dubai's first **Green Run**. The initiative was launched to raise awareness and encourage participants to adopt a **more environmentally sustainable lifestyle** and foster interaction among our professionals.

"Applus+ is proud to participate in the Dubai Investments Green Run. Many sustainability concepts were observed during the event, which encouraged our employees to be more aware of their daily practices and lifestyle." Liju Abdussalam, Regional QHSE Manager for Applus+ in the Middle East and Africa.

Applus+ employee Jenner Boque came in first among the participants.



In June, we hosted our first **Open Day** at our Aberdeen office in the UK as a place for employees, clients and partners to meet in a relaxed atmosphere. During the day, we showcased advanced inspection solutions which included the latest Portable IWEX ultrasonic technology.

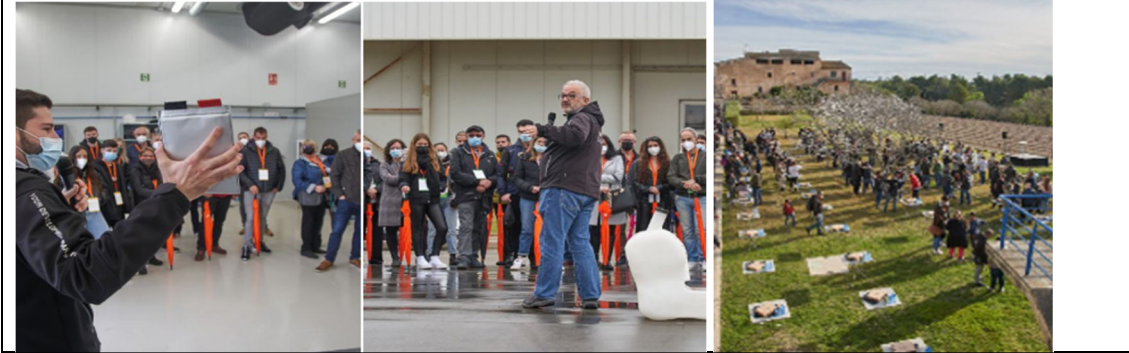


## CASE STUDY: OPEN DAY WITH OUR FAMILIES



At Applus+, we host open days for our families. For us, the event is a unique opportunity to show our loved ones where we work, what we do, and how our work impacts the society we live in.

We had more than 1500 visitors at the event we held at the IDIADA Division's offices in Spain.



In Papua New Guinea, new colleagues are greeted by our managers as a way of **welcoming new people** into the company.



## Diversity, equality and inclusion

At Applus+, diverse talent is one of the key pillars of people management. We develop equitable initiatives and plans based on our *Global Anti-Discrimination Policy* to strengthen our commitment to diversity, inclusion and equality.

The main initiatives undertaken in 2022 to join efforts and build synergies included:

We have renewed the **Agreement with the Higher Sports Council in Spain** to encourage high-level athletes to start their professional careers within our different divisions and departments.

We have signed the **FP Dual Alliance in Spain**, to make vocational training a way of providing young people with the skills and expertise our company needs.

We have renewed our commitment to the **European Diversity Charter**.

We continue to promote the **UN Women** initiative by participating in its talks, conventions and projects.




We have consolidated our **Diversity and Equality Councils** to promote respect and equal opportunities for people, with special attention to diverse and disadvantaged groups.

Every year, Applus+ observes the **international days** of vulnerable and minority groups, and of **national commemorations** that highlight the cultural contribution and/or the reality of indigenous and ethnic groups. On such dates, we launch internal and external communication campaigns, both locally and globally.

### Video of Ethnic Diversity

### Objectives

At Applus+, we know that to achieve positive results in diversity, equality and inclusion we must have specific and measurable **strategic objectives**.

<b>CASE STUDY: DIVERSITY, EQUALITY AND INCLUSION AWARDS</b>	 
<p>In 2022, we received several awards for our work in promoting diversity, equality and inclusion.</p> <p>Applus+ is among the 30 listed companies included in the <b>IBEX Gender Equality Index</b>, which is the first one to measure the number of women in management positions. Equality is a key pillar for Applus+ to attract, retain and develop talent because an equal workforce contributes to the sustainability and competitiveness of the business and the promotion of a better society.</p> <p>The <b>Prodis Foundation</b> has recognised our effort to promote the inclusion of people with intellectual disabilities in the labour market. Together with Prodis, we have launched actions that have made us grow as a company, promoting the recruitment of people with disabilities and organising solidarity markets and team building events.</p> 	

## Attracting Talent

At Applus+, we promote talent through a number of initiatives aimed at meeting our current and future needs to ensure that we always have the best professionals.

Here, we mention some of this year's most relevant ones:

"I have been working at Applus+ RTD since 2015. I started as a radiologist and have been a radiation protection expert since 2019. I currently help professionals to put theory into practice. As a radiation protection instructor, I teach in all spheres within TMS and help with the digitalisation of our programmes." Sander Hengeveld, Lecturer at the Competence Training Centre in Rotterdam.

### Students' professional development

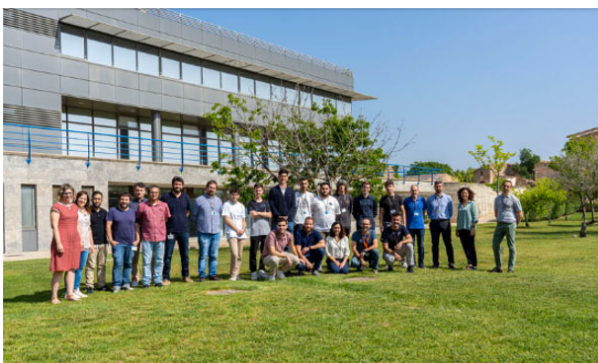
Throughout this year, we welcomed technical students from the University of Scalda in the Netherlands to our premises. During these visits, students learned about NDT methods through our demonstrations using liquid penetrant, ultrasonic, radiographic (digital and conventional), visual and TOFD techniques.



### First professional experience support

Applus+ has created the Trainee Talent Programme with the aim of offering recent graduates the opportunity to start their career at our company.

In Spain, we have been recruiting vocational training students through our internship programmes since 2006, and now also through Dual Training. One hundred and fifty-three students have completed their internships in our centres in 2022, and over 75% of them went on to work for us.



## Applus+ Academy

We have launched the creation of 100% online courses, completely free of charge, to provide our professionals with the skills that can boost the talents we seek:

- Health and safety
- Energy audits
- Electrical networks
- Telecommunications

## Participation in the Kern County STEMposium

Our expert, Health and Safety Director Hector Lopez, demonstrated an ultrasonic thickness test (UTT) to students attending this event, which each year brings together outstanding students and local businesses, to promote Science, Technology, Engineering and Math (STEM) related subjects.



## Participation in job fairs

Throughout the year, we participated in more than 30 job fairs around the world to attract the type of talent Applus+ needs in countries such as the United States, Spain, the United Kingdom, Portugal and Germany.

The Maine 2022 "Hire-A-Vet" Campaign in the United States provided an opportunity for veterans to contact companies like ours, which help them transition to civilian careers



The University of Vigo's job fair in Spain, EMPREGOinCAMPUS, is the first international fair between Spain and Portugal to help graduate jobseekers and final-year students get in contact with collaborating companies like Applus+



### CASE STUDY: Meet-Up



Meet-Up is a **programme designed by Applus+** to give students from different universities the opportunity to visit our offices and see first-hand what we do and how we do it.

In this year's seventh edition, a total of 50 students visited the the IDIADA Division's facilities to learn about the work carried out by our Passive Safety, Proving Ground and ADAS departments, among others.



## Training and Development

In 2022, our employees completed 579,978 hours of training, at an average of 22 hours per employee.




One of our objectives is to retain talented professionals. To do so, we continue to strive for a **fair, diverse and competitive environment** that provides opportunities for professional development and growth.

This year, we have taken significant steps to establish a solid foundation to achieve this, implementing **work programmes** that are globally aligned and focused on improving our career options as well as our employer branding.

We continue to **partner with strong and responsible** associations, schools, institutions and foundations to build synergies and facilitate inclusion with the labour market. Our programmes have four defined strategic lines:

### 1. Develop current and future leaders

Encourage the training of great leaders who, through dialogue and listening, foster the development of teams to provide the highest performance standards.

<b>CASE STUDY: 360 Talent Programme. Women in Management positions</b>	 
<p><b>"Talent 360. Women Managers"</b> is a training program launched in Spain by the <b>EOI Business School</b> in collaboration with <b>the Women's Institute</b>. Training our leaders through such programmes helps us to make their talent visible, promote their skills and generate synergies with leaders from other companies.</p> <p>"It has required a major effort because of the timing (in a new position) and the work involved, but it was certainly worth it on a professional and personal level, and I hope we can continue to send more female colleagues; it is an excellent investment." Carmen Garcia, Head of Quality and Environment.</p> 	

## **2. Prepare Applus+ for growth**

We support our employees by offering them competitive benefits, meaningful work and programmes that allow them to develop and improve their skills.

Through Workday, we have launched the first internal talent campaign in Spain, Portugal and Italy, so that every professional can update their profile and apply for internal vacancies in the company.

## **3. Promote diverse employment**

We want to guarantee future talent, which is why we promote the integral development of young people, with dignity and equal opportunities, to build a fairer, more inclusive, richer, more diverse, and better society as a whole.

At Applus+, we offer opportunities for young people to actively engage in their growth and professional development, and promote ethnic, racial and gender diversity.

## **4. Foster digital transformation**

To develop people's talents in the best way, we need to provide them with the best means to do it. The Group's passion for progress initiated a digital transformation years ago that has allowed it to maintain a high level of excellence in its day-to-day operations.

Given the constant evolution of our services and the speed with which skills can become obsolete, we offer our employees a wide range of online courses through various initiatives.

### **Automotive Talent University**

This programme was devised 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 online through Microsoft Teams. This programme is also aligned with our commitment to the development and use of new technologies to drive digitalisation projects in the sector. All training itineraries include specific instructions in digital tools and applications.

"Thanks to my participation in this programme and its content and the case studies developed by the trainers, I have improved and strengthened my commercial vision of the business and my strategic competencies, and obtained more competitive and efficient results that will allow me to continue opening new paths in Applus+." Eduardo Aparicio. Statuary Vehicle Inspection Manager in Barcelona.

### **Workday Platform**

Workday is in use in Spain, Italy and Portugal. It facilitates learning through the platform's suggestions for courses based on the interests that our professionals have previously selected. It also provides us with an individual training record that is useful to the employee and to match employees' skills and interests with upcoming projects.

## Wellbeing Programmes

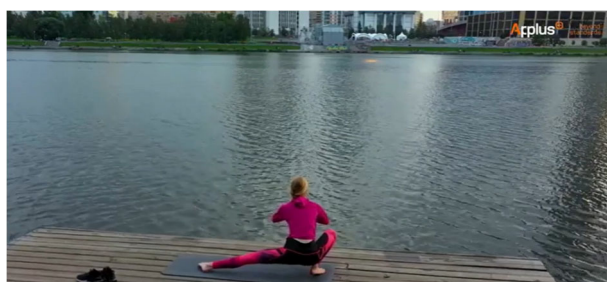
Applus+ offers various social and economic benefit programmes to promote our employees' wellbeing. The Group's wellbeing objectives are based on promoting a healthier lifestyle and dynamic social activities and offering essential amenities.

In 2022, our **online and app-based wellbeing programmes** continued to provide support and wellbeing through different services depending on the country:

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

### CASE STUDY: Promoting Sports

Fostering a healthy lifestyle is part of the corporate culture of Applus+, and practicing sports is critical to staying healthy and fit. The promotion of sports activities among our employees improves their health and, at the same time, contributes to strengthening the ties that bind us together.



## Occupational health and safety

### MANAGEMENT SYSTEM

Our health and safety strategy pursues the objective of zero accidents, so occupational risk management is essential to Applus+, especially considering that a significant part of our services is carried out at client sites.



Our **policy** bolsters our **health and safety management system** which complies with ISO 45001.

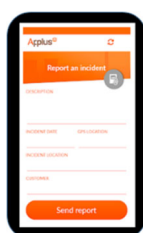
We have established the **Applus+ Golden Safety Rules** to ensure the health and safety of our employees at work.

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. All employees are covered by a health and safety management system, and in 2022, 42% of operations had the management system certified by a third party.

### H&S ENGAGEMENT PROGRAMME

Our **H&S Engagement Programme** aims to advance and promote the preventative approach and establishes six preventative measures and resources as part of its health and safety management system.

#### 1. Reporting incidents and safety observations



Applus IncidentA+

By facilitating the reporting of incidents, the tool helps identify, investigate and control or eliminate their causes, thereby contributing to their prevention.

Employee-awareness campaigns are conducted to encourage such reporting and provide our people with local or corporate telematic tools to facilitate communication.

In 2022, 1,556 incidents and 30,100 observations were reported. The importance of these communications lies in their preventative nature, which also allows us to identify cases with high potential that we then analyse in greater depth. Every reported case involved performing the necessary corrective actions to avoid their possible recurrence.

#### 2. Conducting inspections and audits

Our programme covers three levels of inspection, depending on the scope and profile of the reporter:

- Health and safety checks on-site: employees perform pre-check or last-minute risk assessments before starting a job or task



- Managers' supervision of safety: middle or line managers perform on-site supervisions or inspections of safety conditions at work and transmit their importance to the employees under their charge.

### CASE STUDY: INTERNAL SAFETY INSPECTIONS OF MIDDLE MANAGEMENT



We have established internal safety inspection programmes in our statutory-vehicle-inspection stations, which are carried out by the station managers. These inspections check, among other things, the overall condition of the facilities and equipment, and the use of PPEs.

"The role of middle management is essential to achieving safe working conditions through these safety inspections. In 2022, in Spain, 190 safety inspections were conducted, which represents an increase of 13% compared to 2021." Alberto Zalvide. Automotive Division Manager in Galicia (Spain)



- Safety audits and inspections: risk-prevention technicians or qualified personnel **identify and assess risks**, maintain their validity and, at the same time, check the effectiveness of preventive measures.

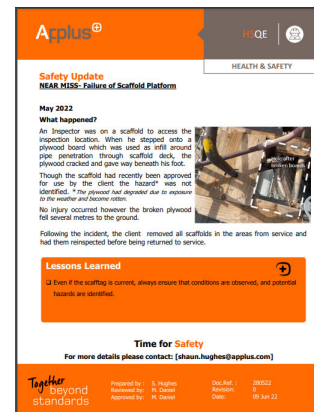
In 2022, a total of 141,397 inspections were carried out, 2.7 inspections per 1000 hours worked, an increase of more than 40% compared to the previous year.

### 3. Publication of lessons learned

All **accidents and incidents are investigated** to ascertain the root cause of the problem and to define action plans to prevent its recurrence.

We take the most relevant cases and share the lessons learned with the entire organisation through our global intranet.

In 2022, we shared 94 lessons learned from all four Applus+ divisions.



### 4. Corporate internal audits

In 2022, the Corporate Health and Safety Area carried out internal audits on management systems, accident rate, monthly report data, training programmes and improvement projects, and good practices.

This programme aims to cover the entire operation every two years. During 2022, the Group has fulfilled the established programme, which has meant 35 audits<sup>15</sup> covering 56% of our workforce.

### 5. Employee recognition

We encourage the implementation of local or regional employee recognition programmes to acknowledge their contribution to health and safety. The Global Ace Safety Award programme is noteworthy, which in 2022 expanded its scope of participation to cover all Group divisions.

In 2022, we handed the 2021 award to Cyrus Hand, an Australian employee who helped prevent the explosion of an over-pressurised piece of equipment in an area close to where he was working. Our employee realised the hazard, interrupted his work and immediately reported the situation to the owner of the facility.



“Recognising safe behaviours through our Global Safety Award program is an important part of our safety culture. It allows us to acknowledge our people’s commitment to safety. To say thank you for your safe behaviours, our winner was awarded the latest edition of a tablet, which he very much appreciated!” Mark Daniel. Regional, QHSE Manager-Asia Pacific

<sup>15</sup>The audits cover all companies in the Division by country.

## 6. Health and safety training

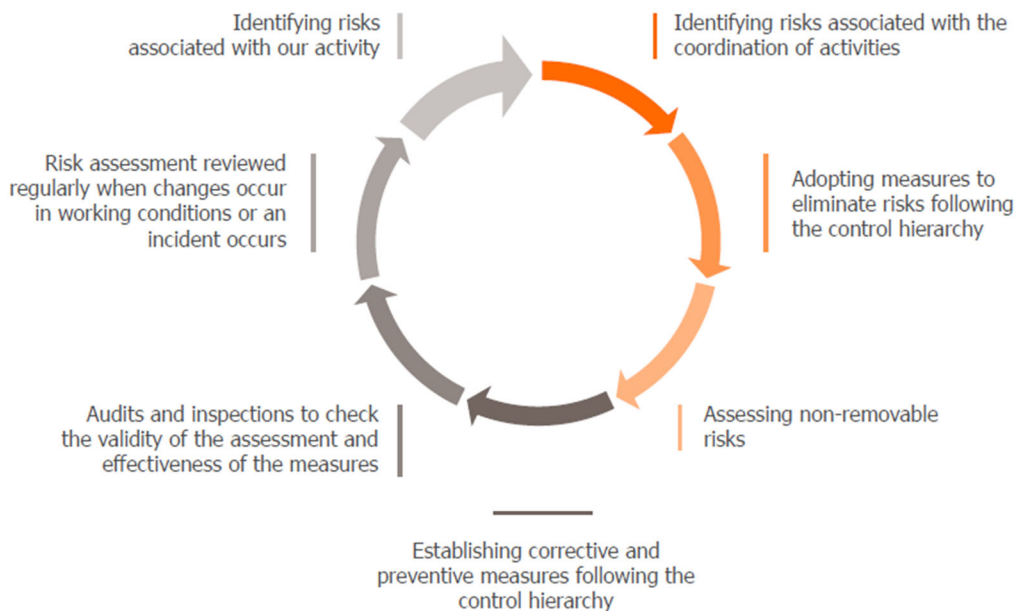
For Applus+, health and safety training is an essential means to ensure our professionals can identify, monitor and reduce work-related risk.

One hundred per cent of new Applus+ employees are trained in health and safety when joining the company. We have an initial training programme, deployed through the Group's e-learning platforms, which are complemented by local programmes defined according to the specific needs of the position and the associated risks.

In 2022, 8,980 new employees took induction training and more than 23,000 employees participated in refresher or periodic training.

### HAZARD IDENTIFICATION AND RISK ASSESSMENT

Our approach to occupational risks is based on prevention and continuous improvement.



#### CASE STUDY: GPS TRACKING TO IMPROVE ROAD SAFETY

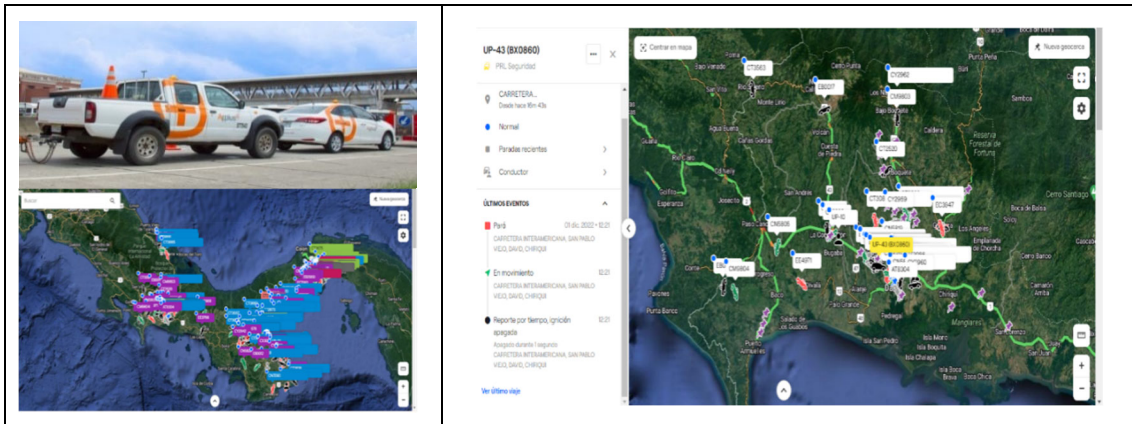


Applus+ has mechanisms in place to minimise the risk of road accidents in our operations, promote a culture of road safety and assess driver behaviour.

We have developed and implemented a GPS-based vehicle tracking and control system to monitor vehicle speed and driver behaviour, with alerts and retraining plans for the most recurrent situations.

As an example, in 2022, the implementation of the model in six Latin American countries (Mexico, Panama, Colombia, Peru, Brazil and Chile) enabled the monitoring of 1,105 vehicles.



"Our GPS fleet tracking system has allowed us to improve the monitoring of driving behaviour and generate greater compliance with traffic regulations, making it safer to drive on the road and in the fields". Ricardo García, QHSE Manager in Latam



## HEALTH SURVEILLANCE

Applus+ has **local health surveillance programmes** to assess the physical fitness of its employees when they join the Group and on a regular basis through specific medical check-ups in respect of the job position and the activity carried out. To deliver these programmes, we use external medical services, in accordance with local regulations among other requirements. Collectively, we carry out **epidemiological studies** to identify incidents on health that could be work related.

Moreover, in some countries, Applus+ provides access to medical services to its employees for non-work related health issues.

<h3>CASE STUDY: SAFETY DAY</h3>	
<p>In 2022, we celebrated the ninth edition of <b>Safety Day</b>, an event organised worldwide, where 100% of the countries where Applus+ operates participate and to which we invite our workforce, clients and contractors to join in the events.</p> <p>For 2022, we focused on raising staff awareness of the dangers of <b>risk normalisation</b> and its consequences. The materials were translated into 13 languages.</p> <p>Among other events, we had an internationally recognised specialist talk about how to prevent risk normalisation, the importance of following protocols, focusing on work and taking care of oneself.</p> <p>This activity has been highly valued by our employees, as reflected in the comments on the event's <b>social wall</b> and in the satisfaction surveys.</p> <p>"We had a great Safety Day in Denmark with some interesting discussions and knowledge sharing regarding safety." Maria Forsberg, Project and Communication Coordinator.</p>	

## 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 goes beyond collecting accident rates or reactive indicators' data, it also includes **proactive indicators** that refer to the Group's performance in the H&S Engagement Programme.

The local representatives for QHSE are responsible for reporting accident data using the BPC tool. The corporate department reviews and consolidates the data 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**<sup>16</sup> for the last two years are as follows.

HEALTH AND SAFETY INDICATORS	2021	2022
Working hours (in thousands)	48,383	52,168
Fatalities	0	0
Fatality rate	0.00	0.00
Number of high-consequence work-related injuries	0	0
Rate of high-consequence work-related injuries	0.00	0.00
Recordable cases	247	250
Total recordable cases frequency (TRCF)	1.02	0.96
Total recordable cases frequency (TRCF) Female rate	0.09	0.15
Total recordable cases frequency (TRCF) Male rate	0.93	0.81
Lost time injury frequency (LTIF)	0.91	0.66
Lost working days	6,880	5,626
Severity	0.14	0.11
Severity Female rate	0.02	0.01
Severity Male rate	0.12	0.10
Professional illness	0	0
Professional illness Female	0	0
Professional illness Male	0	0

<sup>16</sup> GRI 403-9 and GRI 403-10 - 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.

The three accident rates, TRCF, LTIF and severity rate, evidence a decreasing trend, with a relevant reduction of the figures.

The main causes of the accidents in the Group in 2022 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, no bias or significant differences regarding the exposure to hazards and their consequences are observed.

## 07. THE ENVIRONMENT

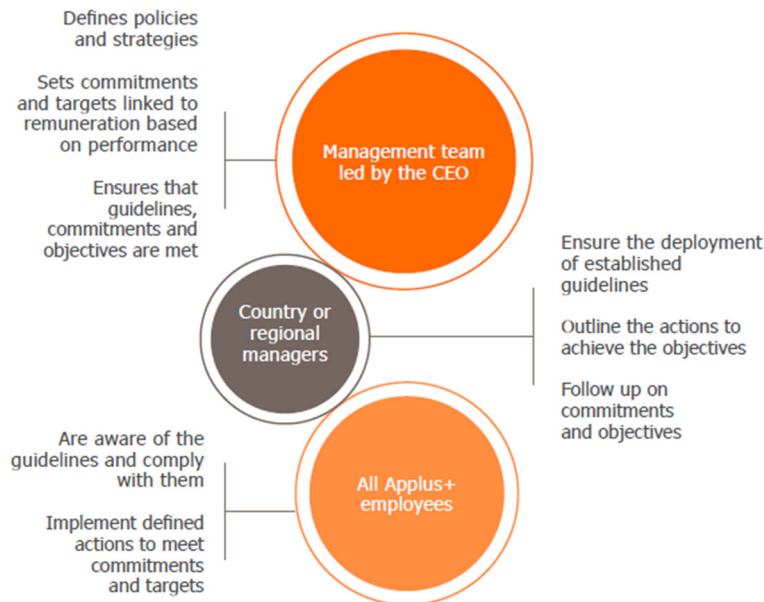
### Approach to Environmental Management

GRI 2-23, GRI 2-24, GRI 201-2, GRI 302-1, GRI 302-2, GRI 302-3, GRI 302-4, GRI 302-5, GRI 303-1, GRI 303-2, GRI 303-3, GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5, GRI 306-1, GRI 306-2, GRI 306-3, GRI 306-4, GRI 306-5, GRI 308-1, GRI 308-2

Applus+ is continually reinforcing its environmental commitments. From internal policies and management systems to the ambitious target validations by SBTi adhesion, our environmental strategy is aligned with our brand, Together Beyond Standards.

#### GOVERNANCE

**Corporate Quality, Prevention and Environment Policy** governs our operating rationale to achieve the preservation of the environment. We develop our policy based on **continuous improvement** within **safe, healthy and sustainable conditions**. These guidelines are endorsed by our CEO, and all Applus+ employees are aware of the policy to which they are duty bound to comply with.



The Applus+ **Environmental Best Practices Guidelines** defines clear guidelines on how to reduce energy consumption at the Group's facilities, as well as fuel consumption, both in fleet vehicles and in private cars. The *Guide* also addresses the management of waste, thereby **minimising our environmental impact**.

#### ENVIRONMENTAL MANAGEMENT SYSTEMS

The commitments set forth in our policy are implemented through Environmental Management Systems (EMS), according to the international standard ISO 14001 or the European EMAS regulation.

**54%**

Calculated as the percentage of revenue generated by legal entities certified by a third party

"Our customers value that our EMS is periodically audited by third parties because this ensure their suitability, effectiveness and respect for the environment." Irache Visiers, Quality Manager, Energy & Industry Division.

## ENVIRONMENTAL ASPECTS

Our main environmental aspects are related to energy consumption, its associated greenhouse Gas (GHG) emissions, water consumption and waste generation.

<b>Energy consumption</b>
<p>The energy consumption derived from our operations is from the consumption of electricity and fuels such as petrol, diesel or natural gas, largely due to lighting, air conditioning and operation of equipment, as well as the use of fleet vehicles.</p> <p>Within the framework of our management strategy, <b>improving energy efficiency</b> is one of our main objectives, which entails reducing energy consumption.</p>
<b>GHG Emissions</b>
<p>One of the main consequences of our energy consumption is the generation of greenhouse gas emissions. These emissions can be both direct, produced by sources controlled by the Group, and indirect, derived from the consumption of electricity and sources that are not owned by the company, including those of our entire value chain.</p> <p>Most of our emissions are generated in the value chain, since they include the activities carried out upstream and downstream for the undertaking of our services, namely emissions from employees' travel and commuting and purchased goods and services.</p> <p>"Our management strategy is based on reducing consumption, choosing renewable sources and off-setting residual emissions." Adrià Medina, Environmental Specialist QHSE Corporate.</p>
<b>Water consumption</b>
<p>Water usage forms part of our commitment to the efficient use of resources.</p> <p>At our facilities, water is mainly used for sanitation, and the largest consumption is concentrated in a few closed-circuit vehicle-testing facilities, which have water reuse systems to minimise consumption.</p>
<b>Waste Generation</b>
<p>The Group's waste generation is basically concentrated in our testing activities. We have thereby defined procedures to manage waste in terms of waste prevention and recycling.</p>

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.

## RECOGNITIONS

The recognition Applus+ receives for its commitment to improve its environmental performance gives us great satisfaction and encourages us to keep on working harder and smarter in the future.

Applus+ presents its commitment to transparency by disclosing its environmental performance through the annual CDP questionnaire. For the fifth consecutive year, the organisation has awarded the Applus+ Group a "B" rating, which is higher than the sector's rating and the global average.

### Applus+ is among Europe's Climate Leaders according to The Financial Times

This is the second edition of the Financial Time's list of Europe's Climate Leaders. This annual survey identifies the European companies that have achieved the greatest reduction in the intensity of their Scope 1 and 2 greenhouse gas (GHG) emissions over a 5-year period (2015-2020).

This distinction highlights the Group's firm commitment to improve its environmental performance and encourages us to continue working on our emissions reduction plan in our fight against climate change.

## Commitments and targets

### SCIENCE BASED TARGETS INITIATIVE (SBTI)

At Applus +, we understand that the private sector has an obligation to contribute to the fulfilment of the objectives of the **Paris Agreement**, which aims to prevent the increase in the average global temperature of the planet from exceeding 2°C with respect to pre-industrial levels and also seeks to promote additional efforts to ensure that global warming does not exceed 1.5°C.

Conversely, the Group has joined the **Science Based Targets initiative (SBTi)**, in which more than 2,000 companies participate worldwide, and which collaborate with the most influential organisations in the field of climate change.

We have defined short-term reduction goals, by 2030, in line with the 1.5°C scenario, which have already been validated by SBTi, and set a long-term goal with the ambition to become a net-zero carbon company by 2050, following the SBTi Net-Zero standard.

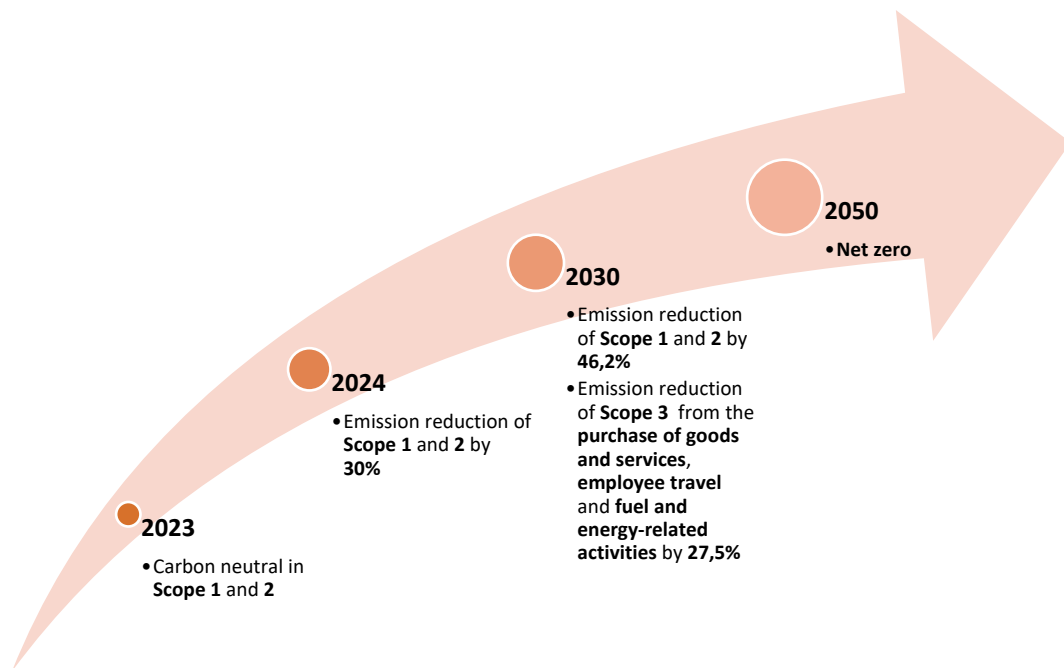
The commitment to net-zero emissions has allowed the Group to be part of the "Business Ambition for 1.5 °C" campaign and the UNFCCC "Race to Zero" Campaign, which brings together entities from 120 countries to completely eliminate emissions by 2050.

"Our customers value very positively our environmental commitment embodied in our GHG emission reduction targets recognized by the SBTi". Santiago Rodríguez. Director of Business Development Energy & Industry Mediterranean

### TARGETS

We set ambitious **GHG emission reduction targets** to drive concrete actions towards ever-improving and sustainable environmental performance. Our continued efforts in reducing emissions are an important step towards a greener, more sustainable future for all.

To meet these targets, we revised our guide of good environmental practices to encourage the reduction of energy consumption in our daily management, and we implemented action plans to improve energy efficiency in our operations. In addition, we have devised a new policy to hasten the transition to a fleet of eco-efficient vehicles and the usage of electricity from renewable sources for our facilities.



The reductions mentioned are related to the base year (2019).

### MAIN HIGHLIGHTS FOR 2022

During 2022, we actively expanded our accounting and reporting of emissions to establish more adequate measures to reach our overall goals.

<ul style="list-style-type: none"> <li>As a result of the Group's new acquisitions, we have recalculated base-year emissions in compliance with the GHG protocol and our internal policy <i>Environment basis of reporting</i> (Environment Basis of Reporting) in order to ensure an accurate comparison of the data with the reference year.</li> </ul>
<ul style="list-style-type: none"> <li>We have expanded previous years' waste data to cover 27% of the Group's operations.</li> </ul>
<ul style="list-style-type: none"> <li>66% of the Group's operations consume electricity from renewable sources.</li> </ul>
<ul style="list-style-type: none"> <li>Our near-term emission reduction targets have been validated by the Science Based Targets initiative (SBTi).</li> </ul>

### Climate change

As a sustainable business, at Applus+ we understand that the company has a responsibility to act on climate change and support the transition to a low-carbon future.

We have set science-based targets with the ambition of becoming a **net-zero carbon company by 2050**.

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), we are committed to openly disclosing climate-related risks and opportunities, as well as our management, strategy and financial risk implications associated with the decarbonisation of our operations.

The plan encompasses all the Group's operations and all of its subsidiaries and facilities in the different countries.

## GOVERNANCE

### SUPERVISED BY THE BOARD OF DIRECTORS

The Board of Directors is responsible for monitoring climate change issues within the ESG framework, a responsibility that cannot be delegated to other levels of the organisation. To carry out this supervision effectively, the Board established the ESG Committee consisting of three Board members (the Chairman and two independent directors) who meet on a quarterly basis.

The committee is responsible for defining and promoting the Group's ESG strategy, ensuring the implementation and deployment of activities to operate sustainability, including climate-related actions, the *Code of Ethics* and good environmental practices, as well as of coordinating the process for reporting non-financial information.

The Group has focused its 2022-2024 ESG strategy on sustainability in relation to climate change. The strategy's effective implementation and compliance is carried out by the management and internal teams. However, the Board of Directors, through the ESG Committee, oversees its compliance according to key indicators and objectives, and they take the appropriate steps to optimise the results.

### MANAGEMENT ROLES

The Applus+ Group's structure ensures that climate-related actions are monitored, controlled and managed by all management levels of the organisation. Each level has clearly defined responsibilities and short-, medium- and long-term targets aimed at reducing our carbon footprint.

- **Board of Directors:** This is the highest corporate body that oversees ESG performance, including climate change actions. The directors supervise, manage and control these actions, ensure Applus+ commitment, and stress its significance for the company. The Board reports to the Shareholders' Annual Meeting and delegates the implementation of the Group's ESG and climate change strategy to the ESG Committee.
- **ESG Committee:** Oversees the adoption and management of policies and other good governance practices, and submits proposals to the Board for their consideration. The ESG Committee reports quarterly to the Board and provides a yearly report on the progress of its duties.
- **The CEO** deploys the actions defined in the committee to the operational level through the functional managers. The CEO delegates issues related to climate change and other environmental issues to the **Vice-President of HSQE**.
- The **Vice-President of HSQE** is responsible for the deployment and the follow-up of the actions and agreements. Environmental management, including climate change issues, is deployed to different countries through the **HSE teams**. The Divisions have appointed **HSE managers** in each country, For Energy & Industry Division, due to their size, they have also been appointed **regional HSQE managers** in six regions. These managers are responsible for the deployment of the action plans at the country level, and for achieving the goals and targets.
- Environmental performance is monitored four times per year using the ASM tool. This data is bolstered at a group level with indicators being defined to measure performance in line with the targets set, which allows to compose a global overview to report to the **ESG Committee**.
- The **Internal Audit Department** carries out internal controls over policies and reporting processes, such as the compiling of energy consumption and CO<sub>2</sub> emissions calculations.




From 2022 onwards, ESG targets are included in the Group's retribution scheme.

The Board of Directors has established targets based on our sustainable development goals in matters relating to integrity, diversity, safety and health, and decarbonisation.

## STRATEGY

### EVALUATION OF RISKS AND OPPORTUNITIES

Our strategy covers three-time frames:

	Short term	<3 years
	Medium term	3 – 6 years
	Long term	> 6 years

The materiality of ESG risks is the same as the one established in the financial risk framework and totals €10M.

The outcome of the risk assessment feeds our financial strategy and planning. This covers the action plans to reduce our emissions and mitigate climate change, and in the definition of our service portfolio, the location of our facilities and new acquisitions.

Risk / Opportunity	Description	Time frame	Impact	Level of Impact	Action
<b>Physical Risks</b>					
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	Increased temperatures	Present	Increasing energy consumption and costs, and emission levels.	Medium	Operational and energy-efficiency programmes at our facilities to mitigate impacts.
<b>Transition Risks</b>					
Market risk	Change in consumer behaviour with a reduction in the use of fossil fuels to decarbonise the economy.	Long term	Possible impact on the services that the Group provides to the Oil and Gas sector and other unsustainable sectors.	High	Diversification plan, which has reduced the Group's exposure to this sector from 50% in 2014 to the current 26%.
Opportunity	Greater demand for sustainability-related services. Development of services in the renewable energy and sustainable mobility sectors.	Present	Growth in revenue in the renewables sector. Increase in sustainable mobility services, particularly electric vehicles and hybrids. New sustainability-related services in the supply chain, in clients' products and processes.	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.  Electric or hybrid vehicle-related operations <sup>17</sup> doubled in 2022 compared to 2021, becoming 63%. Development of new products for testing, inspection or certification of sustainable products or processes.
Opportunity	Greater demand for sustainable products.	Present	Brands need to demonstrate their products' sustainability. This has increased demand for sustainability-related services.	High	Applus+ offers solutions such as product certifications or traceability at origin that guarantee that business activities are carried out sustainably.

<sup>17</sup> Engineering, testing and homologation services for automotive sector

Legal risk	New legal requirements for reducing combustion vehicles.	Long term	Partial impact on the environmental control of emissions in the statutory-vehicle-inspection business. With the exception of the United States, in all other countries the emission inspection is a residual activity compared to the vehicle's safety aspects.	High	Development and investment in new testing activities associated with the electric / green connected vehicles.
Regulatory risk	Increase in the price of coal.	Present	As we aim to be carbon neutral from 2023, it increases our costs.	Medium	Reduction of energy consumption through internal efficiency plans. Additionally, the percentage of renewable electricity increased up to 66% in 2022.
Regulatory risk	Increase and improvement in reporting obligations.	Short term	Increased operational costs to comply with legislation.	Medium	Monitoring of legislative changes accompanied by a deployment of reporting and internal control tools.
Opportunity	Design and develop services that assist our clients to comply with the new regulations.	Present	Foster tests for: <ul style="list-style-type: none"> <li>• emissions or homologation</li> <li>• clean and connected vehicles</li> <li>• insulating and construction material</li> </ul> Increase in revenue associated with testing, engineering and homologation, of both green vehicles and components. Increase of certification and verification services in some of the activities included in the EU Taxonomy Regulation, and other initiatives related to the European Green Deal.	High	Innovation plan with priority lines of action in each line of business. Monitoring of legislative changes accompanied by the deployment of new services.
Reputation risk	Unsuitable management of climate change.	Present	Lack of brand credibility and negative stakeholder coverage, stigmatising activities in sectors viewed as unsustainable.	High	Monitoring of legislative changes, accompanied by a deployment of internal reporting and control tools to ensure compliance and management involvement.
Technology risk	Failure to adopt new low-carbon technologies in internal	Short term	Failure to implement actions such as the use of efficient vehicles, processes and service digitisation, energy-efficiency measures in	Medium	Innovation and digitisation strategy for the development of services and process improvement, alongside the

	management and to create/adapt more sustainable services.		buildings or renewable energy generation could affect our competitiveness and reputation.		implementation of energy-efficiency plans.
Technology Opportunity	Boosting the internal efficiency of processes and the generation of sustainable services.	Short term	Short-term investment with a limited return, but it offers intangible aspects that will afford competitive and reputational advantages in the medium and long term.	Medium	
Technology Opportunity	New cheaper and more sustainable technologies.	Short term	The growth of these new technologies will allow us to develop new sustainable services faster and cheaper, and implement our climate-change mitigation strategy by saving energy and carbon costs.	Medium	

Completing the assessment, we are working on scenario analysis to insert these into future reports, which will help us improve our financial reporting on climate change.

The current backdrop is complicated, as governments are firmly committed to the transition to zero emissions. This leads to increased market concerns, the emergence of new regulations and other financial instruments that push industry and services towards the same goal. The challenge is difficult to meet globally, and therefore, the need and demand for sustainability-related services will increase, which presents an opportunity for the Group.

This increase in demand motivates the investments that Applus+ has made in recent years in the renewable-energy or sustainable-mobility sector, gradually and significantly reducing the Group's stake in other more traditional sectors such as Oil and Gas, which allows us to be better prepared to address this new situation.

The opportunities identified in this context involve risks that are mitigated by the nature of our activities. We are present in over 65 countries, where inspection and certification activities are carried out on site, providing the flexibility to adapt to any situation of change of our customers and their supply chains and allowing us to redirect services within our internal network in the face of disruptions due to extreme weather events.

We do not foresee material impacts due to aspects related to climate change in our business. We are service providers and do not operate in a regulated emissions sector. From a physical-risks perspective, to date the **financial impact of these phenomena on the Group's operations has been low** since the events have been scant and one-off. On the other hand, given the geographical diversity of our operations, the likelihood that they will occur simultaneously in many localities is considered to be low.

We identify risks and manage them appropriately, so we do not anticipate relevant impacts. Furthermore, we have plans to take full advantage of the opportunities that climate change presents, which will more than compensate for the possible impacts that, although limited, could occur.

## **RISK MANAGEMENT**

At Applus+, risks related to climate change have been incorporated into our risk management framework. In doing so, we ensure these risks are being managed appropriately to minimise potential negative impacts, while enhancing the impact of opportunities. The risk assessment and management tool enable decisions to be made at all levels of the organisation, from key stakeholders and the Board of Directors to the Group's executive team.

The phases of our risk management cycle are:

- Identification
- Measurement
- Management
- Monitoring
- Report

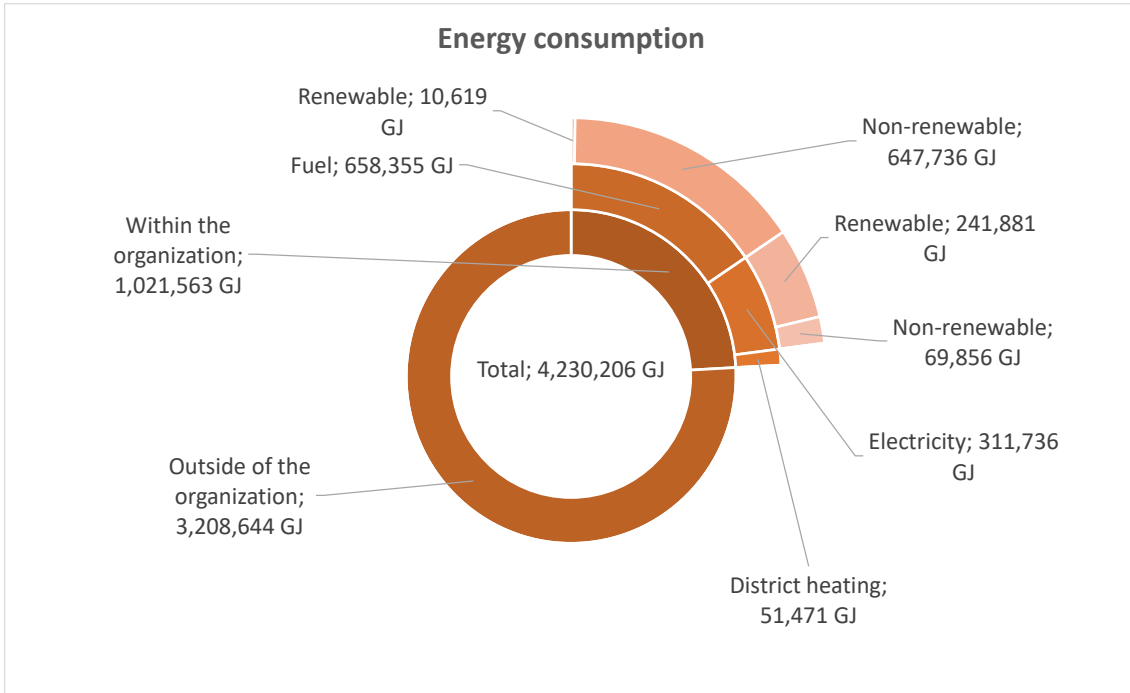
The indicators we use to measure and manage risks and opportunities related to climate change are described on our website and in the Sustainability, Environment Goals and Annexes sections of this report.

## Energy and Emissions

Our environmental impact monitoring system deploys a battery of indicators that allow us to evaluate energy and emissions data along our entire value chain, forming the basis for decision-making.

The standards, methodologies, assumptions, calculation tools and sources of the conversion factors used for the different indicators are defined in *Environment basis of reporting*.

### ENERGY



In 2022, the energy intensity per employee<sup>18</sup> was 39.24 GJ/employee, so it represents an increase of 2.9% compared to last year. The increase in this value is attributed to the recently acquired companies with a higher energy consumption rate per employee, due to the specifics of their operations. To ensure a sustainable and efficient performance, these additions will undergo a rigorous energy optimization, in line with the standards set by the Group.

At Applus+, the search for and development of **energy streamlining** initiatives is encouraged in all our operations with the aim of reducing our energy consumption and gain from the environmental and economic benefits it entails.

<sup>18</sup> El indicador de intensidad energética abarca el consumo energético dentro de la organización e incluye los tipos de energía de combustible, electricidad y calefacción urbana.

## CASE STUDY: Fleet Vehicle Telemetry



Type of energy	Baseline	Energy reduction
Fuel	2021	82GJ

In 2022, Applus+ applied the GeoTab Telematics **fleet-vehicle telemetry system** to our US fleet. Its implementation required intense collaboration internally and with our partners, who enabled the state-of-the-art technology of this system to be rapidly deployed in **500 vehicles**.

As a result, we have been able to reduce the size of the fleet by more than 20% through the use of real-time GPS tracking. The system has also allowed us to obtain reliable data on the daily mileage and fuel consumption of individual vehicles, providing us with better information and reducing our carbon footprint.

Through streamlining routes, our clients can expect a greater reduction in fuel use and CO2 emissions, a more specific use of the fleet and greater driver safety through the implementation of new software developments.



**CASE STUDY: LED lights at Swedish vehicle-inspection stations**



Type of energy	Baseline	Energy reduction
Electricity	2021	244 GJ

Most of our statutory-vehicle-inspection stations in Sweden were built during the 1980s, and over the years, their lighting systems have become obsolete.

To rectify this, Applus+ has launched an **overhaul plan** to replace outdated light fittings with **LED lights**. Now, when a lighting device needs replacing, the unit is replaced with LED technology.

LED technology offers a number of benefits, including a longer service life and higher energy efficiency as it uses significantly less electricity. In addition, our employees can enjoy broader light throughout the year.

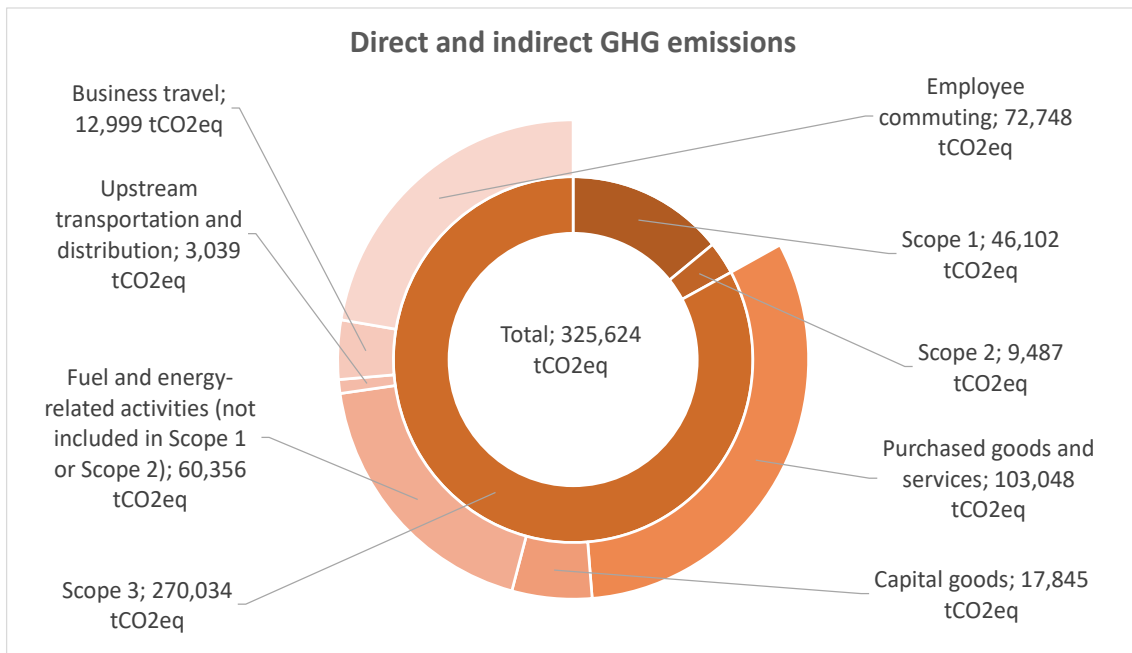
We will replace 200 light fittings in lifts, which will reduce our electricity consumption by 21,840 kWh per year, and 198 light fittings in inspection pits, which will reduce our consumption by 46,000 kWh per year.

The transition to LED lighting will improve our environmental performance in the inspection services offered to our customers.





The implementation of these initiatives saved 326 GJ.

## EMISSIONS<sup>19</sup>



In 2022, the emission intensity per employee<sup>20</sup> was 2.14 tCO<sub>2</sub>eq/employee, so it represents a reduction of 34% compared to the base year (2019).<sup>21</sup>

<b>CASE STUDY: More renewable energy</b>			
<i>Scope Type</i>	<i>Baseline</i>	<i>Emission Reduction</i>	
Scope 2	2021	14,929 tCO <sub>2</sub> eq	
<p>Applus+ has gone a step further in the acquisition of <b>electricity from sources of 100% renewable origin</b> by extending the scope of this initiative within more countries in the company.</p> <p>In 2022, new projects were incorporated, resulting in 66% of the Group's operations using electricity from renewable sources.</p> <p>Through this initiative, we have managed to bring the volume of electricity from renewables to 67 GWh, which represents a saving of more than 14,929 tCO<sub>2</sub>eq emitted. Furthermore, we achieved a reduction of 65% in greenhouse gas emissions compared to what we would have emitted without the incorporation of renewable energy sources.</p>			

<sup>19</sup> Scope 2 according to market-based methodology.

<sup>20</sup> The emission-intensity indicator covers direct (scope 1) and indirect emissions (scope 2).

<sup>21</sup> We have complied with the sustainability criteria agreed in the line of credit with Caixabank.

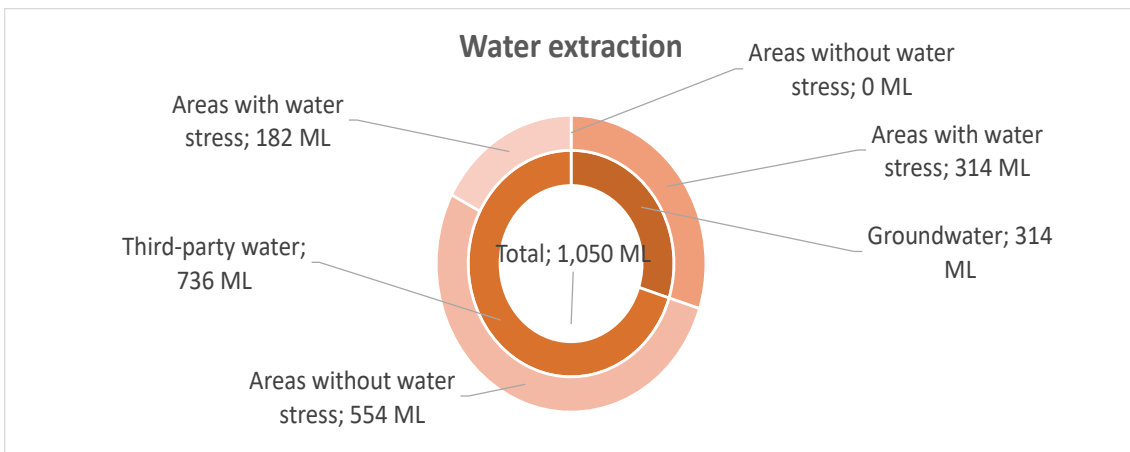
## Water

The water consumed by Applus+, categorised as fresh water, comes from groundwater and water from third parties, generally managed by the municipality. The uses of water in the organisation can be classified into four categories: testing, sanitary use, irrigation of green areas and human consumption.

The most intensive use of water is found on the vehicle test tracks, particularly at our facilities in Tarragona (Spain) and Shandong (China), since both locations account for a large part of the Group's consumption.

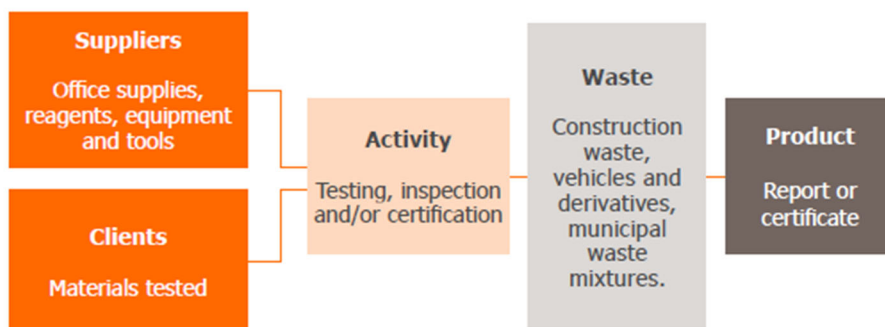
At the Spanish site, water is mainly used for tests carried out on four of the fourteen tracks (two braking tracks, one track for driving on wet surfaces and one track for fatigue testing). To minimise this consumption, the water is filtered and recirculated for reuse, without requiring oil and grease separators. Control processes include determining pH levels, conductivity and osmosis treatment.

Due to the nature of the facilities and services provided, the Group's divisions do not generate a significant impact related to the usage of water.



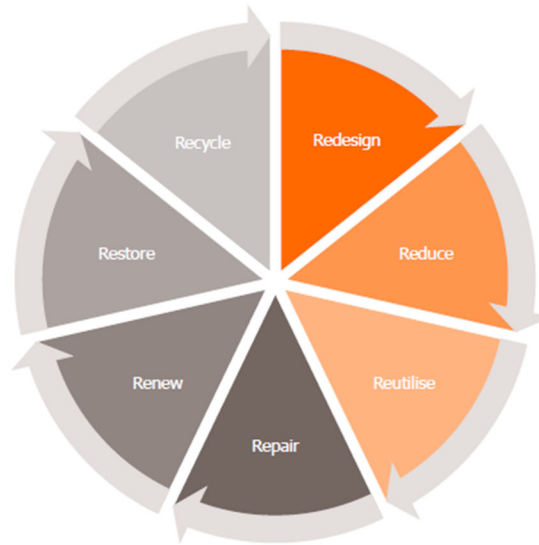
## Waste

At Applus +, we believe that our environmental commitment should go beyond ensuring that our waste is properly treated. In addition, the commitment should also avoid the generation of negative impacts on soil and water, and allow us to move towards a **7R circular model**:



We have published the ***Environmental Best Practices Guidelines***, 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.

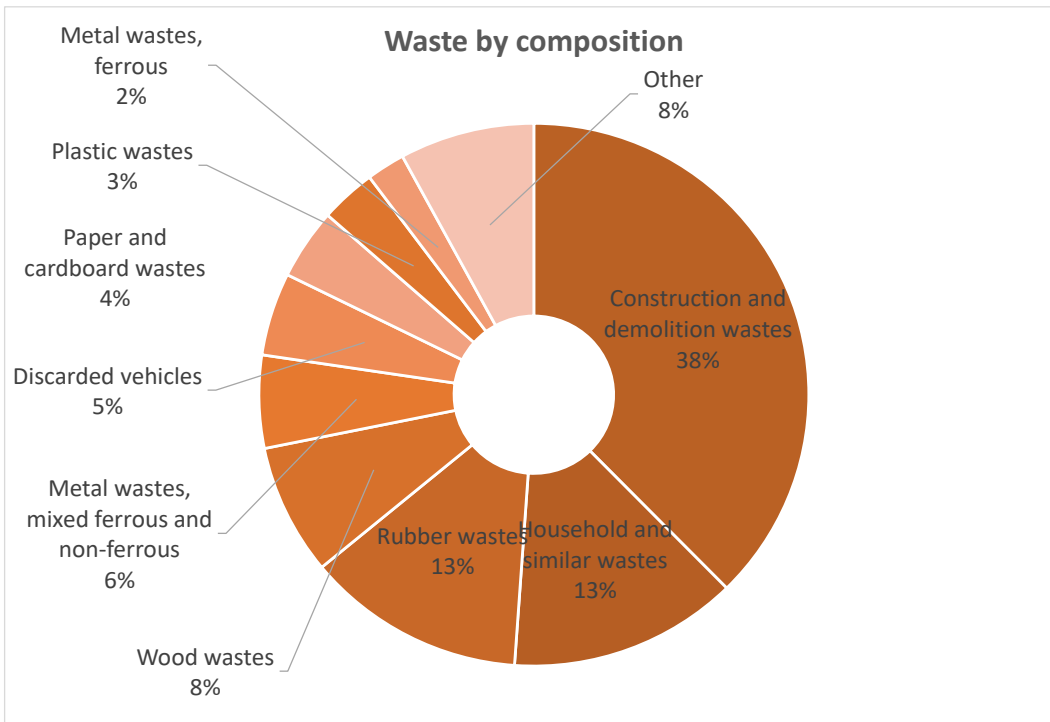
All employees must apply these good practices to manage the waste generated, both in our offices and in the provision of our services at our client's facilities.



At the Group's 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, household and similar wastes and** finally **rubber waste**.

Due to the nature of the facilities and services provided, the Group's divisions do not generate a significant impact related to waste.



The waste information covers 27% of revenue in 2022.

### CASE STUDY: Car Recycling in Denmark



At Applus+, we have embarked upon a **close collaboration with a recycling company in Denmark** to extend our sustainability strategy to our customers.

This collaboration will make it considerably easier **for owners to deliver cars to 65 inspection stations** across the country **for the reuse** of up to **95%** of the vehicles' components in other vehicles.

Through this initiative, sustainable scrapping of vehicles will be easier in Denmark by providing more delivery points and making them more accessible at a local level. It is estimated that, of the 100,000 vehicles that are scrapped each year in Denmark, about **2,500 of these will be recycled through Applus+ in the recycling service's first year.**

"Together we will be able to combine our talents and skills to create a much more environmentally friendly approach and ensure the proper management of vehicle scrapping in our country." Martin Schultz, B2C Commercial Director of Technical Inspection of Vehicles in Denmark.



## 08. VALUE TO COMMUNITY

GRI 413-1



### Social action

Applus+ is **firmly committed to the local communities** in the countries and regions where we provide services. We play a **role in promoting all three pillars of sustainable development**: economic, social and environmental.

Through our social action initiatives, we look to **support the most disadvantaged groups**, those who suffer from poverty, illness or discrimination, and we **spread our values** of diversity, equality and inclusion.

<p><b>CASE STUDY: LAPTOPS FOR CHILDREN IN INDONESIA</b></p>	
<p>Through our <b>“Giving Back” social responsibility programme</b>, we continue to support the most vulnerable people in Indonesia. In 2022, we distributed <b>laptops to children in Lombok</b> thanks to the collaboration agreement with the <b>Fiona Unity Foundation</b>.</p> <p>The pandemic restrictions had made it difficult for children to continue with their education. Therefore, our aim was to ensure that they had access to appropriate learning devices.</p> <p>Through this programme, we work closely with the community to improve the quality of life of children and their <b>access to education</b>, promoting lasting changes in vulnerable families, not only in Lombok, but also in nearby areas.</p>	
<p>“We are committed to the people around us, especially those most in need. The Applus+ “Giving Back” programme represents our social commitment to uplifting the community in Indonesia.”</p> <p>Joseph Peries, Director of Applus+ in Indonesia</p>	

### Online charity market in Spain

Applus+ annually organises **solidarity Christmas markets** in various offices in Spain, as part of our collaboration agreement with the **Prodis foundation**.

They sell various products made by young people with intellectual disabilities. The profits go to the training and these young people’s social and workforce inclusion.

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.



## Kilo-clothing project in Spain

Thanks to a collaboration agreement with a clothing recycling company, we have placed donation bins throughout our network of statutory-vehicle-inspection stations in Galicia (Spain).

Each year, the company provides one kilogramme of food for every 10 kilogrammes of clothing collected. Our aim is threefold:

- We collaborate with a company that promotes the employment of the most disadvantaged groups in our community.
- We donate food to organisations whose aim is to help people in greatest need.
- We collaborate in the process of recovering textile waste.

In 2022, we collected 13,720 kilogrammes of clothing and donated around 1,000 kilogrammes of food to the Vigo Food Bank.

**KILO-ropa**  
por cada diez kilos de ropa  
se donará un kilo de comida  
a una entidade social de nuestro entorno

INS3RTEGA  
RECYCLAR  
REDUCIR  
REUTILIZAR

SYC itv  
Applus+



### CASE STUDY: APPLUS+ WITH UKRAINE



Applus+ joined the **Companies For Ukraine project**, part of the "Empresas Que Ayudan" (Companies that Help) programme, run by the Spanish Confederation of Business Organisations (CEOE).

The programme works as a **digital platform, with training and employment** offers to help Ukrainian refugees. This facilitates their full, long-term inclusion by helping the displaced persons find decent employment and offering them free training.

We post all vacancies on the platform in Ukrainian, English and Spanish languages. Thirty per cent of all vacancies are posted by Applus+, which has been chosen, together with another Spanish company, as a model enterprise for the project.

We have already made the first recruitments within the framework of this initiative.

"We want to give every Ukrainian refugee the opportunity to have a decent job to help them successfully integrate into Spanish society. I am particularly proud to be involved in this type of initiative launched by Applus+ at a critical time like this." Cristina Méndez, Talent Acquisition Specialist.

## Sponsorship of children from Colombia's indigenous communities

The Applus+ team in Colombia has a social programme that consists of sponsoring children from the Wayúu indigenous communities in the department of La Guajira, who face conditions of **extreme poverty** and suffer **discrimination and racism** simply because they are indigenous.

Through this program, we delivered clothes, toys and school supplies to 240 children during the Christmas holidays of 2022.

With this initiative, Applus+ supports the Wayúu communities, one of the most vulnerable populations in Colombia.

## Supporting communities in Canada affected by tropical storm Fiona

Tropical storm Fiona hit Port aux Basques in Canada, causing significant damage and devastating properties, which took a long time to clean and restore. Considerable local effort was needed to restore electricity, remove fallen trees and debris so that the residents could return to their homes.

Many Applus+ employees in Fort McMurray are from the Port aux Basques region or graduates of the university in the area, so the devastation caused by the storm had a profound effect on our teams and their community.

The regional managers at Applus+ in Canada helped by donating clothing, and our employees sent financial donations to the city of Port aux Basques.

## Sporting challenge to help a hospital in the Netherlands

Applus+ has made a financial contribution to support a major sporting initiative that has benefited the community.

A rowing team travelled over 6,000 km in 60 days from New York to Rotterdam, raising 600,000 euros to build two new rooms in a children's hospital in the Netherlands. These will allow the families of sick children to be close to them in a welcoming atmosphere.

With this initiative, Applus+ helps children recover from serious illnesses in the best conditions.

## Other initiatives

- In the UK, we donated £1,000 to the **BIG Hearts Group**, which supports **young carers** with family members, parents or siblings with a terminal illness.
- Once again, in 2022 we sponsored the **Solidarity Race** organised by the Autonomous University of Barcelona (UAB) in Spain, whose 2022 edition aimed to raise awareness about the importance of **cardiovascular 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.
- We provide **financial donations** to organisations that support people with some type of dependency. Every year, we donate 30,000 euros to the Adcor foundation and 3,000 euros to the Prodis foundation. In 2022, we also donated 1,000 euros to the Red Cross, who provides international humanitarian aid.

## Contribution to development



Our services support the implementation of **key projects** for a country's **structural development**, thereby contributing to economic and social growth locally.

To promote economic activity and increase the quality of life in local communities, the Applus+ Group's make essential contributions to improve transportation networks, drinking water infrastructure and energy supply networks, as well as wastewater collection, sewage treatment infrastructures, and professional training.

Our recruitment and supplier selection policy demonstrates the company's **strong commitment to local employment**, which contributes to the development of the countries where we operate and provide our services.

## CASE STUDY: PORTO METRO EXTENSION



We are providing instrumentation and monitoring services for the expansion of the Yellow Line of the **Porto metro**, which connects Santo Ovídio with Vila d'Este. This extension will help reduce congestion in city by **lowering the circulation of 17,000 cars** and subsequent emissions.

The extension is 3.15 km, with three new stations: Manuel Leão, Hospital Santos Silva and Vila d'Este. The extended route runs underground through tunnels and viaducts, as well as above ground.

We use SIGTUN, our **proprietary custom-designed monitoring technology**, which monitors the performance of a project in the field using digitalised cartography and the location of every single instrumentation device.



### **Social participation in the construction of a power line in Colombia**

For the construction of a 500kv power line in the department of La Guajira (Colombia), Applus+ provided operational-support services for the development of first-round consultations and **participation processes of the local communities** present in the area. The local community participated in over 100 meetings organised by Applus+ during the development of this project.

### **Technical training for the development of professionals in Saudi Arabia**

Applus+ has developed a training programme to enhance the skills of our Saudi apprentices and develop their technical knowledge as QA/QC inspectors, as part of our commitment to the country's development (Vision 2030).

## CASE STUDY: AIRPORT WORKS IN CHILE



The Applus+ team in Chile is providing support and advisory services to the tax inspector in the **concession contracts for airport works**, ensuring faithful compliance.

We provide a multidisciplinary team of professionals based on-site, which allows us to fully address the scope of the contract, including legal advice, management and business, infrastructure, equipment and systems, operation and quality of services, environment, risk prevention, contractual milestones, exploitation and operation, and the monitoring of infrastructure, equipment and systems at the facilities in Antofagasta, Chile.



## 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 supervise the construction sites of **projects boosting healthcare infrastructures**, contribute to improving **road safety** through multiple services, and verify the **integrity of infrastructures** that store or conduct hazardous substances.

In totality, we provide a complete portfolio of services for a wide range of industries that prevent damage to human health and the environment.

## CASE STUDY: GROWING UP HEALTHY, NUTRITION AND HEALTH IN GUATEMALA



The Applus+ team in Guatemala is supervising infrastructure works for the renovation and construction of **63 health posts** in coordination with the staff's delivery unit of the project "Crecer Sano: Nutrition and Health in the Republic of Guatemala".

In our service portfolio, we include construction-supervision services and technical assistance for infrastructures, as well industrial and occupational safety. These services cover understanding the project's needs to the validation of equipment.

Applus+ also provides administrative and financial supervision to allow for an optimal administrative and operational control of the project, and we deliver environmental control to guarantee compliance with the environmental mitigation plan.



### Gas-pipeline weld inspection in Germany

With our NDT services, the Applus+ team in Germany contributes to providing a safe gas supply by ensuring the quality of the welded joint connections along the three-kilometre pipeline linking the LNG terminal in Brunsbüttel to the German natural gas grid.

Our team will also monitor the quality of the welded joints on the new 55 km pipeline connecting Brunsbüttel to Hamburg to meet the growing demand for gas along this route



### Winter tyre testing in Finland

Applus+ and UTAC Ivalo join forces to provide tyre adherence testing services for tyre modelling and the characterisation of specific parameters of **tyre behaviour in winter conditions**.

This new service will be performed by using the state-of-the-art tyre testing equipment (Skid Trailer) and UTAC Ivalo testing facilities (Finland) at Applus+.

These tests facilitate the design of safer tyres in wintery conditions.



## CASE STUDY: PRESSURE VESSEL INSPECTION IN INDONESIA



Applus+ in Indonesia has completed a significant In-service Pressure Vessel Inspection project in the **country's largest geothermal power plant** located in Kamojang, West Java.

The inspection involves a wide range of equipment used including Welding Gauge, Magnifying Glass and Torch Light, and NDE Equipment (MT, PT & UT).

At Applus+, the focus of the work-scope is to limit risks to health, safety and the environment in our client's areas of operation.



## 09. FINANCIAL INFORMATION

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### 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.

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

1. Comply with the technical-screening criteria established by the European Commission.
  - a) Make a substantial contribution to one or more of the environmental objectives:
    - Climate-change mitigation
    - Climate-change adaptation
    - The sustainable use and protection of water and marine resources
    - The transition to a circular economy
    - Pollution prevention and control
    - The protection and restoration of biodiversity and ecosystems
  - b) Do not cause significant harm to other environmental objectives.
2. 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 *International Labour Organization's Declaration on Fundamental Rights and Principles at Work* and the *International Bill of Human Rights*.

#### THE TAXONOMY APPROACH

This covers a wide spectrum of sectors, which represent<sup>22</sup> 93.21% of GHG emissions within the European Union, with a focus towards specific industrial activities, rather than service companies like the Applus+ Group belonging to the TIC (testing, inspection, and certification) sector.

The 2022 report should only include KPIs corresponding to climate-change mitigation (Annex I) and adaptation (Annex II), according to Delegated Regulation 2021/2139 of June 4<sup>th</sup>, 2021, as well as the subsequent modification of Delegated Regulation 2022/1214 published on March 9<sup>th</sup>, 2022, regarding economic activities in certain energy sectors. The remaining targets are to be reported from 2024 onwards. 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.

#### TIC SECTOR REPORTING METHODOLOGY

The TIC Council, an international association representing independent Testing, Inspection and Certification companies, of which the Applus+ Group is a full member, has issued guidelines defining the criteria for the application of the *European Taxonomy Regulation*. The ultimate goal is to have a single document with all the information related to the *European Taxonomy Regulation* of companies in the TIC sector, which unifies the criteria on the activities that should be considered taxonomically eligible.

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<sup>22</sup>Source:

[https://ec.europa.eu/info/sites/default/files/business\\_economy\\_euro/banking\\_and\\_finance/documents/190618-sustainable-finance-teg-report-taxonomy\\_en.pdf](https://ec.europa.eu/info/sites/default/files/business_economy_euro/banking_and_finance/documents/190618-sustainable-finance-teg-report-taxonomy_en.pdf)

In this sense, this guide presents the eligible TIC services referenced in Annexes I and II of the Regulation. TIC services have been classified into four categories according to their level of eligibility within Taxonomy Regulations.

Level 1: TIC services explicitly listed in the Taxonomy Regulation for climate-change mitigation and adaptation.

Level 1.a: TIC services explicitly quoted in the taxonomy.

Level 1.b: TIC services associated to eligible activities through architectural and engineering activities; technical testing and analysis technical consultancy NACE code (M71) and the technical testing and analysis NACE code (M71.2)

Level 2: TIC services implicitly present in the taxonomy but not eligible activities within Taxonomy Regulation.

Level 2a: TIC services included in construction, manufacturing and operation activities of eligible activities.

Level 2b: TIC services requested for the alignment of eligible activities.

Level 3: TIC services that contribute to the environmental objective but are not listed in the Delegated Acts and therefore, in spite their contribution to mitigation or/and adaptation to climate change are not considered as eligible by the Taxonomy.

Level 4: TIC services do not contribute to environmental objectives.

Given the recent application of this regulation and that Spain is a pioneer in the verification data requirement, it is scarce and interpretation criteria are still being built, holding open discussions in some sectors to reach a consensus and homogenize said criteria both at a national and European level. The consensus will require a greater maturity of its implementation and it will take some time.

The reported information in this section only includes Level 1 activities, but not activities identified in the other categories.

Activities eligible for the climate-change mitigation target are often also eligible for climate-change adaptation. Therefore, to avoid double counting for those activities that respond to both objectives, only those under the climate-change mitigation objective will be reported as eligible.

## **ELIGIBLE ACTIVITIES**

### **A.- Level 1 Eligible Activities**

These are the activities explicitly listed in the Taxonomy Delegated Acts:

#### **Level 1.a**

- Renewal of water collection, treatment and supply systems, specifically pipeline control and refurbishment activities. (Ref. Annex I – 5.2).
- Professional services related to energy performance of buildings: certification of energy management systems for buildings, ESCO activities, energy efficiency audits of buildings and services linked to sustainable buildings and the improvement of energy performance of buildings. (Ref. Annex I – 9.3).
- Building inspection and supervision of electrified infrastructure for rail transport (including materials and product testing). (Ref. Annex I – 6.14).

## Level 1.b

- Testing/inspection/certification of infrastructures enabling low-carbon road transport and public transport. (Ref. Annex I – 6.15).

### ALIGNED ACTIVITIES

According to the Taxonomy, aligned activities must be eligible activities (Levels 12) and that both meet the technical selection criteria established by the European Commission without causing significant damage to the rest of environmental objectives; and are activities developed in compliance with minimum safeguards.

The evaluation of the technical selection criteria consists of two parts. On the one hand the substantial contribution criteria that, for the Applus+ Group, is complex. This is because of the great number of services included in each branch of activity and the multiple projects distributed in numerous countries are not all subject to compliance with the Taxonomy, or because these may be part of small projects or specific services difficult to monitor. In these cases, it is difficult to confirm compliance with these criteria, especially when the contracting is done by a third party, or when some of the requested data is not available from the project manager or it is not monitor by the owner, or when the cost of collecting this data does not justify obtaining it because, even if we did obtain the information, the result in our indicators (KPIs) could be considered inconsequential with respect to the total volume of each KPI of the Group according to the *Taxonomy Regulation*.

In those cases, where the activities could raise doubts regarding eligibility, a conservative criterion has been adopted by considering them non-aligned.

Where the assessed technical criteria comply, we ensure the activities are not causing significantly harm to the other environmental objectives and the minimum required safeguards are met.

### PROCESS OF QUANTIFICATION

The information herein corresponds to the year 2022 and comprises the same scope as the Group's financial information.

#### Denominator

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

- a) Turnover corresponds to the total balance of the Group's net sales.
- b) 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.
- c) 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 scheme of eligible activities analysed in the previous financial year, and the Group's business segments (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 new activities that could be included as a result of acquisitions or internal developments using the sectorial guidelines, and those that are eligible activities according to Delegated Acts (including the modification published in March 9<sup>th</sup> 2022 regarding economic activities in certain energy sectors) and which, according to the *Taxonomy*, could substantially contribute to climate-change mitigation and/or adaptation, in order to determine our potentially eligible activities. We subsequently evaluated their alignment following the criteria indicated in the "Aligned Activities" section above. 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 the Applus+ Group 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 (aligned or not aligned) services, we have separately identified the net revenues for 2022, in compliance with the guidelines of Annex I of the *Delegated Regulation* published on 6th July 2021.
- e) For each of the eligible (aligned and not aligned) 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 these activities represent in relation to the KPI of net revenue over the total volume of the Group's net revenue.

In this regard, the sum of 'CapEx/Opex/Revenues' allocated to eligible (aligned and not aligned) 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)

Continuing with last year's exercise, the Divisions provided the associated revenue metrics of eligible activities (splitting aligned from not aligned activities) identified according to the *Taxonomy* and following the criteria defined in the aforementioned guidelines of the TIC sector.

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.



## CAPEX

Economic activities	Code(s)	Absolute capex M€	Proportion of Capex %	Substantial contribution criteria								Criteria ('Does Not Significantly Harm')				Taxonomy aligned proportion of capex year 2022 Percent	Taxonomy aligned proportion of capex year 2021 Percent	Category (enabling activity or)	Category (transitional activity)		
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					Minimum safeguards	
				%	%	%	%	%	%	S/N	S/N	S/N	S/N	S/N	S/N					S/N	
<b>A- TAXONOMY ELIGIBLE ACTIVITIES</b>																					
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																					
<b>A.1 Level 1a: Activities explicitly quoted</b>																					
Professional services related to energy performance of buildings . Energy management system certification for buildings . Energy performance audits of buildings . Green building related services . Energy service companies	9.3	0.3	0.4	100														0.4	1.2%	F	
<b>CapEx of environmentally sustainable activities / contributing activities Level 1 (Taxonomy-aligned) (A.1)</b>		0.3	0.4															0.4	1.2%		
<b>0</b>																					
<b>A.2 Taxonomy eligible activities that are not environmentally sustainable (Taxonomy not aligned)</b>																					
<b>A.2 Level 1a: Activities explicitly quoted</b>																					
Renewal of water collection, treatment and supply systems . Pipeline Rehabilitation	5.2	0.1	0.1																0.1%		T
Building inspection services and surveying of electrified rail infrastructures . Regulatory technical control and safety inspections . Project management and asset management . Material and product testing	6.14	0.7	1.1																0.9%	F	
<b>A.2 Level 1b: Associated activities</b>																					
Infrastructure enabling low-carbon road transport and public transport . Vehicle electrical charger inspections . Hydrogen fueling station inspections . Electrical urban transport infrastructure control and PMA . QA/QC	6.15	0.6	1.0																0.8%	F	
<b>CapEx of eligible activities not environmentally sustainable (Taxonomy-not aligned) (A.2)</b>		1.5	2.2																1.9%		
<b>TOTAL A1+A2</b>		1.7	2.6																3.0%		
<b>B- TAXONOMY NOT ELEGIBLE ACTIVITIES</b>																					
CapEx of not eligible activities (B)		64.4	97.4																		
<b>TOTAL (A+B)</b>		66.1	100																		

## OPEX

Economic activities	Code(s)	Absolute OpeX	Proportion of OpeX	Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						Minimum safeguards	Taxonomy aligned proportion of OpeX year 2022	Taxonomy aligned proportion of OpeX year 2021	Category (enabling activity or)	Category (transitional activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					
				%	%	%	%	%	%	S/N	S/N	S/N	S/N	S/N	S/N					
<b>A- TAXONOMY ELIGIBLE ACTIVITIES</b>																				
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																				
A.1 Level 1a: Activities explicitly quoted																				
Professional services related to energy performance of buildings <ul style="list-style-type: none"> <li>Energy management system certification for buildings</li> <li>Energy performance audits of buildings</li> <li>Green building related services</li> <li>Energy service companies</li> </ul>	9.3	0.044	0.04	100																
<b>CapEx of environmentally sustainable activities / contributing activities Level 1 (Taxonomy-aligned) (A.1)</b>		0.04	0.04														0.04	0.1%	F	
<b>0</b>																				
<b>A.2 Taxonomy eligible activities that are not environmentally sustainable (Taxonomy not aligned)</b>																				
A.2 Level 1a: Activities explicitly quoted																				
Renewal of water collection, treatment and supply systems <ul style="list-style-type: none"> <li>Pipeline Rehabilitation</li> </ul>	5.2	0.4	0.3															0.1%	T	
Building inspection services and surveying of electrified rail infrastructures <ul style="list-style-type: none"> <li>Regulatory technical control and safety inspections</li> <li>Project management and asset management</li> <li>Material and product testing</li> </ul>	6.14	0.8	0.7															0.4%	F	
A.2 Level 1b: Associated activities																				
Infrastructure enabling low-carbon road transport and public transport <ul style="list-style-type: none"> <li>Vehicle electrical charger inspections</li> <li>Hydrogen fuelling station inspections</li> <li>Electrical urban transport infrastructure control and PMA</li> <li>QA/QC</li> </ul>	6.15	3.4	2.9															1.4%	F	
<b>CapEx of eligible activities not environmentally sustainable (Taxonomy-not aligned) (A.2)</b>		4.6	3.9															1.9%		
<b>TOTAL A1+A2</b>		4.6	3.9															1.9%		
<b>B- TAXONOMY NOT ELEGIBLE ACTIVITIES</b>																				
<b>CapEx of not eligible activities (B)</b>		112.5	96.1																	
<b>TOTAL (A+B)</b>		117.1	100																	

# Management Report

## FULL YEAR REPORT 2022

### Profit and Loss Overview

	FY		
	2022	2021	Change
Revenue	2,049.9	1,776.7	15.4%
Adj. Op. Profit before AD <sup>1</sup>	207.8	179.5	15.8%
Adj. Op. Profit margin before AD <sup>1</sup>	10.1%	10.1%	
Accelerated depreciation	(5.8)	(4.2)	
Adj. Operating Profit	202.0	175.2	15.3%
Adj. Op. Profit margin	9.9%	9.9%	
PPA Amortisation	(67.2)	(65.6)	
Other results	(9.6)	(8.2)	
Operating Profit	125.2	101.5	23.3%
Finance Results	(28.9)	(25.9)	
Other Financial Results <sup>2</sup>	(4.8)	0.0	
Profit before tax	91.5	75.6	21.0%
Income taxes	(29.5)	(25.6)	
Net Profit	61.9	50.0	23.8%
Minorities	(13.3)	(17.8)	
Net Profit Group	48.6	32.2	50.8%
Adjusted Net Profit Group	111.0	93.3	18.9%
EPS in €	0.36	0.23	57.5%
Adjusted EPS in € <sup>3</sup>	0.81	0.65	24.3%

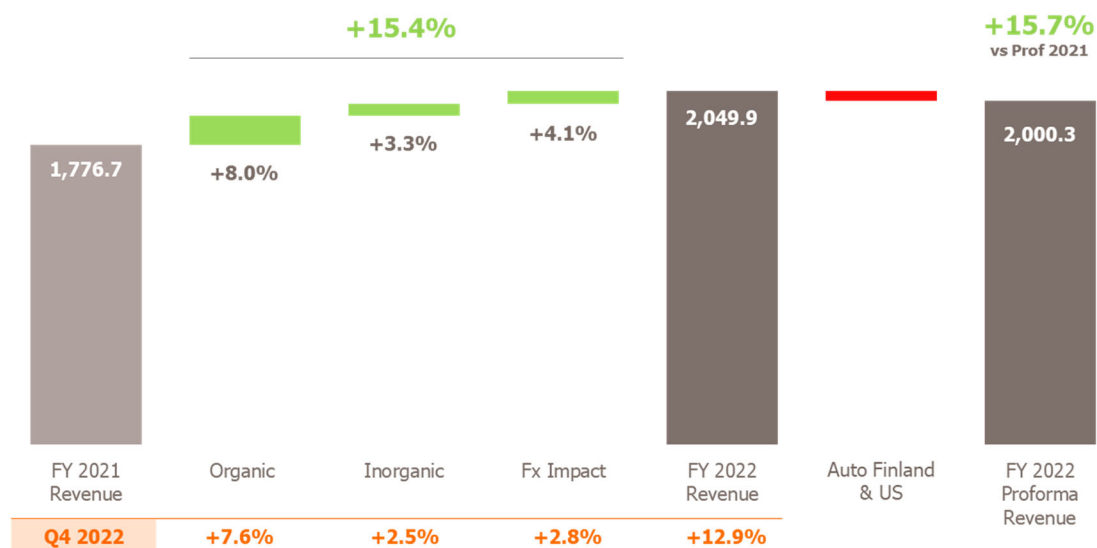
The figures shown in the table above are rounded to the nearest €0.1 million

1. AD is IDIADA accelerated depreciation to adapt assets useful life to contract/concession duration
2. Other Financial Results includes Put option impact related to the final price of the acquisition of Galicia minority stake
3. Share buyback programs have reduced the average share count for EPS calculations to give an average period share count of 136.9m for 2022 versus 143.0m in 2021

### Revenue

Revenue for 2022 of €2,049.9 million was higher by 15.4% compared to the previous year. The proforma revenue for 2022 excluding the revenue from the disposals of the Auto division operations in Finland and the USA, which took place in December 2022 and February 2023 respectively, is €2,000.3 million.

The revenue bridge for the year in € million is shown below and the change in the percentage figures for the last quarter of 2022 are shown below the waterfall chart.



The total revenue increase of 15.4% for the year was made up of an increase in organic revenue at constant exchange rates of 8.0%, the addition of revenue from acquisitions (Inorganic) of 3.3% and a positive currency translation impact of 4.1%. All four divisions had organic and total revenue growth with the organic revenue growth supplemented by price increases. The portfolio repositioning into more structurally attractive segments aligned to the key megatrends of energy transition, electrification and connectivity and those where we can offer a wider range of sustainable services, have been supportive to this growth.

In the final quarter of the year, the total revenue was €531.0 million, an increase of 12.9% from the prior year's final quarter revenue of €470.5 million. This was made up of an organic revenue increase of 7.6%, the addition of revenue from acquisitions (Inorganic) of 2.5% and a favourable currency translation impact of 2.8%. Three of the four divisions had strong organic revenue growth with the Automotive division having a decrease in organic revenue of 0.4% due to the ending of the Auto contract in Costa Rica.

The organic revenue growth for the year came from all four divisions of the Group, with Automotive having the lowest at 0.2% due to contract changes during the year and the other three divisions had very strong revenue growth of high single digits and growth of 21% for the IDIADA division.

The revenue increase of 3.3% from acquisitions relates to a partial year of revenue from the five acquisitions closed in 2021 until they had been owned for twelve months plus revenue from five acquisitions closed in 2022 from the date of ownership to the end of the year. The acquisitions were spread across the year, in different divisions and geographies. Energy & Industry made an acquisition in

July in Colombia of K2 Ingeniería, an environmental inspection and consulting business with 257 people that generated €10 million of revenue in the second half of the year. Laboratories made three acquisitions with Lightship in Canada, a cybersecurity company with 33 employees and generating over €7 million revenue, being the largest plus jtsec in Spain, also with complementary services in cybersecurity and Alpe Metrología in Spain. Automotive division acquired IDV Madrid that provides statutory vehicle inspection through three stations in the region and where the division has an important position.

Of the revenue in 2022, 45% was generated in the reporting currency of the Group which is the euro and 55% in other currencies. The largest of these other currencies is the US dollar and those linked to the US dollar which in 2022 made up 18% of the revenue. The other material currencies making up more than 3% of the Group revenue were the Canadian and Australian dollars and the Swedish kroner. The US, Canadian and Australian dollars were very strong against the euro

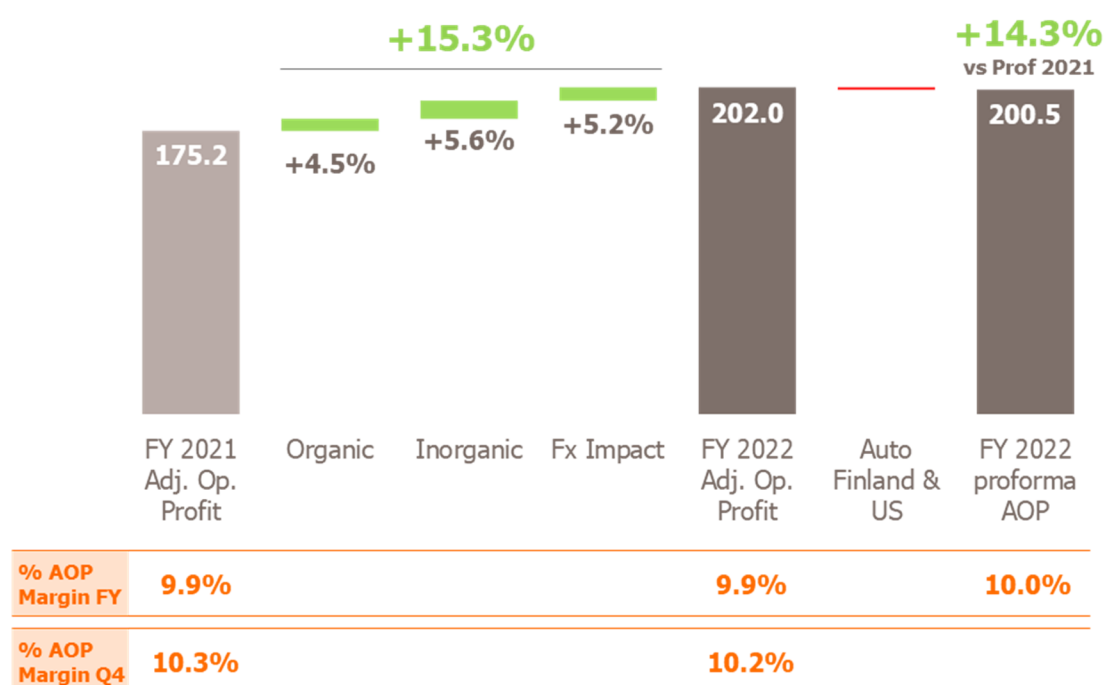
in the year, with the average rate the Group uses to translate these currencies to euros being stronger by 12.4%, 8.4% and 3.9% respectively and the Swedish kroner moved in the opposite direction, being 4.5% weaker. These movements, as well as all the other currency movements, resulted in a net positive currency benefit of 4.1% for the year.

## Adjusted Operating Profit

Adjusted operating profit for 2022 of €202.0 million was higher by 15.3% 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 proforma adjusted operating profit for 2022 excluding the contribution from the disposals of the Auto division operations in Finland and the USA, which took place in December 2022 and February 2023 respectively, is €200.5 million.



The total adjusted operating profit increase of 15.3% for the year was made up of an increase in organic adjusted operating profit at constant exchange rates of 4.5%, acquisitions (Inorganic) of 5.6% and a positive currency translation impact of 5.2%.

The solid operating performance, with profit growth of over 15%, was in line with revenue growth, in a year characterised by high global inflation, especially for energy costs that significantly impacted Applus+ in the second half of last year, lockdowns in China and the ending of a highly profitable material vehicle inspection contract in the Automotive division. Three of the four divisions had an increase in the adjusted operating profit, with only the Automotive division being lower than the prior year.

The resulting adjusted operating profit margin for the year was 9.9%, the same margin as for the previous year. The margin increased in the first half of the year by 30 basis points, from the strong underlying Group performance, but this increase was offset by a decrease in the second half of the year following the ending in July of the vehicle inspection contract in the Auto division and the significant increase in energy costs.

The inorganic adjusted operating profit growth of 5.6% was higher than the equivalent revenue growth, showing the contribution of the acquisitions made in the current and previous year were margin accretive to the Group.

In the final quarter of the year, the total adjusted operating profit was €54.2 million, an increase of 11.7% from the prior year final quarter of €48.5 million. This growth in the last quarter's adjusted operating profit was made up of an increase in the organic component of 1.6%, the addition of 5.6% from acquisitions and a positive foreign currency impact of 4.5%. The margin in the final quarter of the year was 10.2%, which was 10 basis points below the final quarter of the prior year with the decrease in margin mitigated by the start of the operational excellence programme.

The proforma margin for 2022, after deducting the revenue and adjusted operating profit of the disposals was 10.0%, 10 basis points higher than the 2022 margin including these businesses showing the margin accretion benefit of the disposals.

Adjusting for the Accelerated Depreciation in IDIADA, the equivalent margin for 2022 would be 10.1% which is 20 basis points higher than without the adjustment. This additional charge of €5.8 million (2021: €4.2 million) in IDIADA has been made to adapt the assets useful life to contract/concession duration.

### **Other Financial Indicators**

The reported operating profit was €125.2 million in the year compared to a reported operating profit of €101.5 million in the previous period. The reported operating profit is after deducting the Other results of €76.8 million from the adjusted operating profit as detailed in Annex 1.

The net financial expense in the profit and loss for the period was €28.9 million and includes €6.9 million relating to the charge for leases under the IFRS16 accounting standard and €3.2 million foreign exchange differences. The underlying interest charge before these two items was €18.9 million which was €3.0 million higher than the prior year due to the higher cost of debt in 2022 compared to 2021 from rising interest rates and slightly higher average net debt during the period.

There is a further charge of €4.8 million in financial expenses related to the acquisition of the remaining 20% investment not previously owned by Applus+ in Inversiones Finisterre through the exercise of a put-option by the sellers. There is a corresponding reduction in the Non-controlling interests (Minorities) charge in 2022 of a similar amount as described below.

The profit before tax on an adjusted basis was €168.3 million compared to €149.4 million in 2021 and on a statutory basis was €91.5 million compared to a profit of €75.6 million in 2021. The adjusted profit before tax was significantly higher than for the corresponding period last year due mainly to the higher adjusted operating profit.

The effective tax charge for the year was €44.0 million which was higher than the prior year of €38.3 million. This gave an effective tax rate of 26.2%, being slightly higher than the rate in the prior period of 25.6%. On a statutory basis, the reported tax was a charge of €29.5 million versus a charge of €25.6 million in the prior year. The statutory tax charge rate of 32.3% is also in line with the prior year rate of 33.9%.

Non-controlling interests decreased from €17.8 million in 2021 to €13.3 million in 2022. The decrease of €4.5 million in the period is primarily related to the ending of the Auto contract in Costa Rica and also due to the purchase of the 20% of Inversiones Finisterre not previously owned.

The adjusted net profit was €111.0 million (2021: €93.3m) and the adjusted earnings per share was 0.81 euros (or 81 cents) which in 2021 was 0.65 euros (65 cents) for the year. The statutory or reported net position was a net profit of €48.6 million versus a net profit of €32.2 million in the prior year, due mainly to the increase in adjusted operating profit for the year. The corresponding statutory earnings per share was €0.36 euros versus €0.23 euros in 2021.

The increase in earnings per share in each case was higher than the net profit increase as it was enhanced in the period from the partial effect of the first share buyback programme that was completed in the first half of the year and the commencement of the second share buyback programme towards the end of the year. The enhancement on the adjusted earnings per share was 5.4 percentage points, being the difference between the adjusted earnings per share increase of 24.3% and the adjusted net profit increase of 18.9% and in the same manner, the enhancement on the statutory earnings per share was 6.7 percentage points.

### **Share buybacks**

There have been two 5% share buyback programmes in the year with the first buyback programme completed in the year and the second started towards the end of the year. The first share buyback programme that targeted a 5% purchase of the issued share capital of Applus+, was announced at the time of the Strategic Plan on the 30<sup>th</sup> of November 2021. It commenced on the 1<sup>st</sup> of February and ended on the 13<sup>th</sup> of May with the purchase of 7,150,922 shares in total, with share purchases taking place every day through a mandate with an agent. The purchases took place on three different exchanges with the majority on the main exchange, Bolsas y Mercados Españoles. The price paid for the share buyback ranged from €6.60 per share, being the lowest average price paid in a day, to €8.78, the highest average daily price paid. The total cost to purchase the shares came to €53.6 million, being at an average price of €7.50.

The second share buyback programme targets 6,793,375 shares to be purchased, or an investment of €50 million whichever comes first, and this is another 5% purchase of the now lower issued share capital of Applus+. It was announced at the time of publishing the third quarter trading update on the 31<sup>st</sup> of October 2022 and commenced on the 9<sup>th</sup> November and was not yet complete by the end of the year. The mechanism is the same as the first buyback programme through a mandate with an agent. The purchases take place on three different exchanges with the majority on the main exchange, Bolsas y Mercados Españoles. By the 31<sup>st</sup> December 2022, 1,862,645 shares had been purchased at a total cost of €11.3 million or an average price of €6.09 per share.

At the Annual General Meeting of shareholders, that took place on the 28<sup>th</sup> of June 2022, the Board resolution to cancel the entire 5.0% of share capital purchased in the first share buyback was approved by the shareholders and this cancellation of shares took effect on the exchange on 30 September 2022. It is expected that the shares purchased on the second share buyback will be cancelled in 2023.

In calculating the earnings per share for the year, the average number of shares used in the calculation is reduced by the shares on the day they were bought and no longer available for resale. The net impact of this is a reduction of share count used for the calculation of earnings per share of 6.1 million shares, reducing the share count from 143.0 million to 136.9 million shares in 2022.

### **Cash Flow and Debt**

Cash flow generation was strong in the year due to the increase in EBITDA of €40.5 million or 14.2% and the reduction in working capital outflow compared to last year. The working capital outflow for the year, that results from the increase in revenue generated by the Group, was €22.3 million which was considerably lower than the outflow in 2021 of €48.2 million and this was despite a higher increase in revenue in 2022 compared to 2021.

Net capital expenditure on expansion of existing and new facilities was €66.1 million (2021: €60.3m) which represented 3.2% (2021: 3.4%) of Group revenue being at the average capex to revenue ratio of the last few years.

Adjusted operating cash flow (after capital expenditure) was €238.1 million being €60.6 million or 34.2% higher than for the prior year period and this corresponded to a cash conversion rate of 73% (2021: 62%).

The increase in taxes paid of €4.0 million from €36.1 million paid in 2021 to €40.1 million paid in 2022, was due to the higher taxable profit.

The increase in the cash interest paid in the year from €12.9 million in 2021 to €17.0 million in 2022 was due to the increase in interest rates and slightly higher average net debt resulting in an increase in the rate on which interest is paid on the variable rate debt in the Group.

Summary of cash flow in € million is show below.

	FY		
	2022	2021	Change
<b>Adjusted EBITDA</b>	<b>326.5</b>	<b>286.0</b>	<b>14.2%</b>
Change in Working Capital	(22.3)	(48.2)	
Capex	(66.1)	(60.3)	
<b>Adjusted Operating Cash Flow</b>	<b>238.1</b>	<b>177.5</b>	<b>34.2%</b>
<i>Cash Conversion rate</i>	<i>73%</i>	<i>62%</i>	
Taxes paid	(40.1)	(36.1)	
Interest paid	(17.0)	(12.9)	
<b>Adjusted Free Cash Flow</b>	<b>181.0</b>	<b>128.5</b>	<b>40.8%</b>
Extraordinaries & Others	(11.3)	(8.5)	
Applus+ Dividend	(20.3)	(21.5)	
Dividends to Minorities	(9.2)	(18.5)	
<b>Operating Cash Generated</b>	<b>140.2</b>	<b>80.0</b>	<b>75.3%</b>
Acquisitions	(66.2)	(82.0)	
<b>Cash b/Changes in Financing &amp; FX</b>	<b>74.0</b>	<b>(2.0)</b>	
Payments of lease liabilities (IFRS 16)	(66.9)	(60.3)	
Other changes in financing	61.6	46.6	
Share buybacks	(64.8)	0.0	
Treasury Shares for LTIP	(1.4)	(2.1)	
Currency translations	4.5	4.9	
<b>Cash Increase/ (Decrease)</b>	<b>7.0</b>	<b>(12.9)</b>	

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

Adjusted Free Cash Flow was €181.0 million being €52.5 million or 40.8% higher than for the previous year.

There was a decrease in the overall amount of dividend distributions made in the period after the 5% share buyback. The dividend paid in 2022 to Applus+ Group shareholders was at the rate of 15 cents per share based on the 2021 full year adjusted net profit of €93.3 million.

The dividends paid to Minority share interests decreased substantially due to the ending in July 2022 of the statutory vehicle inspection contract in Costa Rica for which the total minority interests were 56% and following the acquisition of the remaining 20% investment not previously owned by Applus+ in Inversiones Finisterre through the exercise of a put-option by the sellers.

The cash outflow for acquisitions of €66.2 million relates to five that were closed in the period plus deferred consideration on acquisitions made in prior periods.

The resulting increase in cash before changes in financing and foreign exchange was €74.0 million. From this was the payment of lease liabilities of €66.9 million, that before the new accounting standard of IFRS 16 used to be included within operating costs, the cash outflows relating to the share buyback programmes of €64.8 million, purchase of treasury shares for management incentive plans of €1.4 million and favourable currency differences of €4.5 million. The resulting net increase in financing during the year was €61.6 million from the drawdown of borrowings, increasing the net cash available by €7.0 million.

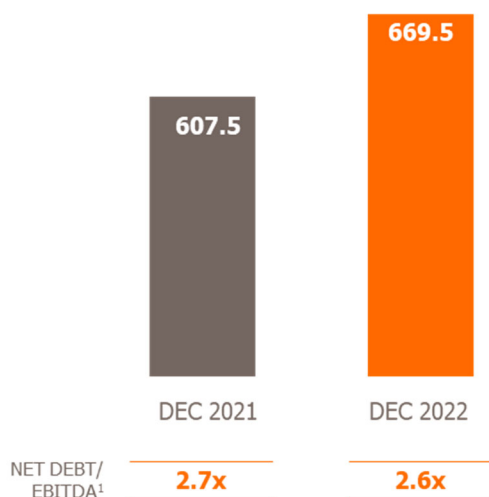
Net Debt was €860.9 million at the end of the year compared to €803.4 million at the end of 2021. This increase of €57.5 million was after returning €85.1 million in share buybacks and dividends to Group shareholders and investing €66.1m in capital expenditure and another €66.2 million in acquisitions.

The Net Debt, as defined by the bank covenant for the syndicated debt facilities and the US Private Placement notes, was €669.5 million at the end of 2022 which was €62.0 million higher than at the end of 2021.

Taking the same covenant definition for the calculation of EBITDA, the resulting financial leverage of the Group measured as Net Debt to last twelve months Adjusted EBITDA was 2.6x, lower than the position at the end of December 2021 because of the strong increase in EBITDA.

This level of leverage is considerably lower than the covenant from the lenders which is set at 4.0x to be tested twice a year at the end of June and the end of December.

### Net Financial Debt & Leverage



(1) Stated at annual average rates and excluding IFRS 16 as defined by bank covenant.

The net debt position as calculated under the IFRS16 accounting standard was €860.9 million at the end of 2022. This is an increase of €57.5 million.

The main borrowings of the Group consist of a bank facility (Term Loan and a revolving credit facility or RCF) that were placed in June 2018 of €600 million and US private placement (USPP) facilities amounting to €330 million in total placed in 2018 and 2021. The bank facility has a maturity date of June 2025. The USPP facilities mature in July 2025, July 2028, June 2031 and June 2036.

At the end of the year, the available liquidity position was €493 million that is made up mostly of cash and undrawn loan commitments that expire in 2025.

## **Dividend**

In recognition of the net adjusted earnings for 2022, 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, expected to be held on the 8<sup>th</sup> June 2023, a dividend of 16 cents per share. The cash outflow for this dividend will depend on the number of shares that have been bought back under the second share buyback programme and is expected to be around €21 million. 16 cents per share is 20% of the 2022 adjusted earnings per share. If approved at the Annual General Meeting, the dividend will be paid to shareholders on the 6<sup>th</sup> July 2023.

In 2022, there was a cash outflow of €20.3 million related to a dividend of 15 cents per share on the number of shares outstanding at the time.

The dividend policy for the Group was updated and announced at the recent Strategy Update on 30<sup>th</sup> 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.

## **Active Portfolio Management**

As part of the 2022-2024 strategic objectives of portfolio evolution towards higher growth end markets and to mitigate business risks, the Group is undertaking active portfolio management to accelerate the portfolio evolution. This entails continuing to make strategic acquisitions given high market fragmentation and room for further geographic expansion and divestments of underperforming operations.

## **Divestments**

Certain non-strategic businesses were identified for disposal and a process has been underway to accomplish this with the best possible outcome. Two disposals have been made so far of two separate businesses within the Automotive division. The first was the disposal in December 2022 of the business and operations in Finland which generated €14 million of annual revenue in 2022. The second disposal was agreed in January 2023 and closed in February, of the business and operations in the United States which had approximately €37 million of annual revenue in 2022. The net proceeds from these two disposals was €38 million.

## **Acquisitions**

Applus+ has always been active in investing in companies that add complementary services and end-markets and this has accelerated over the last three years with the acquisition of fifteen companies since 2020 for upfront cash investments of €366 million. These bring to the Group an additional €255 million in annual revenue at an average adjusted operating profit of 17% and strong accretion of 9.0% average return on capital employed in the first-year post acquisition. These high-quality businesses are already delivering material synergies whilst accelerating the mix in the portfolio of businesses towards markets with higher growth and margins.

In 2022 the Group made five acquisitions of the entire share capital of complementary companies of which three of them joined the Laboratories division and there was one each for Energy & Industry and Automotive. Furthermore, in December 2022 the agreement to purchase the remaining 20% investment in Inversiones Finisterre not previously held by Applus+ was made,

with the transaction closing in January 2023. In January 2023, Energy & Industry acquired another company.

#### Laboratories Acquisitions:

February 2022, Lightship Security, Inc., a leading provider of product certification services based in North America with €6 million of annual revenue was purchased. Lightship is a successful, accredited cybersecurity laboratory that specialises in certifying connected products for a growing client base of leading product manufacturers in North America and internationally.

April 2022, Alpe Metrología was purchased. This is a metrology and calibration laboratory in Spain with close to €2 million in annual revenue.

July 2022, jtsec was purchased, which is another cybersecurity company, based in Spain with annual revenue of approximately €2 million.

#### Automotive Acquisitions:

April 2022, Entidad IDV Madrid, a company with three vehicle inspection stations in the Community of Madrid and approximately €6 million of annual revenue.

December 2023, the 20% minority share not previously owned in Inversiones Finisterre was purchased for €18.2 million. Inversiones Finisterre is the Group that manages the statutory vehicle inspection concessions in Galicia and Costa Rica that Applus+ has owned 80% of since 2017.

#### Energy & Industry Acquisitions:

July 2022, K2 Ingeniería S.A.S a provider of environmental consulting and monitoring services based in Colombia with revenue in 2021 of €13 million.

January 2023, Riportico Engenharia, a provider of supervision and engineering design services for civil infrastructure based in Portugal with approximately €8 million revenue in 2022.

## **Sustainability**

The Group is advancing with its objective of embedding environmental and social factors 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 26,000 people in countries all 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 business and society. As a trusted partner to a wide range of stakeholders, the Group has also been strengthening key areas to deliver its vision for good governance and is proud to have an industry leading governance framework.

The revenue and profit generated from providing services that reduce the harmful impact on the environment and have a positive impact on society, is increasing at a fast pace both because of strong organic growth in these services and through acquisitions. The acquisition of K2 Ingeniería in Colombia is exclusively focused on environmental consulting and monitoring services and the Energy & Industry division also invested in and signed a co-operation agreement with Indoorclima, which is a provider of energy efficiency and energy management services using digital tools and artificial intelligence. The acquisitions of Lightship and jtsec provide crucial cybersecurity testing and certification on products, devices and systems that safeguard the users and owners of these products. The acquisition of Alpe Metrología supports the correct functioning of industrial machines used for food, medicine and consumer products. IDV Madrid provides vehicle inspection services protecting life, property and the environment. On an organic basis, the divisions are increasing the amount of work they are performing for more energy efficient buildings, modes of transport and products. The Auto division is exclusively focused on inspecting vehicles for safety, thereby protecting life and property and reduces air pollution by inspecting vehicles for above the legal requirement of contamination in their exhaust emissions.

The Group has also joined Klima Energy Transition Fund that targets investment opportunities in start-ups contributing to the energy transition in Europe and North America which is sponsored by Alantra in partnership with Enagas.

Revenue generated as a result of providing services that are directly related to protecting or reducing environmental impact is from a range of services in all four divisions, including those provided to Renewables, Automotive Emissions, Environmental Surveys, Energy Audits, Waste Management Surveys and Innovation projects for Automotive eco-engines and lightweight aerospace materials. Sustainability is an integral part of our services and offers significant long-term growth opportunities for Applus.

## **Environmental, Social and Governance**

2022 was the first year to have specific targets to be achieved relating to environmental, social and governance that are linked to the executive directors and senior management team's variable remuneration accounting for 15% of the annual bonus plus 10% of the long-term incentive plan. These targets relate to the reduction of emissions, safety and diversity of the workforce and ethics. In 2022, all the targets were either achieved or exceeded and the targets that were set out in the 2022-2024 Strategic Plan are on track to be achieved.

The Group has furthermore Id to be neutral in 2023 for scope 1 and 2 carbon emissions and has committed to an ultimate goal of zero emissions by 2050 to be aligned with the 1.5°C trajectory limit of global warming above pre-industrial levels. Applus+ joined the Science Based Targets Initiative (SBTi) in 2022 and during the year the near-term greenhouse gas emissions reduction targets were validated by the SBTi endorsing the goal of zero emissions by 2050.

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. During the first half period, a new unsolicited rating was received from Standard & Poor's Global Corporate Sustainability Assessment with a high score of 54 for ESG management, compared to a global average of 24 and ranks Applus+ in the top 19% of all companies analysed. A second new unsolicited rating was received in the year from Standard Ethics who rates Applus+ as Sustainable with a rating of EE+ (very strong) which is the highest category and rating in their list of Spanish mid cap companies in 2022. These two new ratings are in addition to those from Sustainalytics with a "low risk" rating of 15.6 and renewed strong ratings from MSCI ESG Ratings (AA), Gaia (70/100), the CDP (B) and being included in the FTSE4GoodIBEX. Furthermore, the Financial Times and Statista included Applus+ amongst 400 companies within its list of Europe Climate Leaders 2022 that have achieved the greatest reduction in the intensity of their Scope 1 and 2 greenhouse gas emissions over a 5-year period (2015-2020).

## **Change in Management**

In May last year, Fernando Basabe, the previous Chief Executive Officer of Applus+, announced his intention to retire after eleven years in the role and this became effective at the Annual General Meeting of shareholders on the 28<sup>th</sup> of June. Mr. Basabe played a critical role in the development and success of the organisation before its listing in May 2014 and to the date of his retirement. The Company thanks him for the years of dedicated service, which involved many significant accomplishments and a fruitful contribution to Applus' history.

After a Board-led selection process, Mr. Joan Amigó was announced as the successor and assumed the role of Chief Executive Officer from the 28<sup>th</sup> of June. Mr. Amigó has been the Group Chief Financial Officer of Applus+ since 2007, through to the listing of the Group in 2014 and until his appointment as CEO. He has been a member of the Board of Directors since 2019. With Mr. Amigó's thorough financial background, his proven leadership abilities and deep knowledge

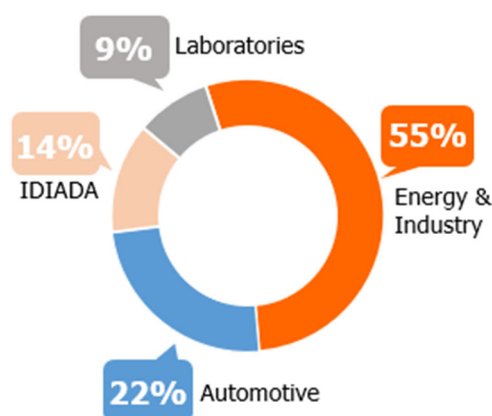
of the testing industry and Applus+, he is the perfect choice to take Applus+ successfully onto the next stage of its journey. Mr. Amigó was a key architect of the Strategic Plan presented to the market in November 2021, has been instrumental in ensuring its execution since then and is committed to delivering it.

Mr. Julián de Unamuno joined the Group as the new Chief Financial Officer at the start of 2023 and came with excellent credentials and close to 30 years of diverse and relevant experience in international businesses and within financial services, in both private and public listed companies and with experience including M&A, Investor Relations, Treasury, Capital Markets as well as Chief Financial Officer and Chief Operating Officer roles.

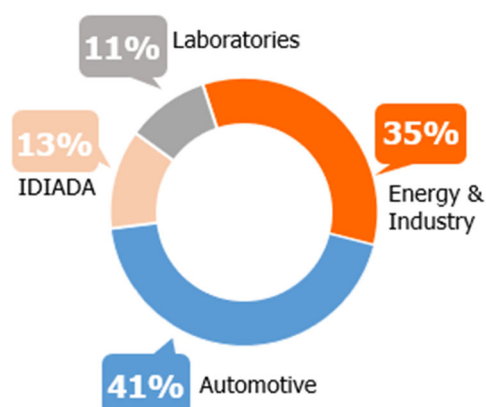
## Operating review by division

The Group operates through four global business divisions: Energy & Industry, Automotive, IDIADA and Laboratories, and the respective shares of 2022 revenue and adjusted operating profit are shown below.

FY 2022 revenue split



FY 2022 adjusted operating profit split



### *Energy & Industry*

Energy & Industry 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 employs approximately 16,000 people and is active in over 60 countries.

The Division designs and deploys proprietary technology and industry know-how across diverse sectors, helping clients to develop and control industry processes, protect assets and increase operational and environmental safety.

Revenue for Energy & Industry for the year was €1,120.7 million, which was 18.9% higher than the revenue in 2021 and the Adjusted Operating Profit for the year was €81.2 million which was 36.7% higher than in 2021 resulting in an adjusted operating profit margin of 7.2%. These results in € million and the percentage changes from 2021 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

## Financial Highlights

	FY			Organic	Inorganic	FX
	2022	2021	Change			
Revenue	1,120.7	942.5	18.9%	8.7%	3.8%	6.4%
Adj. Op. Profit	81.2	59.4	36.7%	14.5%	11.1%	11.1%
% AOP Margin	7.2%	6.3%	+94bps			

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

The division performed well in 2022 with the strongest growth in revenue, adjusted operating profit and margin, seen in many years. The strong growth was throughout the year including, for both organic and in total, with a strong end to the year with 8.0% organic revenue growth in the final quarter. The very strong adjusted operating profit growth for the year included a mid-teens organic growth delivering good margin improvement.

Organic revenue at constant exchange rates for the full year increased by 8.7%. There was additional revenue of 3.8% from the acquisition closed during the year of K2 Ingeniería plus the two acquisitions closed in the previous year of Enertis and Inecosa & Adícora until they had been owned for 12 months. Currency translation increased reported revenue by 6.4% mainly because of the stronger US, Canadian and Australian dollars and Latin American currencies against the Euro.

At constant exchange rates, organic adjusted operating profit increased by 36.7% being almost double the organic revenue increase. There was also a high increase in profit from the contribution from acquisitions of 11.1%, showing the strongly margin accretive contribution from the acquisitions and a positive currency impact of 11.1%.

The adjusted operating profit margin increased by 94 basis points from 6.3% for 2021 to 7.2% in 2022 with this increase coming from all three of the organic, acquisition growth and currency. Continued improvement of the margin remains a key focus.

In the final quarter of the year, reported revenue was €294.9 million compared to revenue of €253.1 million in the final quarter of 2021 or 16.5% higher. This was mainly due to the increase in organic revenue of 8.0%, the revenue from the acquisitions adding 3.0% and a positive impact from currency translation of 5.5%.

All end-markets and regions contributed to this strong growth with Renewables, Power and Infrastructure growing at high single digits benefiting from the investments taking place as a result of the energy transition to lower carbon energy generation and post-pandemic infrastructure investments coming from Government initiatives. Testing, inspection and consultancy services to the Renewables industry is performing very strongly with new build onshore wind farms and solar projects being the main driver behind this. It is a key focus area for the division and will continue to develop by extending the range of services and in new regions.

Non-destructive testing, inspection and other services to the Oil & Gas industry which now accounts for less than half of the division revenue (47% of division revenue and 26% of Group), grew strongly in the double digits for the year, benefiting from the cyclical upturn from the continuation of capex projects that had been postponed during the pandemic and new projects coming on stream. The Opex business also grew very well at a high single digit rate as the utilisation and ageing of assets required more inspection. Services to Oil & Gas Opex end market,

now accounts for 37% of the division (21% of the Group) and Capex accounts for 10% (5% of the Group).

The division also saw a recovery in non-destructive testing and other services to the Aerospace industry. This segment has been transferred to the Laboratories division which also includes an aerospace testing business so they can share facilities and expertise. The revenue for this segment in 2022 was €25.5 million (2.3% of the division) with €4.3 million of adjusted operating profit with the transfer taking place on the 1<sup>st</sup> of January 2023

By region, Latin America and the Middle East were the regions with higher growth driven by strong demand across all core markets including Power, Renewables, Infrastructure and buildings construction and Oil & Gas.

The acquisition of K2 Ingeniería in Colombia in July 2022 brought a valuable increase in the sustainability services that the division can provide in Latin America. It is an environmental consulting and monitoring services company with 257 employees that advises clients on diagnosis and problem solving regarding environmental and social matters, developing projects focused on air and water quality, waste, noise, meteorology, and flora and fauna management. Its services are tailored to support the industrial, energy and civil infrastructure sectors in a region that is increasing its focus on sustainability. In 2021, the business generated €13 million of annual revenue and in 2022 this was significantly higher.

At the start of 2023, Riportico Engenharia, a provider of supervision and engineering design services for civil infrastructure including roads, railway lines, metro stations, airports, buildings, water treatment plants and renewables, was acquired with €8 million annual revenue. Based in Portugal and holding all the relevant accreditations required to provide services in the country, it was a company already well known to Applus+. It is well placed to capture the strong growth of the Portuguese Government's infrastructure spending programmes to boost economic recovery following the pandemic.

### *Automotive*

Automotive is one of the global leaders for statutory-vehicle-inspection services for safety and emissions. The programmes inspect vehicles in jurisdictions where vehicles must comply with statutory technical-safety and environmental regulations. The division employs approximately 5,000 people managing more than 20 programmes across Spain, Ireland, Sweden, Denmark, Andorra, Argentina, Georgia, Chile, 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 €460.9 million, which was 0.9% higher than the revenue in 2021 and the Adjusted Operating Profit for the year was €93.9 million which was 6.1% lower than in 2021 resulting in an adjusted operating profit margin of 20.4%. These results in € million and the percentage changes from 2021 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

## Financial Highlights

	FY			Organic	Inorganic	FX
	2022	2021	Change			
Revenue	460.9	456.8	0.9%	0.2%	0.7%	(0.0)%
Adj. Op. Profit	93.9	99.9	(6.1)%	(7.4)%	0.6%	0.7%
% AOP Margin	20.4%	21.9%	-151bps			

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

Organic revenue at constant exchange rates for the full year was almost flat with a 0.2% increase. There was additional revenue of 0.7% from the acquisition closed during the year of IDV Madrid. Currency translation had a net nil impact in the full year, due to the weaker Swedish and Latin American currencies offset by the stronger US dollar, against the Euro.

At constant exchange rates, organic adjusted operating profit decreased by 7.4%. There was a contribution from acquisitions of 0.6% and a positive currency impact of 0.7%.

IDV Madrid was acquired in April 2022, with annual revenue of €5 million and a current margin slightly below the division that brings three additional strategically located statutory vehicle inspection stations in Madrid that now make nine stations in total that Applus+ operates there making Applus+ the largest operator in the city where it can benefit from operating and marketing efficiencies.

In the final quarter of the year, reported revenue was €104.6 million compared to revenue of €107.5 million in the final quarter of 2021 or 2.7% lower. This was due to the decrease in organic revenue of 0.4% and a negative impact of currency of 3.4% with revenue from the acquisition adding 1.1%.

The division had a strong overall performance for the year due to the increase in car inspections and pricing offsetting the ending of the material contract in Costa Rica that finished in July. In the first half of 2022, this contract had revenue of €19 million and in the second half there was an additional €3 million of revenue. In 2021, it had revenue of €34 million, at above division margin.

The statutory vehicle inspection concession in Alicante in Spain, that is within the autonomous region of Valencia, ended in February 2023 following the decision by the regional Government to take the contract back in-house. The revenue from this contract in 2022 was €17 million at a higher margin than the division.

In the last few months, the Group succeeded in selling the low growth and low margin businesses in Finland and in the USA. The business in Finland was sold in December 2022 with approximately €14 million of revenue at a break-even profit. The business in the USA was sold in January 2023 and closing of the transaction in February, with approximately €37 million of revenue at a mid-single digit margin. These disposals were in line with the Strategic Plan to accelerate the portfolio evolution of the Group towards higher growth and higher margin businesses.

In December, Applus+ purchased the 20% minority stake of Inversiones Finisterre that it did not already own following the exercise of the put option by the sellers. It was purchased for €18.2 million of which €13.4 million had been accrued and a further amount of €4.8 million was therefore charged to the profit and loss account which subsequently reduced the minority dividend payment in 2022 by a similar amount. Inversiones Finisterre is the operating company that owned 100% of the Auto concession in Galicia and owned 55% of the Auto concession in Costa Rica that ended in July 2022.

Following the recent renewals and contract endings in this division the revenue, profit and cash flow visibility has substantially improved. The largest single contract in the Applus+ Group of the vehicle inspection business in Ireland with €82 million of revenue in 2022 runs from 2020 to 2030. The second largest single contract in the Group is the Auto contract in the region of Galicia with €54 million of annual revenue and that was recently extended to December 2027. The ending of the contracts in Costa Rica and Alicante and the sale of other time defined contracts in the USA, means that the division now has more than 90% of revenue visibility through to the end of 2027 which is the current maturity date of the contract in Galicia. The only material contract uncertainty in this division, remains the one in Catalonia which had €53 million of revenue in 2022, where it is expected the regional government will one day make changes to the structure of the contract that could result in a slight loss of market share when this takes place.

There correspondingly remain good opportunities in emerging markets that are likely to arise in the medium term.

The adjusted operating profit margin decreased by 151 basis points from 21.9% for 2021 to 20.4% in 2022 with this decrease due to the ending of the contract in Costa Rica. The first half margin was 15 basis points higher than the first half of the prior year, but the second half margin at 20.0% was 330 basis points lower than the second half margin of the prior year reflecting the impact of the ending of the highly profitable contract in Costa Rica. Maintaining the margin above 20% is a key focus of the Group supported through the continued use of technology to increase efficiencies but will be a challenge with a similar impact in the first half of 2023 expected from the ending of the contract in Costa Rica in addition to the ending of the contract in Alicante during February 2023.

### *Laboratories*

Laboratories 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, employs approximately 2,000 people and is active in 13 countries.

The division comprises six key business units: Mechanical (includes aerospace and materials testing); Electrical & Electronic (includes electrical and electromagnetic compatibility testing and product certification for the electronics and automotive sector); 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 2022, Mechanical was the largest business unit being approximately 40% of the division revenue with Electrical & Electronic at around one third of the division revenue.

Revenue for Laboratories for the year was €190.4 million, which was 24.2% higher than in 2021 and the Adjusted Operating Profit for the year was €26.7 million which was 4.4% higher than in 2021 resulting in an adjusted operating profit margin of 14.0%. These results in € million and the percentage changes from 2021 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

## Financial Highlights

	FY			Organic	Inorganic	FX
	2022	2021	Change			
Revenue	190.4	153.2	24.2%	7.5%	12.2%	4.5%
Adj. Op. Profit	26.7	25.6	4.4%	(13.4)%	12.5%	5.3%
% AOP Margin	14.0%	16.7%	-266 bps			

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

Organic revenue at constant exchange rates for the full year increased by 7.5%. There was additional revenue of 12.2% from the three acquisitions closed during the year of Lightship Securities, Alpe Metrología and jtsec plus the two acquisitions closed in the previous year of IMA Dresden and Mipel SA until they had been owned for 12 months. Currency translation increased reported revenue by 4.5% mainly because of the stronger US dollar and other currencies against the Euro.

At constant exchange rates, organic adjusted operating profit decreased by 13.4%. There was an increase in profit from the contribution from acquisitions of 12.5%, slightly more than the revenue increase from acquisitions showing the margin accretive contribution from these and a positive currency impact of 5.3% on adjusted operating profit.

In the final quarter of the year, reported revenue was €54.8 million compared to revenue of €47.3 million in the final quarter of 2021 or 15.8% higher. This was due to the increase in organic revenue of 6.2%, against a tough comparable period in which the organic revenue grew 12.2%, the revenue from the acquisitions adding 6.7% and a positive impact from currency translation of 2.9%.

The division had strong organic revenue growth in the year across all its key end markets driven by an increasing volume of electrical and electronic products requiring testing and certification, consistent with the electrification and connectivity global mega-drivers that was presented at the Strategic Plan in November 2021.

The adjusted operating profit margin decreased by 266 basis points from 16.7% for 2021 to 14.0% in 2022 with this decrease coming from the organic business performance. Returning to a margin above 16% is a key focus of the Group.

The profit margin in the year was unexpectedly impacted by two major events. In the first half of the year, the enforcement in Shanghai of lockdowns to prevent the spread of coronavirus and in the second half of the year, the spike in energy costs the division was forced to pay. With a full year of revenue and profit expected from the business in China and energy costs now under control in the division, the margin is expected to recover in 2023.

The division is the most active in making acquisitions with three made in the first half of last year of which two related to cybersecurity and one in metrology. The acquisition of Lightship Security Inc in North America adds further accreditations to the global cybersecurity offering of the division and jtsec in Spain, adds new methods for cybersecurity assurance. These two acquisitions bring approximately €9 million of annual revenue at a margin above that of the division. Alpe Metrología in Spain consolidates the regional metrology and calibration market position.

From the 1<sup>st</sup> of January 2023, the aerospace business is being transferred from Energy & Industry to realise commercial synergies once it is consolidated with the Laboratories aerospace testing business. The business generated €25.5 million of annual revenue in 2022 and €4.3 million in adjusted operating profit.

There was a change in the divisional head during the year with Mauricio Úbeda the newly responsible head of division as of October 2022. He is an internal promotion with a strong business background and wide international experience.

### *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 it is expected been decided that there will be 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.

The division employs approximately 3,000 people and is active in 22 countries.

Revenue for IDIADA for the year was €278.0 million, which was 23.9% higher than the revenue in 2021 and the Adjusted Operating Profit for the year was €29.9 million which was 53.8% higher than in 2021 resulting in an adjusted operating profit margin of 10.8%. These results in € million and the percentage changes from 2021 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	FY				
	2022	2021	Change	Organic	FX
<b>Revenue</b>	<b>278.0</b>	<b>224.3</b>	<b>23.9%</b>	<b>21.0%</b>	<b>2.9%</b>
<b>Adj. Op. Profit</b>	<b>29.9</b>	<b>19.5</b>	<b>53.8%</b>	<b>48.7%</b>	<b>5.1%</b>
<b>% AOP Margin</b>	<b>10.8%</b>	<b>8.7%</b>	<b>+209 bps</b>		
<b>Adj. Op. Profit excl. AD<sup>(1)</sup></b>	<b>35.7</b>	<b>23.7</b>			
<b>% AOP Margin</b>	<b>12.8%</b>	<b>10.6%</b>	<b>+227 bps</b>		

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

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

Organic revenue at constant exchange rates for the full year increased by 21.0%. There was an additional 2.9% currency translation benefit.

At constant exchange rates, organic adjusted operating profit increased by 48.7% plus an additional 5.1% currency translation benefit.

In the final quarter of the year, reported revenue was €76.6 million compared to revenue of €62.6 million in the final quarter of 2021 or 22.4% higher. This was due to the increase in organic revenue of 20.5% and a positive impact from currency translation of 1.9%.

IDIADA had a very strong performance throughout the year, with the contribution to this coming from across all its business lines and countries. There was an increased volume of outsourcing of testing especially from new Auto manufacturers with a significant size one-off project from a new Asian manufacturer. The demand for testing for electric and hybrid vehicles continues to drive growth and this is now more than 60% of the division revenue.

The adjusted operating profit margin increased by 209 basis points from 8.7% for 2021 to 10.8% in 2022 with this increase almost all organic. This significant margin improvement comes from the use of higher margin digital services to support physical testing and good operating leverage especially at the Catalonia Proving Ground that is now back to full capacity.

IDIADA also commenced two new long-term contracts for managing proving grounds in the Czech Republic and Germany, while the operation of the proving ground in China continues to perform well.

The Group continues to await news on the tender to renew the whole IDIADA concession for a further 20- or 25-years that otherwise ends in September 2024. 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 200 basis points higher at 12.8% in 2022 and the increase in margin from 2021 to 2022 would be 227 basis points.

## Annex 1

The financial performance of the Group is presented, as usual, in an “adjusted” format. 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.

EUR Million	FY 2022			FY 2021			+/- % Adj. Results
	Adj. Results	Other results	Statutory results	Adj. Results	Other results	Statutory results	
Revenue	2,049.9	0.0	2,049.9	1,776.7	0.0	1,776.7	15.4%
Ebitda	326.5	0.0	326.5	286.0	0.0	286.0	14.2%
Operating Profit	202.0	(76.8)	125.2	175.2	(73.7)	101.5	15.3%
Net Financial expenses	(28.9)	0.0	(28.9)	(25.9)	0.0	(25.9)	
Other Financial Results	(4.8)	0.0	(4.8)	0.0	0.0	0.0	
Profit Before Taxes	168.3	(76.8)	91.5	149.4	(73.7)	75.6	12.7%
Current Income tax	(44.0)	14.5	(29.5)	(38.3)	12.7	(25.6)	
Non controlling interests	(13.3)	0.0	(13.3)	(17.8)	0.0	(17.8)	
Net Profit	111.0	(62.4)	48.6	93.3	(61.1)	32.2	18.9%
Number of Shares	136,888,259		136,888,259	143,018,430		143,018,430	
EPS, in Euros	0.81		0.36	0.65		0.23	24.3%
Income tax/PBT	(26.2)%		(32.3)%	(25.6)%		(33.9)%	

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

Other results of €76.8 million (2021: €73.7m) in the Operating Profit represent amortisation of acquisition intangibles of €67.2 million (2021: €65.6m); severance costs on restructuring of €7.6 million (2021: €3.6m); transaction costs relating to acquisitions of €4.9 million (2021: €2.6m) and; other gains and losses that net to an income of €2.8 million (2021: charge of €2.0m).

A reduction in the deferred tax liability is booked against these Other results of €14.5 million (2021: €12.7m).

## Annex 2

### Alternative Performance Metrics

Applus' financial disclosures contain magnitudes and metrics drafted in accordance with International Financial Reporting Standards (IFRS) and others based on the Group's disclosure model referred to as 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**, realised 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, other results and 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 excluding IFRS 16 lease adjustment. Net adjusted operating profit is proforma acquisitions and disposals, excluding IDIADA Accelerated Depreciation and at 25% tax rate
- **Statutory results**, consolidated results of the Group under IFRS regulation, as shown in the Consolidated Financial Statements
- **WC**, Working Capital

## 10. ANNEX

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### About the report

GRI 1 GRI 3-1

Our financial and non-financial report is an **essential channel** for Applus+ through which we disclose our commitment, management approach and operational, economic and ESG performance with the utmost **transparency**.

Through this report, covering the period from 1st January to 31st December 2022, we want to continue to **share** all the relevant information **with our stakeholders** which best reflects our financial and non-financial performance.

In 2022, we have focused our efforts on adapting the content of the report to the **new GRI framework defined in 2021**. This adaptation allows us to submit a more complete and comprehensive report in 2022 and to set the foundations for further progress in compiling information and strengthening reports in the future.

This report is based on the following references:

- **GRI Standards 2021**: we have prepared the report **with reference to** GRI Standards.
- **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 EU 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 used for the Applus+ Group's '**Communication on Progress' (CoP) of the UN's Global Compact 2022**.

In preparing this report, we have assessed the **material issues** that best represent the **most significant impacts** of Applus+ on the economy; the environment and people, including human rights; and the expectations of our **stakeholders**.

Accordingly, the report presents the results in a full and comprehensive manner with **accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability**.

## 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. Innovación y transformación digital. Proyectos de innovación para desarrollar productos y servicios que satisfagan las necesidades del mercado a través de la digitalización y la implementación de nuevas tecnologías.
9. Calidad del servicio y relación con el cliente. Desempeño global de nuestros servicios y conocimiento del cliente necesarios para construir relaciones a largo plazo y llegar a ser un socio de confianza.
10. Competitividad. Promoción, desarrollo e incremento de servicios de alto valor añadido dentro de nuestra cartera.
11. Privacidad y protección de datos. Prácticas de protección de datos para clientes y empleados.
12. Gestión sostenible de la cadena de suministro. Prácticas de nuestros proveedores para reducir impactos.
13. Ciberseguridad. Estrategia para mejorar nuestra ciberseguridad.
14. Sustainable Services: Strategy to develop (i) services helping our customers to reduce or mitigate their environmental impact and (ii) more sustainable markets.

### SOCIETY

15. Health and Safety: Practices to protect the health, safety and wellbeing of our employees.
16. Talent Management: Practices to attract and retain talented people.
17. Employee engagement & wellbeing: Practices to ensure that employees feel satisfied and motivated to actively engage with the company.
18. Diversity, inclusion and equality: Fair opportunities, recognition, treatment and remuneration for all employees.
19. Respect for human rights: Practices to promote and protect human rights in our operations, including contractors.
20. Local impact and socioeconomic contribution: Encourage of local communities' development (employment, training, technology, etc.).

### ENVIRONMENT

21. Energy transition and climate change: Commitment & practices for the reduction of energy consumption and GHG emissions.
22. Biodiversity and natural areas protection: Practices to preserve species and ecosystems.
23. Waste Management: Practices to reduce and manage waste.
24. Water footprint: Practices to reduce water consumption and reuse wastewater flows.
25. Eco-efficiency and circularity: Strategies to carry out activities with minimum environmental impact, reducing waste and conserving natural resources.

## Financial contribution

GRI 201-1 GRI 207-4

### ECONOMIC VALUE ADDED (EVA) BREAKDOWN

EVA Breakdown	2021	2022
<b>Economic value generated (thousands of Euros)</b>	<b>1,782,141</b>	<b>2,052,441</b>
Revenue	1,776,746	2,049,943
Revenues equity method	-	-
Financial income	2,599	923
Results on disposals of non-current assets	2,796	1,575
<b>Economic value distributed (thousands of Euros)</b>	<b>1,555,782</b>	<b>1,798,857</b>
Procurements	154,402	206,877
Staff costs	1,002,151	1,139,837
Other operating expenses	334,158	376,719
Other costs	10,981	11,219
Financial costs	28,480	34,656
Corporate income tax	25,610	29,549
<b>Economic value retained (thousands of Euros)</b>	<b>226,359</b>	<b>253,584</b>

In 2022, 88% out of the EVA generated by Applus+ was distributed and 12% 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)
<b>Total</b>	<b>25,278</b>	<b>1,778,368</b>	<b>139,068</b>	<b>132,177</b>	<b>253,774</b>	<b>(36,071)</b>	<b>(25,610)</b>

THOUSANDS OF EUROS IN 2022							
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	8.822	628,708	86,357	49,123	83,869	(9,104)	(920)
Rest of Europe	3.928	449,832	38,760	37,345	72,113	(6,476)	(7,063)
Latin America	6.162	235,327	3,819	24,219	30,258	(8,691)	(8,993)
US and Canada	2.223	338,957	12,469	3,939	49,176	(4,848)	(4,098)
Asia Pacific	2.019	200,032	24,471	8,035	25,130	(6,898)	(5,212)
Middle East and Africa	3.260	199,696	3,024	17,153	8,897	(4,033)	(3,263)
<b>Total</b>	<b>26.414</b>	<b>2,052,553</b>	<b>168,900</b>	<b>139,814</b>	<b>269,444</b>	<b>(40,051)</b>	<b>(29,549)</b>

(\*) 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 2-7 GRI 2-21 GRI 2-30 GRI 202-1 GRI 202-2 GRI 401-1 GRI 401-2 GRI 401-3 GRI 404-3 GRI 405-1 GRI 405-2

### NUMBER OF EMPLOYEES

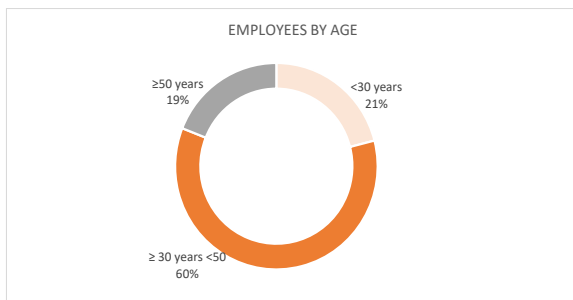
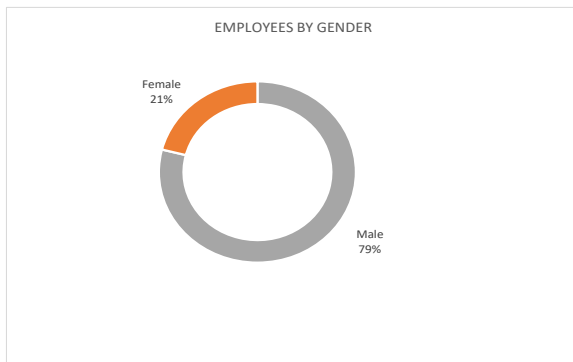
NUMBER OF EMPLOYEES	
2022	26,414
2021	25,278

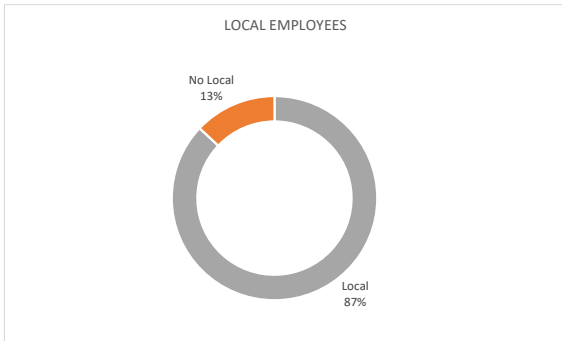
### WORKFORCE PROFILE

EMPLOYEES BY GENDER		
	Male	Female
2022	79%	21%
2021	80%	20%

EMPLOYEES BY AGE				
	<30 years	≥ 30 years <50	≥50 years	Total
2022	21%	60%	19%	100%
2021	21%	61%	18%	100%

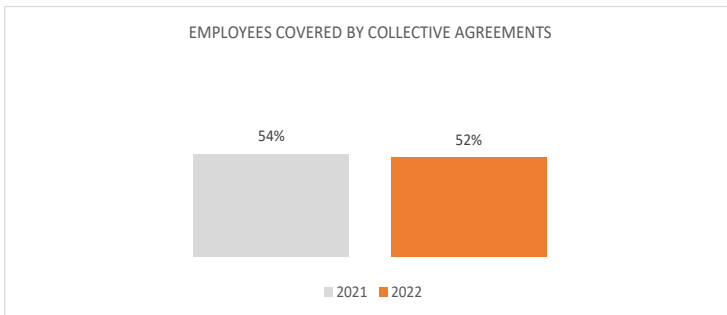
LOCAL EMPLOYEES			
	Local	No Local	Total
2022	87%	13%	100%
2021	86%	14%	100%





## EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS

EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS	
2022	52%
2021	54%



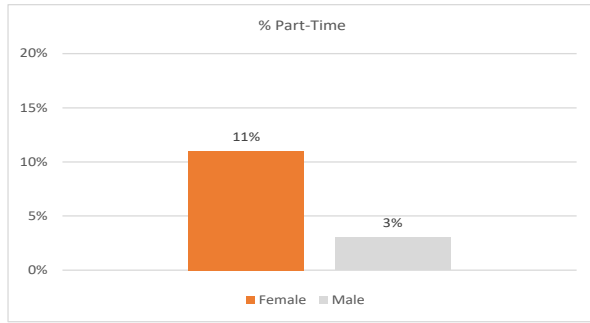
Currently, there are 16 countries where the Group has collective-bargaining agreements.

	NUMBER OF COUNTRIES WITH COLLECTIVE-BARGAINING AGREEMENTS
2022	16
2021	18

The 2022 figures cover 99.97 of Applus+ employees.

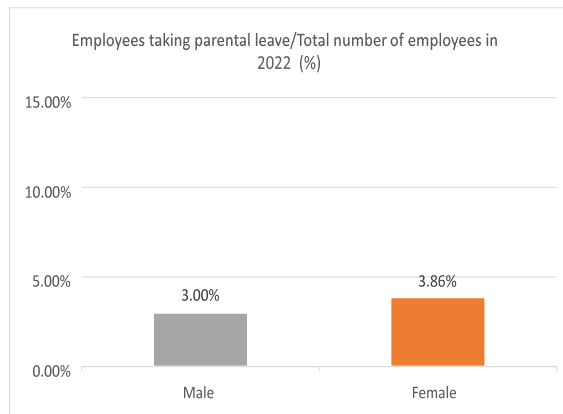
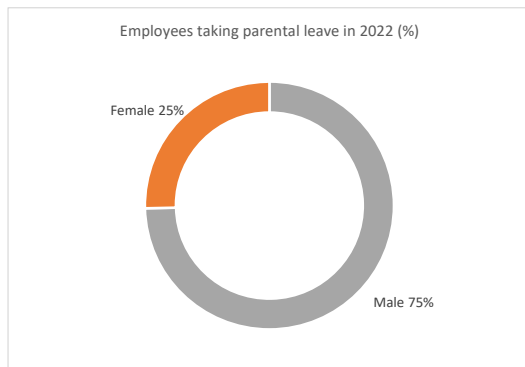
## ORGANISATION OF WORK

	% Part-Time	
	2022	2021
Male	3%	2%
Female	11%	12%



## MATERNITY AND PATERNITY LEAVE

840 employees benefited from this leave with their families in 2022, with 69.17% returning at the end of the leave period.



The 2022 figures cover 99.97 of Applus+ employees.

Number of employees taking parental leave		
	2022	2021
Male	627	769
Female	213	209
<b>Total</b>	<b>840</b>	<b>978</b>

Employees taking parental leave(%)		
	2022	2021
Male	75%	79%
Female	25%	21%

Employees taking parental leave/Total number of employees		
	2022	2021
Male	3.00%	3.80%
Female	3.86%	4.16%

**From employees entitled to parental leave, total number of employees that returned to work in the reporting period after**

	2022	2021
<b>% Returning</b>	69.17%	76.78%

	Number of employees taking parental leave in 2022	Employees taking parental leave in 2022 (%)	Employees taking parental leave/Total number of employees in 2022 (%)	From employees entitled to parental leave, total number of employees that returned to work in the reporting period after parental leave ended	% Returned	From employees that returned to work in the reporting period after parental leave ended, total number of employees who are still employed 12 months after their return to work	% Retention
Male	627	75%	3.00%	432	68.90%	271	62.73%
Female	213	25%	3.86%	149	69.95%	89	59.73%
Total	840						

## EMPLOYEES WITH FUNCTIONAL DIVERSITY

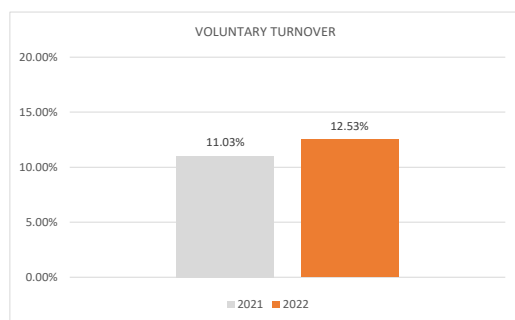
	EMPLOYEES WITH FUNCTIONAL DIVERSITY	RATIO
2022	293	1.11%
2021	280	1.11%

The 2022 figures cover 99.97 of Applus+ employees.

## TALENT MANAGEMENT

### Voluntary turnover

VOLUNTARY TURNOVER	
2022	12.53%
2021	11.03%

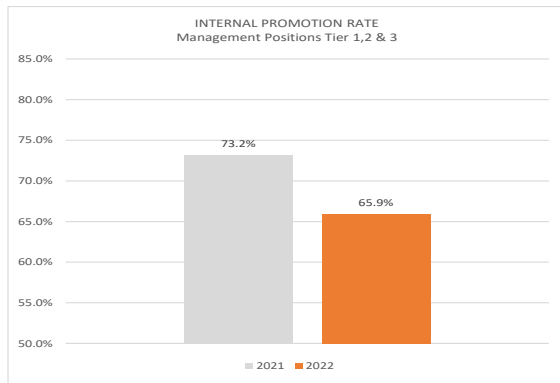


The 2022 figures cover 99.97 of Applus+ employees.

### Internal promotion

INTERNAL PROMOTION RATE Management Positions Tier 1,2 & 3	
2022	65.9%
2021	73.2%

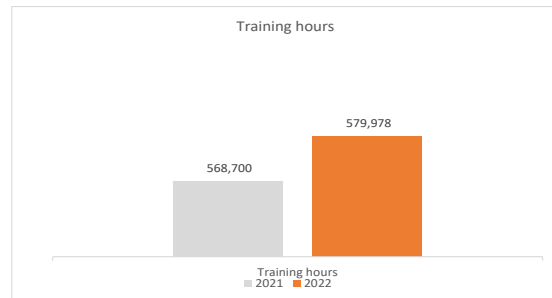
The 2022 figures cover 99.97 of Applus+ employees.



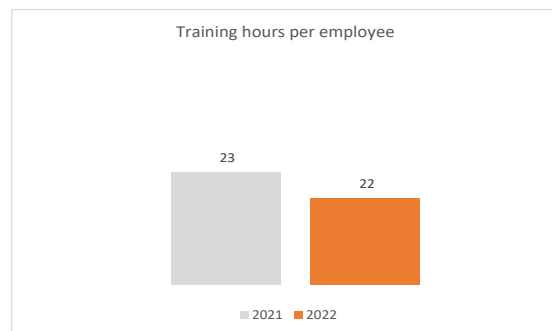
## TRAINING

### Training hours

	Training hours
2022	579,978
2021	568,700

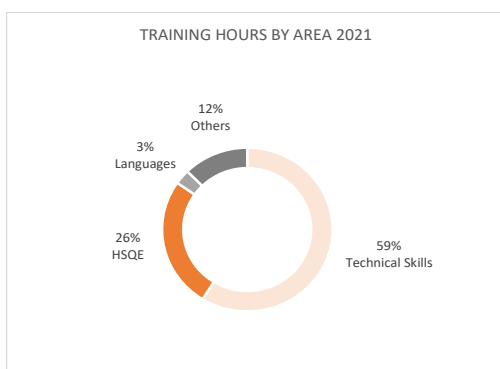
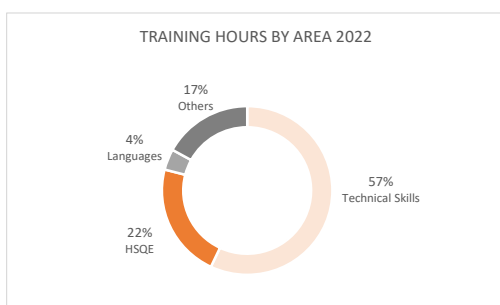


	Training hours per employee
2022	22
2021	23



The 2022 figures cover 99.97 of Applus+ employees.

## Training hours by Area



	TRAINING HOURS BY AREA			
	Technical Skills	HSQE	Languages	Others
2022	57%	22%	4%	17%
2021	59%	26%	3%	12%

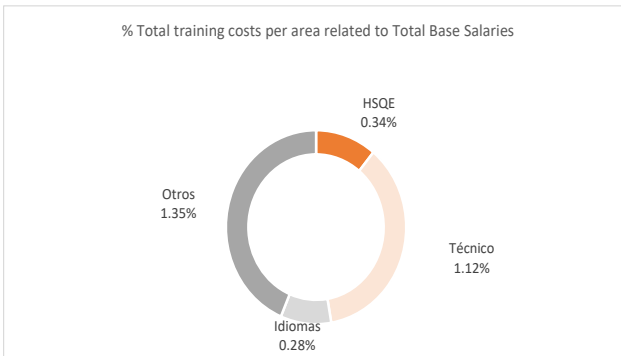
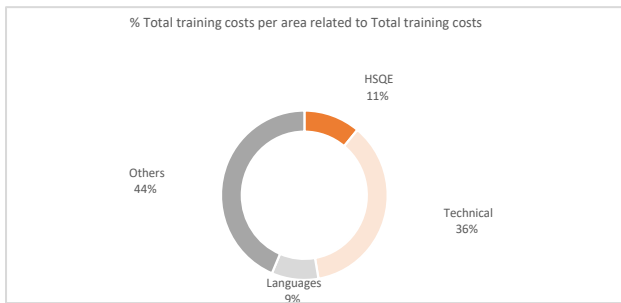
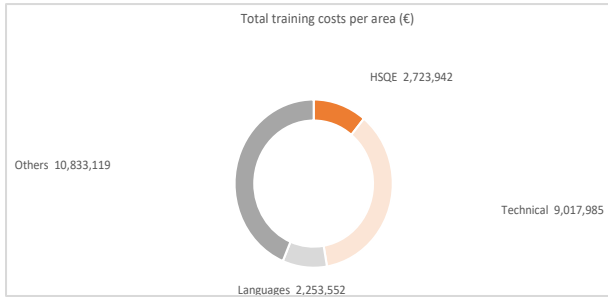
## Training by Tier

Organisational Level	2022		2021	
	Training hours	% Training hours	Training hours	% Training hours
Tier 1, 2 & 3	7,266	1.3%	6,486	1.1%
Tier 4	75,736	13.1%	14,383	2.6%
Tier Operational Employees	496,976	85.7%	547,831	96.3%
<b>TOTAL</b>	<b>579,978</b>	<b>100%</b>	<b>568,700</b>	<b>100%</b>

The 2022 figures cover 99.97 of Applus+ employees.

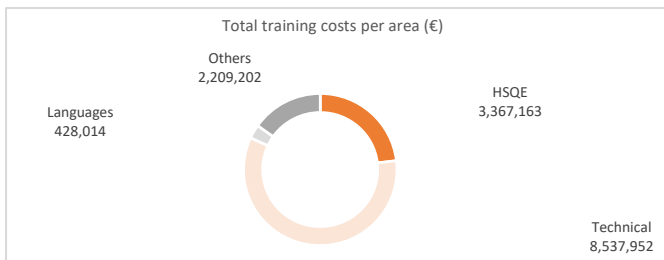
## Training costs

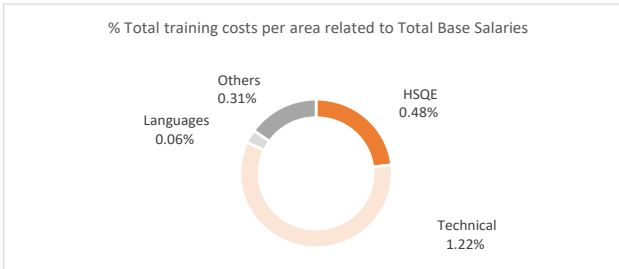
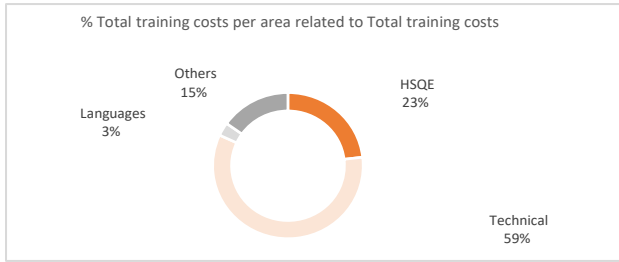
2022	Total training costs per area (€)	% Total training costs per area related to Total training costs	% Total training costs per area related to Total Base Salaries
HSQE	2,723,942	11%	0.34%
Technical	9,017,985	36%	1.12%
Languages	2,253,552	9%	0.28%
Others	10,833,119	44%	1.35%
-	-	-	-
<b>Total</b>	<b>24,828,597.40</b>	<b>100.00%</b>	<b>3.09%</b>



The 2022 figures cover 99.97 of Applus+ employees.

2021	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%





## BREACKDOWN OF THE DATA RELATED TO HUMAN RESOURCES

### Number of employees by organizational level

ORGANISATIONAL LEVEL	NUMBER OF EMPLOYEES 2022	NUMBER OF EMPLOYEES 2021
Tier 1, 2 & 3	475	466
Tier 4	1,159	1,012
Operational employees and Others	24,780	23,800
<b>Total</b>	<b>26,414</b>	<b>25,278</b>

### Employees by organizational level



Tier1: Managers who report directly to Applus+ Group's CEO

Tier2: Managers who report directly to Tier1 (corporate area directors, regionals, business unit area managers or country managers if they report directly to Tier1)

Tier3: Managers who report directly to Tier2 (corporate area managers or country managers, key account managers, business line managers if they report directly to Tier2)

Tier4: Managers who report directly to Tier3.

Operational employees and Others: any other employee not included in the categories detailed above.

The 2022 figures cover 99.97 of Applus+ employees.

Number of employees by organizational level and gender

NUMBER OF EMPLOYEES BY TIER & GENDER	2022	2021
Overall employees	Tier 4 82.83% M - 17.17% F	Tier 4 81% M - 19% F
	Operational employees and Others 79% H - 21% F	Operational employees and Others 80% H - 20% F
Management	Tier 1, 2 & 3 77% M - 23% F	Tier 1, 2 & 3 76% M - 24% F

The 2022 figures cover 99.97 of Applus+ employees.

## Number of employees by organisational level and gender in 2022

NUMBER OF EMPLOYEES BY GENDER 2022						
REGION	REGION/COUNTRY	GENDER	TIER 1, 2 & 3	TIER 4	OPERATIONAL EMPLOYEES & OTHERS	TOTAL
Asia Pacific	Australia	M-Male	10	18	519	547
		F-Female	4	4	56	64
	Other Countries	M-Male	31	82	903	1,016
		F-Female	7	26	363	396
Latin America	Brazil	M-Male	2	16	734	752
		F-Female	-	3	95	98
	Chile	M-Male	2	36	831	869
		F-Female	-	4	312	316
	Colombia	M-Male	2	10	1,674	1,686
		F-Female	1	3	744	748
	Guatemala	M-Male	-	-	33	33
		F-Female	-	-	2	2
	Panama	M-Male	1	6	310	317
		F-Female	-	1	103	104
Other Countries	M-Male	9	26	986	1,021	
	F-Female	-	6	210	216	
Middle East and Africa	Oman	M-Male	1	13	372	386
		F-Female	-	-	15	15
	Qatar	M-Male	1	7	339	347
		F-Female	1	-	25	26
	Saudi Arabia	M-Male	2	94	1,680	1,776
		F-Female	-	1	104	105
Other Countries	M-Male	11	24	510	545	
	F-Female	1	5	51	57	
Rest of Europe	Germany	M-Male	6	38	466	510
		F-Female	-	3	87	90
	Ireland	M-Male	9	4	670	683
		F-Female	1	-	131	132
	Netherlands	M-Male	14	149	299	462
		F-Female	7	29	30	66
Other Countries	M-Male	29	87	1,566	1,682	
	F-Female	5	18	279	302	
Spain	Spain	M-Male	182	190	6,126	6,498
		F-Female	67	45	2,212	2,324
USA and Canada	USA and Canada	M-Male	53	160	1,557	1,770
		F-Female	16	51	386	453
Total			475	1,159	24,780	26,414

The 2022 figures cover 99.97 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
Other Countries	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

## Number of employees by gender and age in 2022

NUMBER OF EMPLOYEES BY GENDER & AGE 2022							
REGION	REGION/PAIS	MASCULINO <30 AÑOS	FEMENINO <30 AÑOS	MASCULINO 30≥ AÑOS <50	FEMENINO 30≥ AÑOS <50	MASCULINO ≥50 AÑOS	FEMENINO ≥50 AÑOS
Asia Pacific	Australia	47	12	370	40	130	12
	Other Countries	355	154	581	230	80	12
Latin America	Brazil	168	34	507	61	77	3
	Chile	228	61	458	207	183	48
	Colombia	358	263	1,109	453	219	32
	Guatemala	14	1	18	1	1	-
	Panama	164	51	137	48	16	5
	Other Countries	293	103	594	97	134	16
Middle East and Africa	Oman	99	5	207	10	80	-
	Saudi Arabia	407	51	1,125	52	244	2
	Other Countries	142	15	644	62	106	6
Rest of Europa	Germany	49	14	285	49	176	27
	Ireland	64	11	449	71	170	50
	Netherlands	27	6	254	35	181	25
	Other Countries	267	76	906	169	509	57
Spain	Spain	1,272	354	3,852	1,523	1,374	447
USA and Canada	USA and Canada	298	85	931	229	541	139
Total		4,252	1,296	12,427	3,337	4,221	881

The 2022 figures cover 99.97 of Applus+ employees.

## Number of employees by gender and age in 2021

NUMBER OF EMPLOYEES BY GENDER & AGE 2021							
REGION	REGION/PAIS	MASCULINO <30 AÑOS	FEMENINO <30 AÑOS	MASCULINO 30≥ AÑOS <50	FEMENINO 30≥ AÑOS <50	MASCULINO ≥50 AÑOS	FEMENINO ≥50 AÑOS
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

## Number of dismissals by gender and organisational level

NUMBER OF DISMISSALS BY GENDER & ORGANISATIONAL LEVEL						
ORGANISATIONAL LEVEL	MALE		FEMALE		TOTAL	
	Tier 2 & Tier 3	Others	Tier 2 & Tier 3	Others	Dismissals	%
2022	6	1,641	4	352	2,003	7.6%
2021	7	1,255	5	222	1,489	5.9%

The 2022 figures cover 99.97 of Applus+ employees.

## Number of employees by gender and contract in 2022

NUMBER OF EMPLOYEES BY GENDER & CONTRACT 2022					
REGION	REGION/COUNTRY	GENDER	PERMANENT	NON-PERMANENT	TOTAL
Asia Pacific	Australia	M-Male	351	196	547
		F-Female	43	21	64
	Other Countries	M-Male	631	385	1,016
		F-Female	263	133	396
Latin America	Brazil	M-Male	752	-	752
		F-Female	97	1	98
	Chile	M-Male	863	6	869
		F-Female	316	-	316
	Colombia	M-Male	238	1,448	1,686
		F-Female	118	630	748
	Guatemala	M-Male	33	-	33
		F-Female	2	-	2
	Panama	M-Male	313	4	317
		F-Female	89	15	104
Other Countries	M-Male	472	549	1,021	
	F-Female	102	114	216	
Middle East and Africa	Oman	M-Male	180	206	386
		F-Female	15	-	15
	Qatar	M-Male	83	264	347
		F-Female	23	3	26
	Saudi Arabia	M-Male	1,704	72	1,776
		F-Female	99	6	105
	Other Countries	M-Male	242	303	545
		F-Female	46	11	57
Rest of Europe	Germany	M-Male	466	44	510
		F-Female	79	11	90
	Ireland	M-Male	663	20	683
		F-Female	128	4	132
	Netherlands	M-Male	459	3	462
		F-Female	65	1	66
	Other Countries	M-Male	1,451	231	1,682
		F-Female	239	63	302
Spain	Spain	M-Male	5,570	928	6,498
		F-Female	2,060	264	2,324
USA and Canada	USA and Canada	M-Male	1,683	87	1,770
		F-Female	419	34	453
<b>Total</b>			<b>20,357</b>	<b>6,057</b>	<b>26,414</b>

The 2022 figures cover 99.97 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	Germany	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

## Parental leave by gender in 2022

PARENTAL LEAVE BY GENDER 2022		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	16	1	16	-	100.00%	0.00%
	Other Countries	20	8	9	8	45.00%	100.00%
Latin America	Brazil	-	-	-	-	0.00%	0.00%
	Chile	-	9	-	8	0.00%	88.89%
	Colombia	38	27	38	24	100.00%	88.89%
	Guatemala	-	-	-	-	0.00%	0.00%
	Panama	5	6	5	-	100.00%	0.00%
	Other Countries	18	4	18	4	100.00%	100.00%
Middle East and Africa	Oman	-	-	-	-	0.00%	0.00%
	Qatar	-	1	-	1	0.00%	100.00%
	Saudi Arabia	3	2	3	2	100.00%	100.00%
	Other Countries	-	-	-	-	0.00%	0.00%
Rest of Europe	Germany	5	11	13	3	260.00%	27.27%
	Ireland	44	10	42	9	95.45%	90.00%
	Netherlands	21	3	8	2	38.10%	66.67%
	Other Countries	113	30	38	19	33.63%	63.33%
Spain	Spain	308	83	238	56	77.27%	67.47%
USA and Canada	USA and Canada	36	18	4	7	11.11%	39.06%
Total		627	213	432	143	68.90%	67.16%

The 2022 figures cover 99.97 of Applus+ employees.

## 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%

## Number of employees covered by collective agreements in 2022

NUMBER OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS 2022			
REGION	REGION/ COUNTRY	EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS	% EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS
Asia Pacific	Australia	410	67%
	Other Countries	71	5%
Latin America	Brazil	850	100%
	Chile	145	12%
	Other Countries	329	27%
Middle East and Africa	Other Countries	-	0%
Rest of Europe	Germany	262	44%
	Ireland	801	98%
	Netherlands	519	98%
	Other Countries	974	49%
Spain	Spain	8,822	100%
USA and Canada	USA and Canada	624	28%
Total		13,807.00	52%

The 2022 figures cover 99.97 of Applus+ employees.

## 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%

Number of employees by gender and dedication in 2022

NUMBER OF EMPLOYEES BY GENDER & DEDICATION 2022					
REGION	REGION/COUNTRY	GENDER	FULL TIME	PART TIME	TOTAL
Asia Pacific	Australia	M-Male	405	142	547
		F-Female	52	12	64
	Other Countries	M-Male	1,011	5	1,016
		F-Female	385	11	396
Latin America	Brazil	M-Male	752	-	752
		F-Female	98	-	98
	Chile	M-Male	869	-	869
		F-Female	316	-	316
	Colombia	M-Male	1,678	8	1,686
		F-Female	747	1	748
	Guatemala	M-Male	33	-	33
		F-Female	2	-	2
	Panama	M-Male	317	-	317
		F-Female	104	-	104
Other Countries	M-Male	1,021	-	1,021	
	F-Female	216	-	216	
Middle East and Africa	Oman	M-Male	386	-	386
		F-Female	15	-	15
	Qatar	M-Male	347	-	347
		F-Female	26	-	26
	Saudi Arabia	M-Male	1,776	-	1,776
		F-Female	105	-	105
Other Countries	M-Male	545	-	545	
	F-Female	57	-	57	
Rest of Europe	Germany	M-Male	483	27	510
		F-Female	53	37	90
	Ireland	M-Male	646	37	683
		F-Female	60	72	132
	Netherlands	M-Male	447	15	462
		F-Female	28	38	66
Other Countries	M-Male	1,620	62	1,682	
	F-Female	259	43	302	
Spain	Spain	M-Male	6,304	194	6,498
		F-Female	1,988	336	2,324
USA and Canada	USA and Canada	M-Male	1,665	105	1,770
		F-Female	420	33	453
Total			25,236	1,178	26,414

The 2022 figures cover 99.97 of Applus+ employees.

## 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
<b>Total</b>			<b>24,238</b>	<b>999</b>	<b>25,237</b>

## Number of local employees in 2022

LOCAL / NO LOCAL EMPLOYEES						
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	MALE_LOCAL	FEMALE_LOCAL	MALE_NO LOCAL	FEMALE_NO LOCAL
Asia Pacific	Australia	Tier 1, 2 & 3	10	4	0	0
		Tier 4	18	4	0	0
		Operational employees & others	518	55	1	1
	Other Countries	Tier 1, 2 & 3	22	4	9	3
		Tier 4	69	22	13	4
		Operational employees & others	803	333	100	30
Latin America	Brazil	Tier 1, 2 & 3	1	-	1	-
		Tier 4	15	3	1	-
		Operational employees & others	733	95	1	-
	Chile	Tier 1, 2 & 3	2	-	-	-
		Tier 4	28	4	8	-
		Operational employees & others	751	290	80	22
	Colombia	Tier 1, 2 & 3	1	1	1	-
		Tier 4	9	3	1	-
		Operational employees & others	1,659	741	15	3
	Guatemala	Tier 1, 2 & 3	-	-	-	-
		Tier 4	-	-	-	-
		Operational employees & others	33	2	-	-
	Panama	Tier 1, 2 & 3	-	-	1	-
		Tier 4	4	-	2	1
		Operational employees & others	306	99	4	4
Other Countries	Tier 1, 2 & 3	8	-	1	-	
	Tier 4	24	6	2	-	
	Operational employees & others	971	208	15	2	
Middle East and Africa	Oman	Tier 1, 2 & 3	-	-	1	-
		Tier 4	4	-	9	-
		Operational employees & others	77	15	295	-
	Saudi Arabia	Tier 1, 2 & 3	-	-	2	-
		Tier 4	14	1	80	-
	Other Countries	Operational employees & others	500	102	1,180	2
		Tier 1, 2 & 3	1	-	11	2
Rest of Europe	Germany	Tier 4	5	2	26	3
		Operational employees & others	170	32	679	44
		Tier 1, 2 & 3	6	-	-	-
	Ireland	Tier 4	36	3	2	-
		Operational employees & others	449	85	17	2
		Tier 1, 2 & 3	9	1	-	-
	Netherlands	Tier 4	4	-	-	-
		Operational employees & others	580	109	90	22
		Tier 1, 2 & 3	14	6	-	1
	Other Countries	Tier 4	145	28	4	1
		Operational employees & others	274	29	25	1
		Tier 1, 2 & 3	27	5	2	-
	Spain	Tier 4	81	17	6	1
		Operational employees & others	1,499	260	67	19
		Tier 1, 2 & 3	166	65	16	2
USA and Canada	Tier 4	168	43	22	2	
	Operational employees & others	5,840	2,083	286	129	
	Tier 1, 2 & 3	51	15	2	1	
USA and Canada	Tier 4	155	51	5	-	
	Operational employees & others	1,524	377	33	9	
	Tier 1, 2 & 3	51	15	2	1	
Total			17,784	5,203	3,116	311

The 2022 figures cover 99.97 of Applus+ employees.

Number of new hires in 2022

NEW HIRES 2022									
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	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	Tier 1, 2 & 3	0	0	0	0	0	0	
		Tier 4	2	0	4	0	1	0	
		Operational employees & others	5	6	26	9	2	2	
	Other Countries	Tier 1, 2 & 3	0	0	4	2	0	0	
		Tier 4	0	0	14	3	2	0	
		Operational employees & others	227	80	163	63	23	7	
Latin America	Brazil	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	-	-	1	-	
		Operational employees & others	139	33	392	40	44	4	
	Chile	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	1	-	-	-	-	
			Operational employees & others	232	85	387	168	136	36
	Colombia	Tier 1, 2 & 3	-	-	1	-	-	-	
		Tier 4	-	-	1	1	1	-	
			Operational employees & others	301	215	592	216	100	8
	Guatemala	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	-	-	-	-	
			Operational employees & others	7	1	5	-	1	-
	Panama	Tier 1, 2 & 3	-	-	-	1	-	-	
		Tier 4	-	-	-	-	-	-	
			Operational employees & others	88	22	40	15	-	1
Other Countries	Tier 1, 2 & 3	-	-	1	-	-	-		
	Tier 4	-	-	1	-	-	-		
		Operational employees & others	205	62	348	34	36	1	
Middle East and Africa	Oman	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	-	-	-	-	
		Operational employees & others	48	1	44	-	17	-	
	Saudi Arabia	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	-	-	2	-	
			Operational employees & others	225	74	114	50	7	-
	Other Countries	Tier 1, 2 & 3	-	-	-	-	-	1	-
Tier 4		1	-	3	1	1	-		
		Operational employees & others	152	4	425	11	51	-	
Rest of Europe	Germany	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	2	-	1	-	2	-	
		Operational employees & others	9	3	33	9	7	2	
	Ireland	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	-	-	-	-	
			Operational employees & others	31	5	44	2	6	3
	Netherlands	Tier 1, 2 & 3	-	-	-	-	1	-	
		Tier 4	3	2	11	3	2	-	
		Operational employees & others	6	-	28	5	6	1	
Other Countries	Tier 1, 2 & 3	1	-	2	-	1	-		
	Tier 4	1	3	1	2	2	2		
		Operational employees & others	139	30	250	49	73	10	
Spain	Spain	Tier 1, 2 & 3	-	-	-	4	1	1	
		Tier 4	-	1	3	-	2	-	
		Operational employees & others	831	276	746	346	119	42	
USA and Canada	USA and Canada	Tier 1, 2 & 3	1	-	1	-	4	-	
		Tier 4	2	-	11	7	2	2	
		Operational employees & others	247	70	351	133	216	57	
Total			2,905	974	4,048	1,173	870	180	

The 2022 figures cover 99.97 of Applus+ employees.

## Voluntary turnover in 2022

VOLUNTARY TURNOVER 2022									
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	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	Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	1	-	1	-	
	Other Countries	Operational employees & others	3	6	3	8	8	1	
		Tier 1, 2 & 3	1	-	3	-	1	-	
		Tier 4	-	-	2	2	-	-	
Latin America	Brazil	Operational employees & others	44	13	58	18	1	2	
		Tier 1, 2 & 3	-	-	-	-	-	-	
		Tier 4	-	-	-	-	-	-	
	Chile	Operational employees & others	9	6	53	10	7	1	
		Tier 1, 2 & 3	-	-	-	-	-	-	
	Colombia	Operational employees & others	78	24	128	45	23	7	
		Tier 1, 2 & 3	-	-	-	-	-	-	
	Guatemala	Operational employees & others	5	3	24	7	5	1	
		Tier 1, 2 & 3	-	-	-	-	-	-	
	Panama	Operational employees & others	46	6	30	10	3	-	
		Tier 1, 2 & 3	-	-	-	-	-	-	
	Other Countries	Operational employees & others	5	3	12	6	1	-	
		Tier 1, 2 & 3	-	-	1	-	-	-	
		Tier 4	-	-	3	-	-	-	
	Middle East and Africa	Oman	Operational employees & others	17	-	16	1	-	-
			Tier 1, 2 & 3	-	-	-	-	-	-
		Saudi Arabia	Operational employees & others	67	4	64	3	4	-
Tier 1, 2 & 3			-	-	-	-	-	-	
Other Countries		Operational employees & others	9	3	41	6	1	-	
		Tier 1, 2 & 3	-	-	1	-	-	-	
		Tier 4	-	-	-	-	-	-	
Rest of Europe	Germany	Operational employees & others	7	2	57	9	8	5	
		Tier 1, 2 & 3	-	-	-	-	-	-	
	Ireland	Operational employees & others	14	4	72	13	17	2	
		Tier 1, 2 & 3	-	-	-	-	-	-	
	Netherlands	Operational employees & others	2	1	7	1	2	1	
		Tier 1, 2 & 3	-	-	1	-	2	-	
	Other Countries	Operational employees & others	32	10	105	15	40	6	
		Tier 1, 2 & 3	-	-	4	2	-	-	
Spain	Operational employees & others	116	39	266	83	34	5		
	Tier 1, 2 & 3	-	-	5	-	-	-		
USA and Canada	USA and Canada	Operational employees & others	111	50	139	70	91	31	
		Tier 1, 2 & 3	1	1	17	5	6	2	
		Tier 4	-	-	2	1	2	-	
Total			571	175	1,151	325	264	65	

The 2022 figures cover 99.97 of Applus+ employees.

## Performance Appraisal in 2022

PERFORMANCE APPRAISAL (Number of employees evaluated)						
REGION	REGION/COUNTRY	ORGANIZATIONAL LEVEL	MALE	FEMALE	TOTAL	
Asia Pacific	Australia	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
		Operational employees & others	-	-	0	
	Other Countries	Tier 1, 2 & 3	12	-	12	
		Tier 4	47	9	56	
		Operational employees & others	203	61	264	
Latin America	Brazil	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
		Operational employees & others	-	-	0	
	Chile	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
			Operational employees & others	27	20	47
	Colombia	Tier 1, 2 & 3	-	-	0	
		Tier 4	8	3	11	
		Operational employees & others	60	44	104	
	Guatemala	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
		Operational employees & others	-	-	0	
	Panama	Tier 1, 2 & 3	-	-	0	
		Tier 4	6	1	7	
		Operational employees & others	239	85	324	
Other Countries	Tier 1, 2 & 3	-	-	0		
	Tier 4	5	3	8		
	Operational employees & others	59	41	100		
Middle East and Africa	Oman	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
		Operational employees & others	-	-	0	
	Saudi Arabia	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
		Operational employees & others	-	-	0	
	Other Countries	Tier 1, 2 & 3	1	1	2	
		Tier 4	18	-	18	
		Operational employees & others	25	3	28	
Rest of Europe	Germany	Tier 1, 2 & 3	3	-	3	
		Tier 4	16	1	17	
		Operational employees & others	57	10	67	
	Ireland	Tier 1, 2 & 3	-	-	0	
		Tier 4	-	-	0	
		Operational employees & others	-	-	0	
	Netherlands	Tier 1, 2 & 3	9	4	13	
		Tier 4	96	20	116	
		Operational employees & others	188	21	209	
	Other Countries	Tier 1, 2 & 3	12	3	15	
Tier 4		27	6	33		
Operational employees & others		907	140	1047		
Spain	Spain	Tier 1, 2 & 3	241	43	284	
		Tier 4	456	97	553	
		Operational employees & others	2,049	591	2640	
USA and Canada	USA and Canada	Tier 1, 2 & 3	26	10	36	
		Tier 4	137	44	181	
		Operational employees & others	717	200	917	
Total			5,651	1,461	7,112	

The 2022 figures cover 99.97 of Applus+ employees

## Annual comparison ratio

ANNUAL COMPARISON RATIO		RATIO 2022	RATIO 2021
Asia Pacific	Australia	3.4	2.8
	Other Countries	13.7	8.3
Latin America	Brazil	11.6	13.0
	Chile	14.4	9.1
	Colombia	10.8	9.9
	Guatemala	3.1	1.8
	Panama	5.8	5.9
	Other Countries	9.6	10.7
Middle East and Africa	Oman	9.7	8.8
	Qatar	15.5	17.1
	Saudi Arabia	8.3	9.3
	Other Countries	16.9	21.4
Resto of Europe	Germany	3.2	3.6
	Ireland	2.8	3.1
	Netherlands	3.2	3.2
	Other Countries	7.8	6.1
Spain	Spain	7.6	6.9
USA and Canada	USA and Canada	4.5	5.2

Ratio: Annual compensation of the highest paid individual compared to the AVG compensation w/o the highest paid individual.

The 2022 figures cover 99.93% of Applus+ employees. Executive Committee in Spain not included.

## Ratio of minimum salary in 2022

RATIO OF MINIMUM SALARY AND AVG SALARY BY LAW WITHIN THE COUNTRY COMPARED TO THE LOCAL COUNTRY 2022		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	26,651	26,651	31,046	33,448	8%	16%	26%	-	-
	Other Countries	167	167	10,470	9,903	-5%	6156%	5817%	157%	8%
Latin America	Brazil	2,678	2,678	2,827	2,827	0%	6%	6%	76%	92%
	Chile	327	327	3,009	10,855	261%	821%	3224%	-16%	49%
	Colombia	267	267	7,372	5,873	-20%	2659%	2098%	-	-
	Guatemala	5,517	5,517	5,517	5,517	0%	0%	0%	-	-
	Panama	8,340	8,340	8,340	8,340	0%	0%	0%	-	-
	Other Countries	2,878	2,878	7,525	6,245	-17%	161%	117%	-	-
Middle East and Africa	Oman	-	-	4,211	7,632	81%	0%	0%	-	-
	Qatar	-	-	3,108	9,325	200%	0%	0%	-	-
	Saudi Arabia	-	-	9,691	10,429	8%	0%	0%	-	-
	Other Countries	782	782	5,722	4,453	-22%	632%	470%	481%	434%
Resto of Europe	Germany	18,468	18,468	26,759	36,852	38%	45%	100%	7%	10%
	Ireland	22,916	22,916	30,301	28,884	-5%	32%	26%	26%	-26%
	Netherlands	21,074	21,074	25,784	31,305	21%	22%	49%	-	-
	Other Countries	4,581	4,581	17,356	18,492	7%	279%	304%	128%	149%
Spain	Spain	14,000	14,000	20,541	19,557	-5%	47%	40%	-	-
USA and Canada	USA and Canada	14,267	14,267	38,391	39,176	2%	169%	175%	27%	15%

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 between the minimum salary paid in Applus+ and the minimum salary by law, compared to the latter if available.

% 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.

The 2022 figures cover 99.93% of Applus+ employees. Executive Committee in Spain not included.

## 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%

## Benefits in 2022

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	-	-	-	-	-	-	2	-	16	1	393	218	-	-	-	-	
	Other Countries	460	117	596	453	40	-	67	1	19	9	432	186	1	-	19	1	
Latin America	Brazil	849	1	849	1	1	-	-	-	-	-	-	-	-	-	-	-	
	Chile	2,014	-	229	-	32	-	466	-	9	-	-	-	-	-	-	-	
	Colombia	333	2,966	603	70	172	9	46	401	8	57	-	-	-	-	1	-	
	Guatemala	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Panama	401	20	1	-	-	-	-	-	10	1	-	-	1	-	1	-	
	Other Countries	81	824	31	12	45	96	11	215	1	21	-	-	1	-	77	-	
Oman	Oman	3	3	3	3	-	-	-	-	-	-	-	-	1	-	-	-	
	Qatar	13	307	13	307	-	-	-	-	1	-	-	-	-	-	-	-	
	Saudi Arabia	-	-	1,113	79	-	-	-	-	5	-	-	-	-	-	-	-	
	Other Countries	246	271	287	370	-	-	32	-	-	-	-	-	4	-	-	-	
Resto of Europe	Germany	263	52	1	-	-	-	-	-	11	5	4	-	1	-	55	7	
	Ireland	699	116	-	-	-	-	22	-	49	5	456	48	-	-	-	-	
	Netherlands	518	63	521	63	-	-	2	4	21	3	518	61	1	-	-	-	
	Other Countries	1,261	120	1,198	97	625	51	5	-	140	3	149	7	3	-	-	-	
Spain	Spain	134	4	416	18	25	4	1,955	881	336	55	53	-	99	9	73	-	
USA and Canada	USA and Canada	1,285	10	1,033	11	-	-	630	10	54	-	516	2	4	-	30	-	
Total		8,560	4,873	6,894	1,484	940	160	3,238	1,512	680	160	2,521	522	116	9	256	8	

**Life Insurance.** Employees who had life Insurance as a benefit.

**Health care.** Employees who had Health Care as benefit.

**Educational allowance.** Employees who enjoyed specific training programmes as Masters, PhD, etc...

**Disability and Invalid cover.** Employees who enjoyed disability or invalid cover.

**Parental leave.** Employees who enjoyed parental leave.

**Retirement provision.** Employees who received monetary assignments in their retirement plans to top of local regulations.

**Stock ownership.** Employees who received RSUs.

**Others.** Employees who received any other benefit.

The 2022 figures cover 99.93% of Applus+ employees. Executive Committee in Spain not included.

## 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

## SALARY GAP

### Salary gap by gender

SALARY GAP BY GENDER				
2022			2021	
	AVG by Gender	Gap Gender	AVG by Gender	Gap Gender
Male	28,848 €	-18.65%	24,711 €	-18.67%
Female	23,466 €		20,097 €	



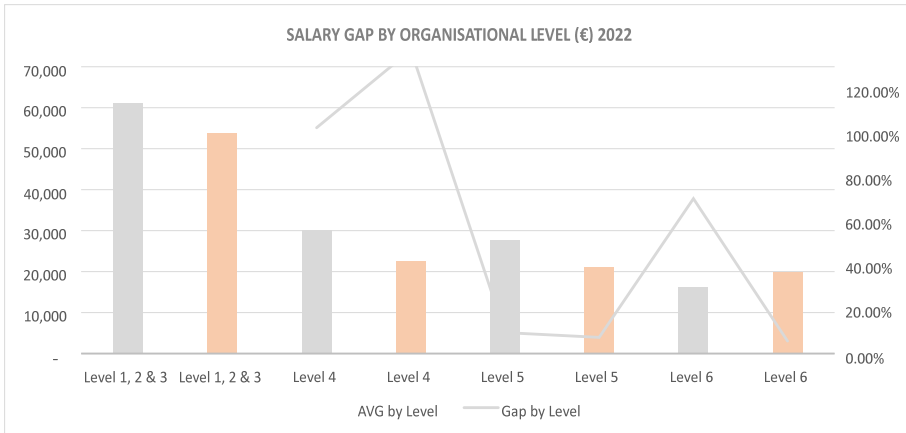
(\*) Salary gap: understood as the difference between the gross annual wage of men and of women, expressed as percentage of the gross annual wage of men.

(\*\*) 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 2022 figures cover 99.93% of Applus+ employees. Executive Committee in Spain not included.

### Salary gap by organisational level in 2022

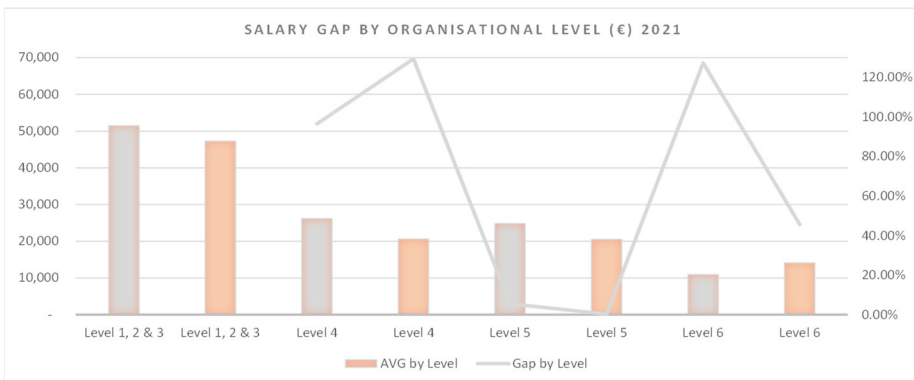
SALARY GAP BY ORGANISATIONAL LEVEL (€) 2022			
Level	Gender	AVG by Level	Gap by Level
Level 1, 2 & 3	Male	61,188	
Level 1, 2 & 3	Female	53,918	
Level 4	Male	30,239	102%
Level 4	Female	22,696	138%
Level 5	Male	27,607	10%
Level 5	Female	21,136	7%
Level 6	Male	16,215	70%
Level 6	Female	20,004	6%



The 2022 figures cover 99.93% of Applus+ employees. Executive Committee in Spain not included.

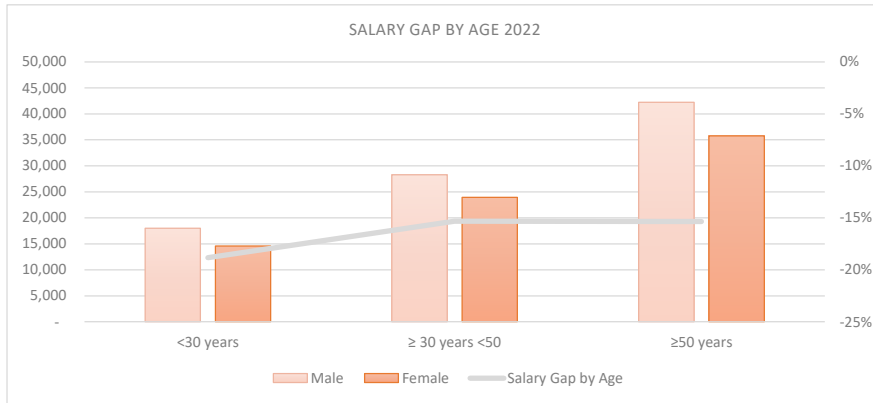
### Salary gap by organisational level in 2021

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%



### Salary gap by age in 2022

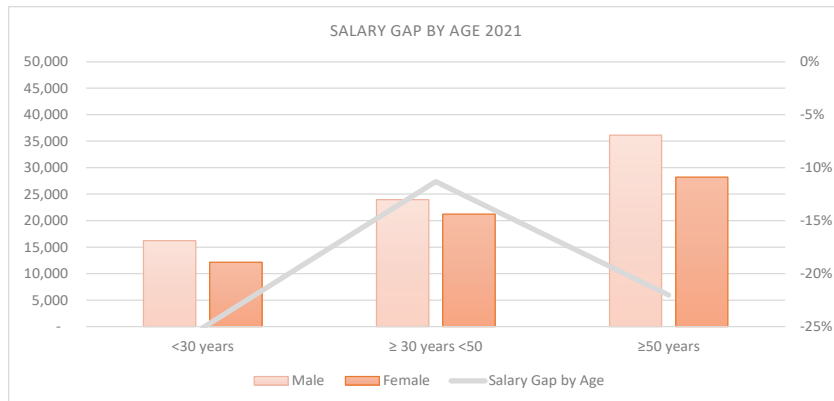
SALARY GAP BY AGE 2022			
	<30 years	≥ 30 years <50	≥50 years
Male	17,974	28,290	42,227
Female	14,589	23,957	35,743
Salary Gap by Age	-19%	-15%	-15%



The 2022 figures cover 99.93% of Applus+ employees. Executive Committee in Spain not included.

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%



## Shareholder information

### GRI 2-1

At Applus+, we maintain an ongoing dialogue with our shareholders to provide each with clear, timely and comprehensive information on our company's performance. We understand that transparency is key to building trust.

We set up **corporate-governance roadshows** 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 2022, the Group's executives attended 237 meetings with investors and 23 conferences and roadshows.

### CAPITAL AND SHAREHOLDER STRUCTURE

On 31st December 2022, the share capital of the head company, Applus Services, SA amounted to €13,586,751 which was represented by 135,867,508 shares, each with a value of €6.42. 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 2022 were as follows:

SHAREHOLDER	PERCENTAGE
Morgan Stanley (*)	9.3%
Southeastern Asset Management Inc	5.1%
DWS Invest, GmbH	4.1%
Santander Asset Management S.A. SGIIC	3.1%
Harris Associates LP	3.0%

\* Holder of voting rights through financial instruments.

## DIVIDEND INFORMATION

The Board will propose the payment of a dividend of cents 16 per-share. This is equivalent to €21.7 million and represents 20% of the adjusted net profit of €110.9 million. On approval by the shareholders at the AGM, the dividend will be paid on 6th July 2023.

### ADJUSTED NET PROFIT

YEAR	M€
2017	€ 82.80
2018	€ 97.20
2019	€ 108.60
2020	€ 47.00
2021	€ 93.30
2022	€ 110.90

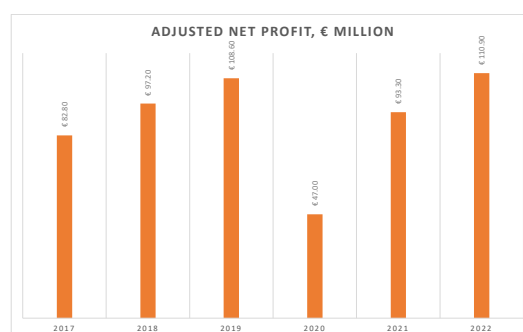
### DIVIDEND

YEAR	M€
2017	€ 18.60
2018	€ 21.50
2019	€ -
2020	€ 21.50
2021	€ 21.45
2022	€ 21.70

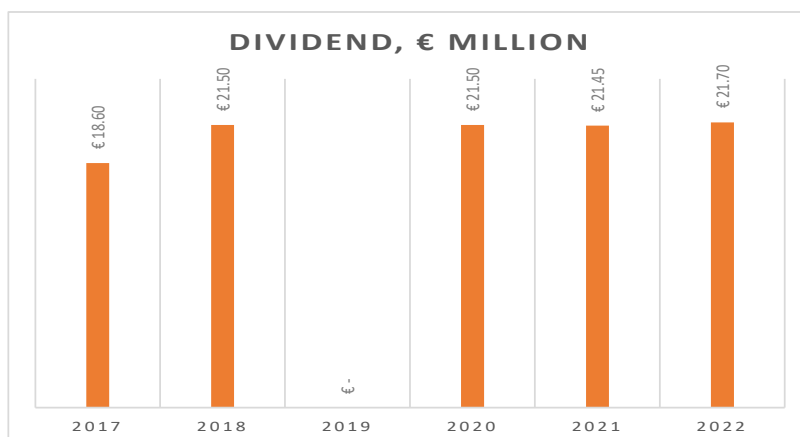
### DIVIDEND ADJUSTED NET PROFIT

YEAR	M€
2017	23%
2018	22%
2019	0%
2020	46%
2021	23%
2022	20%

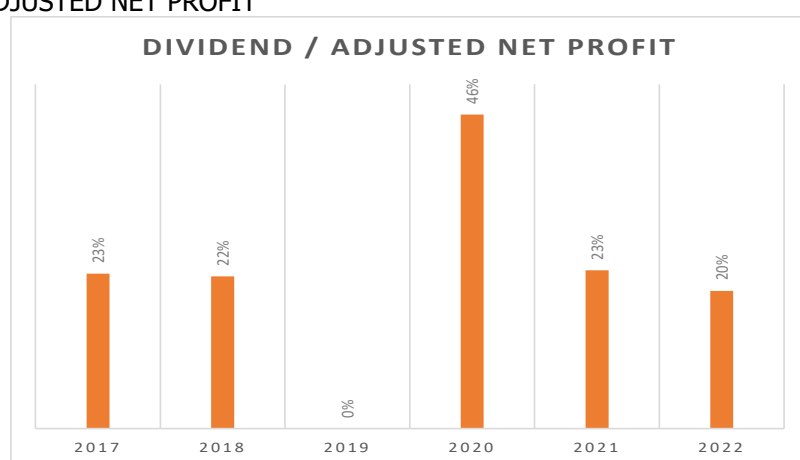
### ADJUSTED NET PROFIT



## DIVIDEND



## DIVIDEND/ADJUSTED NET PROFIT



The total cumulative amounts of Adjusted net profit and the Dividends paid over the nine-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%.

<b>TOTAL 2014-2022</b>	
Resultado neto ajustado (millones de euros)	809
Dividendo (millones de euros)	155
Dividendo/Resultado neto ajustado (%)	19%

## FINANCIAL CALENDAR

<b>EVENT</b>	<b>DATE*</b>
Q1 Trading Update	09/05/2023
Annual General Meeting of Shareholders	08/06/2023
Q2 and H1 2022 Results Announcement	25/07/2023
Q3 Trading Update	30/10/2023
Q4 and Full Year 2022 Results Announcement	27/02/2024

\* These dates may be subject to variation. All the updates can be found on the Applus+ website.

## CONTACTS AND SHARE INFORMATION

### Investor Relations

[investors@applus.com](mailto:investors@applus.com)

+34 900 103 067

### Auditors

Deloitte, S.L. Avenida Diagonal 654 08034 Barcelona (Spain)

### Applus Services, S.A. Head Offices

- Parque Empresarial Las Mercedes – Calle de 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: 135,867,508

Listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges within Mercado Continuo.

Ticker Symbol: APPS-MC.

## Environmental indicators. Methodology and Results

### ENVIRONMENT BASIS OF REPORTING

#### OBJECTIVE

The section defines the basis for environmental data at Applus+ (consumption, emissions in the three scopes and waste).

#### SCOPE

The information collected within the Group covers all the companies that make up Applus+.

#### REPORTING PERIOD

The environmental information compiled by the Group corresponds to a 12-month period, which covers from November 1 of the previous year to October 31 of the reporting year. The financial data covers calendar year of the reporting year.

#### REPORTING FRAMEWORK

Applus+ adheres to internationally recognised accounting and reporting standards, guidelines and disclosure systems for its environmental data.






- ⇒ Global Reporting Initiative (GRI)
- ⇒ Greenhouse Gas Protocol (GHG Protocol)
- ⇒ Carbon Disclosure Project (CDP)
- ⇒ United Nations' Global Compact (UNGC)

Applus+ GHG accounting applies the financial control approach.








### SOURCES OF INFORMATION

Environmental indicators use data from various sources of information, which can be classified as internal and external to the organisation.

#### Internal Sources

#	Source	Description
	Applus+ Site Management (ASM)	Applus+ uses the ASM platform to manage the Group's facilities and energy consumption. The consumption data collected by the platform and provided by local managers includes electricity, district heating, gaseous fuel, liquid fuel and water data.
	Financial accounts	The information from the consolidated financial accounts at the Group level, such as income and expense data (capital expenses and operating expenses), which allows us to know the composition of the sectors of our supply chain..
	Human Resources database	The Human Resources database provides the number of Group employees in the different geographical areas where Applus+ is present.
	Employee Commuting Survey	The internal survey to identify the commuting patterns of the Group employees (modes of transport and distance travelled).
	Waste database	The waste generated in our offices is aggregated at corporate level with the aim of compiling a database containing waste typology, quantity and destination.

### External Sources

#	Source	Description
	IEA	International Energy Agency   Emission factors: <i>Database documentation</i> and <i>Electricity Information</i>
	IPCC	Intergovernmental Panel on Climate Change 2006 <i>IPCC Guidelines for National Greenhouse Gas Inventories</i> . The global warming potential (GWP) used is the <i>IPCC Fourth Assessment Report (AR4 – 100 year)</i>
	BEIS	BEI, Department for Business, Energy and Industrial Strategy of the United Kingdom. Conversion factors: condensed set (for most users).
	WIOD	PwC-owned tool based on the WIOD macroeconomic model.
	Other	This category includes other sources, such as conversion factors used for density, annual fuel price or currency exchange rates.
	Suppliers	The data provided by our suppliers, such as the data of our travel agencies.
	WRI	WRI, World Resources Institute. <i>Aqueduct 3.0 Country Rankings</i> .

### INDICATORS

The environmental performance indicators at Applus+ fall into four categories: **energy, emissions, water** and **waste**.

Emissions include carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) gases.

The table details the internal and external sources involved to calculate the indicators.

	Internal Source	External Source
<b>Energy</b>		
Energy consumption within the organisation		
Fuel consumption		
Electricity consumption		
District heating consumption		
Energy consumption outside the organisation		
Purchased goods and services		
Capital Goods		
Upstream transportation and distribution		
Energy intensity per revenue		
Energy intensity per employee		
<b>Emissions</b>		
Total GHG emissions		
Scope 1		
Scope 2		
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		
Emission intensity (scope 1 and 2) by revenue		
Emission intensity (scope 1 and 2) by employee		
<b>Water</b>		
Total water extraction		
Total water extraction from water-stress areas		
Groundwater		
Water from third parties		
<b>Waste</b>		
Total waste weight		
Non-disposable waste		
Disposable waste		
Hazardous waste		
Non-hazardous waste		

**ESTIMATES**

In cases where no evidence is available, an estimate is made based on previous data. This ensures that Data is complete with no information gaps.

### RECALCULATION OF DATA

To ensure consistent comparison of data with the defined base year, we have developed a data recalculation policy for cases showing significant variations that need to be incorporated into the base-year emissions.

The significance threshold set to trigger the recalculation of base-year emissions is 5%. Recalculation may be triggered by any of the following:

- Structural changes, such as acquisitions, divestments, mergers or the outsourcing and internalisation of activities.
- Changes in the calculation methodology or improvement of data accuracy.
- Changes due to data errors.

### RESULTS

The base year used as reference is 2019 because this offers reliable, veritable and representative information of the entire Group.

In this report, we have applied the recalculation policy defined in *Environment basis of reporting*, which includes the incorporation of the Group's recent acquisitions.

### ENERGY

Data is expressed in gigajoule (GJ) units, except for intensity data. Energy intensity per revenue is expressed in gigajoules per million euros (GJ/M€) and energy intensity per employee is expressed in gigajoules per employee (GJ/employee).

The energy-intensity indicator covers energy consumption within the organisation and includes fuel, electricity and district heating as energy sources.

Energy consumption within the organization	2021	2022
Fuel	629,854	658,355
Non-renewable sources	609,532	647,736
Renewable sources	20,322	10,619
Electricity	256,841	311,736
District heating	15,283	51,471
Total	901,978	1,021,563

Energy consumption outside of the organization	2021	2022
Purchased goods and services	-	2,702,320
Capital goods	-	422,514
Upstream transportation and distribution	-	83,810
<b>Total</b>	<b>-</b>	<b>3,208,644</b>

Energy intensity	2021	2022
Energy intensity by revenues	531.31	508.91
Energy intensity by employee	38.15	39.24

### EMISSIONS

Data is expressed in units of tonnes of CO<sub>2</sub> equivalent (tCO<sub>2eq</sub>), except for intensity data. Emission intensity per revenue is expressed in tonnes of CO<sub>2</sub> equivalent per million euros (tCO<sub>2eq</sub>/M€), and emission intensity per employee is expressed in tonnes of CO<sub>2</sub> equivalent per employee (tCO<sub>2eq</sub>/employee).

The emission-intensity indicator covers direct emissions (Scope 1) and indirect GHG emissions from power generation (Scope 2).

Emissions	2021	2022
Direct (Scope 1) GHG emissions	43,768	46,102
Energy indirect (Scope 2) GHG emissions	8,402	9,487
Other indirect (Scope 3) GHG emissions	236,070	270,034
<b>Total</b>	<b>288,241</b>	<b>325,624</b>

Energy indirect (Scope 2) GHG emissions	2021	2022
Location-based method	19,529	24,416
Market-based method	8,402	9,487

Other indirect (Scope 3) GHG emissions	2021	2022
Purchased goods and services	96,990	103,048
Capital goods	16,955	17,845
Fuel and energy-related activities (not included in Scope 1 or Scope 2)	55,321	60,356
Upstream transportation and distribution	2,770	3,039
Business travel	1,965	12,999
Employee commuting	62,071	72,748

GHG emissions intensity	2021	2022
GHG emissions intensity by revenues	30.73	27.69
GHG emissions intensity by employee	2.21	2.14

## BASE YEAR COMPARISON

Data is expressed in units of tonnes of CO<sub>2</sub> equivalent (tCO<sub>2eq</sub>). The table shows the initial base year, the recalculated base year, taking into account the acquired and divested companies, as well as the year of the exercise together with the comparison with the recalculated base year.

Emisiones	2019	2019 (Recal.)	2022	Var. 2022 vs 2019 (Recal.)
Emisiones directas de GEI (alcance 1)	47,788	52,115	46,102	-12%
Emisiones indirectas de GEI al generar energía (alcance 2)	20,747	30,074	9,487	-68%
Otras emisiones indirectas de GEI (alcance 3)	251,877	287,590	270,034	-6%
<b>Total</b>	<b>320,411</b>	<b>369,779</b>	<b>325,624</b>	<b>-12%</b>

Otras emisiones indirectas de GEI (alcance 3)	2019	2019 (Recal.)	2022	Var. 2022 vs 2019 (Recal.)
Artículos y servicios comprados	99,789	101,493	103,048	2%
Bienes de capital	18,821	18,965	17,845	-6%
Actividades relacionadas con el combustible y la energía (no incluidas)	66,269	73,590	60,356	-18%
Transporte y distribución corriente arriba	3,133	3,134	3,039	-3%
Viajes de negocios	8,263	20,620	12,999	-37%
Desplazamientos al trabajo de los empleados	55,602	69,788	72,748	4%

## WATER

Data is expressed in units of megalitres (ML).

Water withdrawal from all areas	2021	2022
Groundwater	328	314
Third-party water	765	736
<b>Total</b>	<b>1,093</b>	<b>1,050</b>

Water withdrawal from all areas with water stress	2021	2022
Groundwater	328	314
Third-party water	145	182
<b>Total</b>	<b>472</b>	<b>496</b>

## WASTE<sup>23</sup>

Data is expressed in metric tonnes (t).

Waste by composition	2021	2022
Construction and demolition wastes	880	1,143
Household and similar wastes	237	410
Rubber wastes	341	392
Wood wastes	130	237
Metal wastes, mixed ferrous and non-ferrous	139	168
Discarded vehicles	304	150
Paper and cardboard wastes	74	128
Plastic wastes	54	100
Metal wastes, ferrous	-	69
Other	282	241
<b>Total</b>	<b>2,440</b>	<b>3,036</b>

Waste diverted from disposal	2021	2022
Hazardous waste	-	31
Preparation for reuse	-	1
Recycling	-	4
Other recovery operations	-	27
Non-hazardous waste	-	1,496
Preparation for reuse	-	1,225
Recycling	-	196
Other recovery operations	-	75
<b>Total</b>	<b>-</b>	<b>1,527</b>

<sup>23</sup> Waste data covers 27% of 2022's revenue and 22% in 2021.

Waste directed to disposal	2021	2022
Hazardous waste	-	20
Incineration (with energy recovery)	-	1
Incineration (without energy recovery)	-	0
Landfilling	-	0
Other disposal operations	-	19
Non-hazardous waste	-	21
Incineration (with energy recovery)	-	0
Incineration (without energy recovery)	-	0
Landfilling	-	0
Other disposal operations	-	21
<b>Total</b>	<b>-</b>	<b>41</b>

Waste with unknown destination	2021	2022
Hazardous waste	-	234
Non-hazardous waste	-	1,235
<b>Total</b>	<b>-</b>	<b>1,468</b>

## Reference tables

**Statement of use** Applus+ has prepared this report with reference to the GRI Standards for the period January-December 2022.

**GRI 1 used** GRI 1: Foundation 2021

<b>GRI AND GLOBAL COMPACT: GENERAL DISCLOSURES</b>				
<b>GRI indicator</b>		<b>DEFINITION</b>	<b>Financial and non-financial information Report 2022</b>	<b>UN Global Compact</b>
<b>2021</b>	<b>2016</b>			
<b>1</b>	<b>102-55 102-54</b>	Foundation 2021	Acerca del informe	
<b>2-1</b>	<b>102-1 102-3 102-4 102-5</b>	Organizational details	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 Shareholder information	Organisation's profile and operational context
<b>2-2</b>	<b>102-45</b>	Entities included in the organization's sustainability reporting	Annexes I and II from the Annual Accounts	
<b>2-3</b>	<b>102-50 102-52 102-53</b>	Reporting period, frequency and contact point	January 1st to December 31st 2022 Annual <a href="mailto:teresa.sanfeliu@applus.com">teresa.sanfeliu@applus.com</a> Publication: February 27th 2023	
<b>2-4</b>	<b>102-48</b>	Restatements of information	No restatements of information	
<b>2-5</b>	<b>102-56</b>	External assurance	Report's verification statement	
<b>2-6</b>	<b>102-2 102-6 102-7 102-9 102-10</b>	Activities, value chain and other business relationships	About Applus+ Supply chain management Applus+ has not made significant organisational changes, nor regarding its supply chain during 2022	Organisation's profile and operational context Principle 1 Principle 6 Principle 7 Principle 10
<b>2-7</b>	<b>102-7-a-i 102-8</b>	Employees	Value to people Data related to human resources	Principle 6
<b>2-9</b>	<b>102-18 102-22</b>	Governance structure and composition	Corporate governance	Decision-making process
<b>2-10</b>	<b>102-24</b>	Nomination and selection of the highest governance body	Corporate governance	
<b>2-11</b>	<b>102-23</b>	Chair of the highest governance body	Corporate governance	
<b>2-12</b>	<b>102-21 102-26 102-29 102-30</b>	Role of the highest governance body in overseeing the management of impacts	Corporate governance	
<b>2-13</b>	<b>102-19 102-20</b>	Delegation of responsibility for managing impacts	Corporate governance	
<b>2-14</b>	<b>102-32</b>	Role of the highest governance body in sustainability reporting	Corporate governance	
<b>2-15</b>	<b>102-25</b>	Conflicts of interest	Corporate governance Integrity and Compliance	
<b>2-16</b>	<b>102-33 102-34</b>	Communication of critical concerns	Integrity and Compliance	

<b>GRI AND GLOBAL COMPACT: GENERAL DISCLOSURES</b>				
<b>GRI indicator</b>		<b>DEFINITION</b>	<b>Financial and non-financial information Report 2022</b>	<b>UN Global Compact</b>
<b>2021</b>	<b>2016</b>			
<b>2-17</b>	<b>102-27</b>	Collective knowledge of the highest governance body	Corporate governance	
<b>2-18</b>	<b>102-28</b>	Evaluation of the performance of the highest governance body	Corporate governance	
<b>2-19</b>	<b>102-35</b>	Remuneration policies	Corporate governance	
<b>2-20</b>	<b>102-36</b> <b>102-37</b>	Process to determine remuneration	Corporate governance	
<b>2-21</b>	<b>102-38</b> <b>102-39</b>	Annual total compensation ratio	Data related to human resources	
<b>2-22</b>	<b>102-14</b>	Statement on sustainable development strategy	Interview with the Chairman and the CEO	Statement by the Chief Executive
<b>2-23</b>	<b>102-11</b> <b>102-16</b>	Policy commitments	Business model and value creation Sustainability approach	Principle 7 Principle 10 Decision-making process
<b>2-24</b>	-	Embedding policy commitments	Value to customer Governance Value to people Environment Value to community Health and safety	
<b>2-25</b>	<b>103-2-c-vi</b>	Processes to remediate negative impacts	Governance Value to people Environment	Integrity Practical actions description and measurement of outcomes
<b>2-26</b>	<b>102-17</b>	Mechanisms for seeking advice and raising concerns	Integrity and Compliance	Principle 10
<b>2-27</b>	<b>307-1</b> <b>419-1</b>	Compliance with laws and regulations	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 environmental, social and economic area.	Principle 8 Principle 10
<b>2-28</b>	<b>102-13</b>	Membership associations	Sustainability approach Strategic alliances	
<b>2-29</b>	<b>102-40</b> <b>102-42</b> <b>102-43</b>	Approach to stakeholder engagement	Stakeholders engagement and materiality	Stakeholder engagement
<b>2-30</b>	<b>102-41</b>	Collective bargaining agreements	Value to people Data related to human resources	Principle 3

<b>GRI AND GLOBAL COMPACT: MATERIAL TOPICS</b>				
<b>GRI indicator</b>		<b>DEFINITION</b>	<b>Financial and non-financial information Report 2022</b>	<b>UN Global Compact</b>
<b>2021</b>	<b>2016</b>			
<b>3-1</b>	<b>102-46</b>	Process to determine material topics	Stakeholders engagement and materiality	
<b>3-2</b>	<b>102-47</b> <b>102-49</b>	List of material topics	Stakeholders engagement and materiality	
<b>3-3</b>	102-11 Clauses 1.1 and 1.2 103-1 103-2	Management of material topics	Our company Value to customer Governance Value to people Environment	Principle 7 Integrity Practical actions description and

<b>GRI AND GLOBAL COMPACT: MATERIAL TOPICS</b>				
<b>GRI indicator</b>		<b>DEFINITION</b>	<b>Financial and non-financial information Report 2022</b>	<b>UN Global Compact</b>
<b>2021</b>	<b>2016</b>			
	103-3		Value to community Financial information	measurement of outcomes

<b>GRI AND GLOBAL COMPACT: ECONOMIC TOPICS</b>				
<b>GRI indicator</b>		<b>DEFINITION</b>	<b>Financial and non-financial information Report 2022</b>	<b>UN Global Compact</b>
<b>2021</b>	<b>New<sup>24</sup></b>			
<b>201-1</b>		Direct economic value generated and distributed	Financial contribution	
<b>201-2</b>		Financial implications and other risks and opportunities due to climate change	Risk management Climate change: risks and opportunities	Principle 7
<b>201-4</b>	✓	Financial assistance received from government	3,115 thousands of euros at December 31st 2022	
<b>202-1</b>		Ratios of standard entry-level wage by gender compared to local minimum wage	Data related to human resources	Principle 6
<b>202-2</b>	✓	Proportion of senior management hired from the local community	Data related to human resources	
<b>203-1</b>	✓	Infrastructure investments and services supported	No infrastructure investments and services supported were identified in 2022	
<b>203-2</b>		Significant indirect economic impacts	Stakeholders engagement and materiality	
<b>204-1</b>		Proportion of spending on local suppliers	Supply chain management	
<b>205-1</b>	✓	Operations assessed for risks related to corruption	Integrity and Compliance Risk management	
<b>205-2</b>		Communication and training on about anti-corruption policies and procedures	Integrity and Compliance	Principle 10
<b>205-3</b>	✓	Confirmed incidents of corruption and actions taken	No corruption case was identified in the reporting period	
<b>206-1</b>		Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Integrity and Compliance	Principle 10
<b>207-1</b>		Approach to tax	Sustainability approach	
<b>207-2</b>		Tax governance, control and risk management	Sustainability approach Risk management	

<sup>24</sup> Indicator reported for the first time.

<b>GRI AND GLOBAL COMPACT: ECONOMIC TOPICS</b>				
<b>GRI indicator</b>		<b>DEFINITION</b>	<b>Financial and non-financial information Report 2022</b>	<b>UN Global Compact</b>
<b>2021</b>	<b>New<sup>24</sup></b>			
<b>207-3</b>		Stakeholder engagement and management of concerns related to tax	Stakeholders engagement and materiality	
<b>207-4</b>		Country-by-country reporting	Financial contribution	

<b>GRI AND GLOBAL COMPACT: ENVIRONMENTAL TOPICS</b>				
<b>GRI indicator</b>		<b>DEFINITION</b>	<b>Financial and non-financial information Report 2022</b>	<b>UN Global Compact</b>
<b>2021</b>	<b>New<sup>25</sup></b>			
<b>301-1</b>		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.	
<b>301-2</b>				
<b>301-3</b>				
<b>302-1</b>		Energy consumption within the organisation	Environment. Energía y emisiones Indicadores de energía y emisiones. Metodología y resultados	Principle 7 Principle 8 Principle 9
<b>302-2</b>	✓	Energy consumption outside of the organization		
<b>302-3</b>		Energy intensity		
<b>302-4</b>	✓	Reduction of energy consumption		
<b>302-5</b>	✓	Reductions in energy requirements of products and services		
<b>303-1</b>		Interaction with water as a shared resource	Environment. Agua	Principle 7 Principle 8 Principle 9
<b>303-2</b>		Management of water discharge-related impacts		
<b>303-3</b>		Water withdrawal		
<b>303-4</b>	✓	Water discharge	The activities of Applus+ generate sanitary wastewater that is discharged into sewage networks for treatment, but the measure of its volume is not required.	
<b>303-5</b>	✓	Water consumption		
<b>304-1</b>		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
<b>304-2</b>				
<b>304-3</b>				
<b>305-1</b>		Direct (Scope 1) GHG emissions	Environment. Emissions Environmental indicators	Principle 7
<b>305-2</b>		Energy indirect (Scope 2) GHG emissions		
<b>305-3</b>		Other indirect (Scope 3) GHG emissions		
<b>305-4</b>		GHG emissions intensity		

<sup>25</sup> Indicator reported for the first time.

<b>GRI AND GLOBAL COMPACT: ENVIRONMENTAL TOPICS</b>				
<b>GRI indicator</b>		<b>DEFINITION</b>	<b>Financial and non-financial information Report 2022</b>	<b>UN Global Compact</b>
<b>2021</b>	<b>New<sup>25</sup></b>			
<b>305-5</b>	✓	Reduction of GHG emissions		
<b>305-6</b>	✓	Emissions of ozone-depleting substances (ODS)	The activities of Applus+ do not generate significant emissions of ozone-depleting substances.	
<b>305-7</b>	✓	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	We do not have significant emissions of these gases. NOx: 0.35 t	
<b>306-1</b>	✓	Waste generation and significant waste-related impacts	Our waste management avoids significant impacts related to this environmental aspect. Environment. Waste	Principle 7
<b>306-2</b>	✓	Management of significant waste-related impacts		
<b>306-3</b>		Waste discharge		
<b>306-4</b>	✓	Waste diverted from disposal		
<b>306-5</b>	✓	Waste directed to disposal		
<b>308-1</b>		New suppliers that were screened using environmental criteria	Supply chain management Environment. Approach to Environmental Management	Principle 8
<b>308-2</b>	✓	Negative environmental impacts in the supply chain and actions taken	Environment. Approach to Environmental Management	

<b>GRI AND GLOBAL COMPACT: SOCIAL TOPICS</b>				
<b>GRI indicator</b>		<b>DEFINITION</b>	<b>Financial and non-financial information Report 2022</b>	<b>UN Global Compact</b>
<b>2021</b>	<b>New<sup>26</sup></b>			
<b>401-1</b>	✓	New employee hires and employee turnover	Data related to human resources	
<b>401-2</b>		Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees	Data related to human resources	Principle 6
<b>401-3</b>	✓	Parental leave	Data related to human resources	
<b>402-1</b>		Minimum notice periods regarding operational changes	Value to people. Overview and approach: culture and management	Principle 3
<b>403-1</b>		Occupational health and safety management system	Health and safety	Principle 1
<b>403-2</b>		Hazard identification, risk assessment and incident investigation		
<b>403-3</b>		Occupational health services		
<b>403-4</b>		Worker participation, consultation and communication on occupational health and safety		
<b>403-5</b>		Worker training on occupational health and safety		

<sup>26</sup> Indicator reported for the first time.

<b>GRI AND GLOBAL COMPACT: SOCIAL TOPICS</b>				
<b>GRI indicator</b>		<b>DEFINITION</b>	<b>Financial and non-financial information Report 2022</b>	<b>UN Global Compact</b>
<b>2021</b>	<b>New<sup>26</sup></b>			
<b>403-6</b>		Promotion of workers' health		
<b>403-7</b>		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
<b>403-8</b>	✓	Workers covered by an occupational health and safety management system		
<b>403-9</b>	✓	Work-related injuries		
<b>403-10</b>	✓	Work-related ill health		
<b>404-1</b>		Average hours of training per year per employee	Data related to human resources	Principle 6
<b>404-2</b>	✓	Programs for upgrading employee skills and transition assistance programs	Value to people In 2022 Applus+ has not implemented programs for upgrading employee skills nor transition assistance programs.	
<b>404-3</b>	✓	Percentage of employees receiving regular performance and career development reviews	Data related to human resources	
<b>405-1</b>		Diversity of governance bodies and employees	Corporate governance Value to people Data related to human resources	Principle 6
<b>405-2</b>	✓	Ratio of basic salary and remuneration of women to men	Data related to human resources	
<b>406-1</b>		Incidents of discrimination and corrective actions taken	No incidents have been identified. Integrity and Compliance	Principle 6
<b>407-1</b>		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
<b>408-1</b> <b>409-1</b>		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
<b>410-1</b>		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.	
<b>411-1</b>		Incidents of violations involving rights of indigenous peoples	No incidents have been identified.	Principle 1 Principle 2
<b>412-1</b>	✓	Operations that have been subject to human rights reviews or impact assessments	Integrity and Compliance Value to people	Principle 1 Principle 2
<b>412-2</b>		Employee training on human rights policies or procedures	Integrity and Compliance	Principle 1 Principle 2

<b>GRI AND GLOBAL COMPACT: SOCIAL TOPICS</b>				
<b>GRI indicator</b>		<b>DEFINITION</b>	<b>Financial and non-financial information Report 2022</b>	<b>UN Global Compact</b>
<b>2021</b>	<b>New<sup>26</sup></b>			
<b>412-3</b>	✓	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Integrity and Compliance	Principle 1 Principle 2
<b>413-1</b>		Operations with local community engagement, impact assessments and development programs	Value to people Value to community	Principle 1
<b>413-2</b>	✓	Operations with significant actual and potential negative impacts on local communities	Negative impacts on this issue have not been identified.	
<b>414-1</b>		New providers that were screened using social criteria	Supply chain management	Principle 1 Principle 7 Principle 10
<b>414-2</b>	✓	Negative social impacts in the supply chain and actions taken	Negative impacts on this issue have not been identified.	
<b>415-1</b>		Political contributions	The Applus+ Group explicitly prohibits monetary contributions to parties and / or representatives.	Principle 10
<b>416-1</b> <b>416-2</b> <b>417-1</b> <b>417-2</b> <b>417-3</b>		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.	
<b>418-1</b>		Substantiated complaints concerning breaches of customer	Integrity and Compliance	

<b>REFERENCE TABLES: SPANISH ACT 11/2018</b>		<b>GRI STANDARD</b>	<b>Financial and non-financial information Report 2022</b>
<b>BUSINESS MODEL</b>	<b>Description of the group's business model</b>	GRI 2-1 Organizational details	About Applus+ Interview with the Chairman and the CEO Sustainability approach Value to customer Governance Value to people Environment Value to community Health and safety
		GRI 2-2 Entities included in the organization's sustainability reporting	
		GRI 2-6 Activities, value chain and other business relationships	
		GRI 2-22 Interview with the Chairman and the CEO	
		GRI 2-23 Policy commitments	
		GRI 2-24 Embedding policy commitments	
<b>INFORMACIÓN SOBRE CUESTIONES AMBIENTALES</b>	<b>Policies</b>	GRI 2-23 Policy commitments	Environment. Approach to Environmental Management
	<b>Main risks</b>	GRI 201-2 Financial implications and other risks and opportunities due to climate change	Environment. Climate change. Risks and opportunities
	<b>General</b>	GRI 2-27 Compliance with laws and regulations	Environment
	<b>Contamination</b>	GRI 2-24 Embedding policy commitments	Environment. Approach to Environmental Management

REFERENCE TABLES: SPANISH ACT 11/2018	GRI STANDARD	Financial and non-financial information Report 2022	
	<b>Circular economy waste and prevention management</b>	GRI 306-1 Waste generation and significant waste-related impacts	Environment. Residuos
		GRI 306-2 Management of significant waste-related impacts	
		GRI 306-3 Waste discharge	
		GRI 306-4 Waste diverted from disposal	
		GRI 306-5 Waste directed to disposal	
	<b>Sustainable use of resources</b>	GRI 302-1 Energy consumption within the organisation	Environment. Environmental indicators
		GRI 302-2 Energy consumption outside of the organization	
		GRI 302-3 Energy intensity	
		GRI 302-4 Reduction of energy consumption	
		GRI 302-5 Reductions in energy requirements of products and services	
		GRI 303-1 Interaction with water as a shared resource	
		GRI 303-2 Management of water discharge-related impacts	
		GRI 303-3 Water withdrawal	
	<b>Climate change</b>	GRI 305-1 Direct (Scope 1) GHG emissions	Environment Environmental indicators
		GRI 305-2 Energy indirect (Scope 2) GHG emissions	
GRI 305-3 Other indirect (Scope 3) GHG emissions			
GRI 305-4 GHG emissions intensity			
<b>Protection of biodiversity</b>	-	Our activities do not impact on biodiversity	
<b>INFORMATION ON SOCIAL AND PERSONNEL MATTERS</b>	<b>Policies</b>	GRI 2-23 Policy commitments	Governance Value to people
		GRI 2-24 Embedding policy commitments	
	<b>Main risks</b>	GRI 2-23 Policy commitments	Risk management
	<b>Employment</b>	GRI 2-7 Employees	About Applus+ Governance Value to people Data related to human resources
		GRI 401-1 New employee hires and employee turnover	
		GRI 401-2 Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees	
		GRI 401-3 Parental leave	
	GRI 405-1 Diversity of governance bodies and employees		

REFERENCE TABLES: SPANISH ACT 11/2018	GRI STANDARD	Financial and non-financial information Report 2022		
	<b>Work organisation</b>	GRI 2-30 Collective bargaining agreements	Value to people Data related to human resources	
	<b>Health and safety</b>	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		
		GRI 403-4 Worker participation, consultation and communication on occupational health and safety		
		GRI 403-5 Worker training on occupational health and safety		
		GRI 403-6 Promotion of workers' health		
		GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
		GRI 403-8 Workers covered by an occupational health and safety management system		
		GRI 403-9 Work-related injuries		
		GRI 403-10 Work-related ill health		
	<b>Company relations</b>	GRI 2-30 Process to determine remuneration		Stakeholders engagement and materiality Value to people
		GRI 402-1 Minimum notice periods regarding operational changes		
	<b>Training</b>	GRI 404-1 Average hours of training per year per employee		Value to people Data related to human resources
		GRI 404-2 Programs for upgrading employee skills and transition assistance programs		
		GRI 404-3 Percentage of employees receiving regular performance and career development reviews		
<b>Accessibility</b>	GRI 2-24 Embedding policy commitments		Value to people Data related to human resources	
<b>Equality</b>	GRI 2-24 Embedding policy commitments		Value to people Corporate governance Integrity and Compliance	
	GRI 405-1 Diversity of governance bodies and employees			
	GRI 405-2 Ratio of basic salary and remuneration of women to men			
	GRI 406-1 Incidents of discrimination and corrective actions taken			
<b>INFORMATION ON THE RESPECT OF HUMAN RIGHTS</b>	<b>Policies</b>	GRI 2-23 Policy commitments	Value to people Integrity and Compliance	
		GRI 2-24 Embedding policy commitments		

REFERENCE TABLES: SPANISH ACT 11/2018	GRI STANDARD	Financial and non-financial information Report 2022	
		GRI 412-2 Formación de los empleados en políticas o procedimientos de derechos humanos	
	<b>Main risks</b>	GRI 2-23 Policy commitments	Value to people
	<b>Human rights</b>	GRI 2-24 Embedding policy commitments	Value to people Integrity and Compliance
		GRI 411-1 Incidents of violations involving rights of indigenous peoples	Integrity and Compliance
		GRI 412-2 Employee training on human rights policies or procedures	Integrity and Compliance
		GRI 413-1 Operations with local community engagement, impact assessments and development programs	Value to community
		GRI 413-2 Operations with significant actual and potential negative impacts on local communities	Integrity and Compliance
		GRI 414-1 New providers that were screened using social criteria	Supply chain management
		GRI 414-2 Negative social impacts in the supply chain and actions taken	Supply chain management
<b>INFORMATION RELATED TO COMBATING BRIBERY AND CORRUPTION</b>	<b>Policies</b>	GRI 2-23 Policy commitments	Integrity and Compliance
		GRI 2-24 Embedding policy commitments	
		GRI 205-2 Communication and training on about anti-corruption policies and procedures	
		GRI 415-1 Political contributions	
	<b>Main risks</b>	GRI 205-1 Operations assessed for risks related to corruption	Risk management Integrity and Compliance
	<b>Bribery corruption and</b>	GRI 2-16 Communication of critical concerns	Integrity and Compliance
GRI 205-3 Confirmed incidents of corruption and actions taken			
<b>INFORMATION ON THE COMPANY</b>	<b>Policies</b>	GRI 2-23 Policy commitments	Business model and value creation Plan estratégico 2022-2024
	<b>Main risks</b>	GRI 207-2 Governance fiscal, control y Risk management	Risk management
	<b>The company's commitment to sustainable development</b>	GRI 2-22 Statement on sustainable development strategy	Interview with the Chairman and the CEO Sustainability approach Stakeholders engagement and materiality Sustainability ambitions Supply chain management Financial contribution
		GRI 2-28 Membership associations	
		GRI 2-29 Approach to stakeholder engagement	
		GRI 201-1 Direct economic value generated and distributed	
	<b>Subcontracting and suppliers</b>	GRI 204-1 Proportion of spending on local suppliers	

<b>REFERENCE TABLES: SPANISH ACT 11/2018</b>		<b>GRI STANDARD</b>	<b>Financial and non-financial information Report 2022</b>
		GRI 308-1 New suppliers that were screened using environmental criteria	
		GRI 414-1 New providers that were screened using social criteria	
	<b>Clients</b>	GRI 2-23 Policy commitments	Value to customer
		GRI 418-1 Substantiated complaints concerning breaches of customer	
	<b>Tax information</b>	GRI 207-1 Approach to tax	Sustainability approach Financial contribution
		GRI 207-2 Governance fiscal, control y Risk management	
GRI 207-3 Stakeholder engagement and management of concerns related to tax			
GRI 207-4 Country-by-country reporting			

<b>EUROPEAN REGULATION 2020/852</b>		
<b>Article</b>	<b>REQUIREMENT</b>	<b>Financial and non-financial information Report 2022</b>
Article 8.2.a)	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.	Financial information EU taxonomy
Article 9	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	

SASB: SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS					
Topic	Indicator	DEFINITION	Level of disclosure	Level of disclosure	Financial and non-financial information Report 2022
Data Security	SV-PS-230a.1 Data security	Description of the approach to identify and address data security risks	Disclosed	Disclosed	Data privacy and cybersecurity
	SV-PS-230a.1 Data security	Description of policies and practices regarding the collection, use and retention of	Disclosed	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	Disclosed	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	Disclosed	79% Masculine 21% Feminine
			Tier1 - No employees in this Tier	Tier1 - No employees in this Tier	Tier1 - No employees in this Tier
				Tier2 Masculine: Asiatic 16.67% Black or Afroamerican 16.67% Hispanic o Latin 0% White 50% Others 0% Not available 16.67% Femenine: Asiatic 0% Black or Afroamerican 0% Hispanic or Latin 0% White 0% Others 0%	Tier2 Masculine: Asiatic 16.67% Black or Afroamerican 16.67% Hispanic o Latin 0% White 50% Others 0% Not available 16.67% Femenine: Asiatic 0% Black or Afroamerican 0% Hispanic or Latin 0% White 0% Others 0% Not available 0%
				Tier3 Masculine: Asiatic 0% Black or Afroamerican 4.8% Hispanic or Latin 0% White 58.54% Others 2.44% Not available 4.88% Femenine: Asiatic 4.88% Black or Afroamerican 0% Hispanic or Latin 2.44% White 21.95% Others 0% Not available 0%	Tier3 Masculine: Asiatic 0% Black or Afroamerican 4.8% Hispanic or Latin 0% White 58.54% Others 2.44% Not available 4.88% Femenine: Asiatic 4.88% Black or Afroamerican 0% Hispanic or Latin 2.44% White 21.95% Others 0% Not available 0%
				Tier4 Masculine: Asiatic 1.88% Black or Afroamerican 3.13% Hispanic or Latin 5.63% White 59.38% Other 2.5% Not available 2.5% Femenine: Asiatic 0.63% Black or Afroamerican 2.5% Hispanic or Latin 3.13% White 18.13% Others 0%	Tier4 Masculine: Asiatic 1.88% Black or Afroamerican 3.13% Hispanic or Latin 5.63% White 59.38% Other 2.5% Not available 2.5% Femenine: Asiatic 0.63% Black or Afroamerican 2.5% Hispanic or Latin 3.13% White 18.13% Others 0% Not available 0,63%
				Operational employees and others: Masculine: Asiatic 3.78% Black or Afroamerican 7.22% Hispanic or Latin 13.14% White 51.29% Others 1,89% Not available 1.80% Femenine: Asiatic 0.83% Black or Afroamericano 5.50% Hispanic or Latin 3.26% White 10.91% Others 0.09% Not available 0.26%	Operational employees and others: Masculine: Asiatic 3.78% Black or Afroamerican 7.22% Hispanic or Latin 13.14% White 51.29% Others 1,89% Not available 1.80% Femenine: Asiatic 0.83% Black or Afroamericano 5.50% Hispanic or Latin 3.26% White 10.91% Others 0.09% Not available 0.26%
				SV-PS-330a.2 Workforce diversity and	(1) voluntary and (2) involuntary replacement rate of
SV-PS-330a.3 Workforce diversity and	Employee involvement expressed as a percentage	Disclosed	Disclosed	N/A	
Professional integrity	SV-PS-510a.1 Professional integrity	Description of the approach to ensuring professional integrity	Disclosed	Disclosed	Integrity and Compliance
	SV-PS-510a.2 Professional integrity	Total amount of monetary losses as a result of legal proceedings related to	Disclosed	Disclosed	There have been no monetary losses for this concept

SASB:ACTIVITY METRICS				
Indicator	Definition	Level of disclosure	Level of disclosure	Financial and non-financial information Report 2022
Number of employees: (1) full-time and part-time, (2) temporary and (3) contracted	SV-PS-000.A	Disclosed	Disclosed	Contract: - Permanent: 77% - Fixed-Term or Temporary: 23%  Dedication: - Full-time: 95,5% - Part-time: 4,5%
Hours worked by employees, billable percentage	SV-PS-000.B	Not available	Not available	N/A

TCFD Content Index		
TOPIC	DISCLOSURE	Location on 2022 Financial and non-financial information Report
<b>GOVERNANCE</b>	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
<b>STRATEGY</b>	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 2°C or lower scenario	Climate change: risks and opportunities
<b>RISKS</b>	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
<b>METRICS</b>	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 appropriate, 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	Objetivos de sostenibilidad 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 2022

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

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

## AUDITOR'S REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF THE APPLUS GROUP FOR 2022

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 1 September 2022, we have applied certain procedures to the "Information relating to the ICFR system" included in section F of the accompanying Annual Corporate Governance Report ("ACGR") of the Applus Group for 2022, 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 2022 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.

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 the 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 respect, 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 of Article 540 of the Consolidated Spanish Limited Liability Companies Law, and of the CNMV Circulars, for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Ana Torrens

23 February 2023

# **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	31/12/2022
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Tax Identification No. C.I.F.:	A-64622970
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<b>Company Name:</b> APPLUS SERVICES, S.A.
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<b>Registered Office:</b> CALLE CAMPEZO 1, EDIFICIO 3, 28022 MADRID
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**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR LISTED PUBLIC LIMITED COMPANIES**

**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**

**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
05/08/2022	13,586,750.80	135,867,508	135,867,5 08	0	135,867,508

Number of shares registered in the special register pending the expiry of the loyalty period

<b>Observations</b>

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

<b>Observations</b>

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
DWS INVESTMENT GMBH		4.073			4.073		
FIDELITY INTERNATIONAL LIMITED		2.185			2.185		
HARRIS ASSOCIATES INVESTMENT TRUST	3.005				3.005		
HARRIS ASSOCIATES L.P.		3.025			3.025		
LONGLEAF PARTNERS INTERNATIONAL FUND	3.123				3.123		
MORGAN STANLEY		0.093		9.207	9.300		
RYE BAY EUROPEAN MASTER FUND LIMITED			1.379		1.379		
SANTANDER ACCIONES ESPAÑOLAS, FI	3.049			3.049	3.049		
SANTANDER ASSET MANAGEMENT, S.A., SGIIC		3.083		3.083	3.083		
SOUTHEASTERN ASSET MANAGEMENT, INC		5.146			5.146		

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 (including votes for loyalty)	% 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>	
DWS INVESTMENT GMBH	DWS INVESTMENT GMBH	4.073		4.073		
FIDELITY INTERNATIONAL LIMITED	FIDELITY INTERNATIONAL LIMITED	2.185		2.185		
HARRIS ASSOCIATES L.P.	HARRIS ASSOCIATES L.P.	3.025		3.025		
MORGAN STANLEY	MORGAN STANLEY	0.093	9.207	9.300		
SANTANDER ASSET MANAGEMENT, S.A., SGIIC	SANTANDER ASSET MANAGEMENT, S.A., SGIIC	3.083		3.083		
SOUTHEASTERN ASSET MANAGEMENT, INC	SOUTHEASTERN ASSET MANAGEMENT, INC	5.146		5.146		

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
DWS INVESTMENT GMBH	02/12/2022	It has increased above 4% in the capital stock
MORGAN STANLEY	02/12/2022	It has increased above 9% in the capital stock
SANTANDER ACCIONES ESPAÑOLAS, FI	18/11/2022	It has increased above 3% in the capital stock
SANTANDER ASSET MANAGEMENT, S.A., SGIIC	24/06/2022	It has increased above 3% 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
Joan Amigó	0.065				0.065		
Nicolas Villen		0.011			0.011		
Chris Cole	0.021				0.021		
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		
Ernesto Mata	0.002				0.002		
Brendan Connolly	0.001				0.001		
<b>Total</b>	0.097	0,011			0.108		

<b>Total percentage of voting rights held by the Board of Directors</b>	0.108
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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 (including loyalty votes)	% 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:

<b>Total percentage of voting rights held by the Board of Directors</b>	0.108
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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
2,227,423		1.64

Observations

(\*) through:

Name of direct shareholder	Number of direct shares
N/A	
Total:	

Observations

**Explain any significant changes during the year:**

Explain significant changes
The Company announced its first Share buy-back program on January 27th, 2022, and on May 16th, 2022, it announced it had achieved to purchase 5% of the share capital for an amount of EURO 53,642,057.33. Later in the year, on November 8 <sup>th</sup> it announced a second Share buy-back program for a maximum investment of 50M€ or 6,793,375 shares equivalent to 5% of the current share capital. This program is ongoing.

**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 28 Jun 2022 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 29 May 2020”*

**A.11 Estimated floating capital:**

	%
<b>Estimated floating capital</b>	60.78

**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

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

**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

**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

	% 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

**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	Attendance data				Total
	% physically present	% present by proxy	% distance voting		
			Electronic voting	Other	
28/06/2022	5.293	61.552	0.001	1.950	68.796
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
<b>Of which floating:</b>	0.016	61.552	0.001	1.723	63.292

Observations
Given the high percentage of attendance quorum obtained at the 2021 General Meeting (held exclusively on a remote basis), demonstrating, therefore, that given the composition of its shareholders and the dialogue that the Company has been maintaining with its main shareholders, the celebration of the General Meeting on a remote basis is an optimal alternative, the 2022 General Meeting was held in a hybrid basis, including virtual attendance, as permitted by the Board Regulations, as amended in February 2021.

**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

B.8

Explain the decisions that must be subject to the General Shareholders' Meeting, other than those established by law

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](http://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	9

Observations

**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	28/06/2022	GENERAL SHAREHOLDERS MEETING RESOLUTION	30/08/1946
ERNESTO MATA LÓPEZ	N/A	OTHER EXTERNAL	MEMBER	29/11/2007	28/06/2022	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
JOAN AMIGÓ CASAS	N/A	EXECUTIVE	MEMBER	30/05/2019	30/05/2019	GENERAL SHAREHOLDERS MEETING RESOLUTION	21/07/1966
MARIE-FRANÇOISE DAMÉSIN	N/A	INDEPENDENT	MEMBER	17/11/2021	28/06/2022	GENERAL SHAREHOLDERS MEETING RESOLUTION	28/02/1957
BRENDAN CONNOLLY	N/A	INDEPENDENT	MEMBER	17/11/2021	28/06/2022	GENERAL SHAREHOLDERS MEETING RESOLUTION	10/04/1956

Total number of directors	9
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**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
FERNANDO BASABE ARMIJO	Executive	31/05/2018	27/06/22		NO

<b>Observations</b>
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**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
JOAN AMIGO CASAS	CEO	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 30 <sup>th</sup> May 2019 and later, as CEO.

<b>Total number of executive directors</b>	1
<b>Percentage of Board</b>	11.11

<b>Observations</b>
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**PROPRIETARY DIRECTORS**

Name or company name of director	Post in organizational chart of the company	Profile

<b>Total number of executive directors</b>	
<b>%Percentage of Board</b>	

## INDEPENDENT DIRECTORS

<b>Director's name</b>	<b>Profile</b>
CHRISTOPHER COLE	<p>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</p> <p>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.</p>
NICOLÁS VILLÉN JIMÉNEZ	<p>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 &amp; 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.</p> <p>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.</p>
MARIA CRISTINA HENRÍQUEZ DE LUNA BASAGOITI	<p>Ms. Henríquez de Luna holds a degree in Business Administration and Economics from ICADE E2 in Madrid.</p> <p>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 &amp; Gamble in Spain, Germany, Switzerland, United Kingdom, 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 and audit committee member at Meliá Hotels International and Viscofan. Ms Henriquez is Vicepresident of the "Fundación de Ciencias de la Salud", "Fundación España Salud" and Farmaindustria and member of its board and executive committee. She is also in the executive committee and a trustee of the "Fundación SERES, Sociedad y Empresa Responsable", as well as trustee at "Fundación Cotec".</p> <p>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.</p>
MARIA JOSÉ ESTERUELAS AGUIRRE	<p>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).</p> <p>Ms. Esteruelas currently serves as Director of Energy at Ferrovial</p>

	<p>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 Director 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.</p> <p>From July 2014 to December 2017 she was member of the Atlantica Yield Board of Directors appointed by Abengoa.</p> <p>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.</p>
<p>ESSIMARI KAIRISTO</p>	<p>Ms. Essimari Kairisto has a diploma in Business Administration from the Bielefeld University of Applied Sciences (Germany).</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>MARIE- FRANÇOISE DAMESIN</p>	<p>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.</p> <p>Her career has been focused on the automotive industry in global roles and responsibilities starting at the Compagnie Des Wagons-Lits &amp; 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.</p> <p>She was elected CHRO of the year in France in 2017 and was President of the Association of CAC 40 Chief Human Resources Officers.</p> <p>Ms. Damesin is currently an Independent Director on several companies'</p>

	<p>boards, including Urbanis and Energie Jeunes, as well as Senior Advisor and Executive Coach at Boston Consulting Group.</p> <p>She is a Chevalier de la Légion d'Honneur, France's highest order of merit.</p> <p>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.</p>
BRENDAN CONNOLLY	<p>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.</p> <p>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.</p> <p>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 Senior Independent Director of Synthomer PLC and Non-Executive Director at NES Global Talent, Victrex Plc and PEPCO GROUP NV.</p> <p>Mr. Connolly was appointed considering his high level of executive and non-executive experience in the TIC sector and the oil &amp; 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).</p>

<b>Number of independent directors</b>	7
<b>Percentage of the Board</b>	77.77

<b>Observations</b>
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**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.		<p>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.</p> <p>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.</p>

<b>Total number of other external directors</b>	1
<b>Percentage of the Board</b>	11.11

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 Gerardo 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
<b>Executive</b>	0	0	0	0	0	0	0	0
<b>Proprietary</b>	0	0	0	0	0	0	0	0
<b>Independent</b>	4	4	3	3	57.14	57.14	42.86	37.5
<b>Other external</b>	0	0	0	0	0	0	0	0
<b>Total</b>	4	4	3	3	57.14	57.14	42.86	37.5

<b>Observations</b>
The total number of Board Members has been reduced after the retirement of Mr. Fernando Basabe Armijo, from ten (10) to nine (9) members. The total number of female directors remains at four (4)

**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  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.**

<b>Description of policies, objectives, measures and how they have been implemented, including results achieved</b>
<p>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".</p> <p>Likewise, it modified its Directors Selection Policy (available at <a href="http://www.applus.com">www.applus.com</a>) in accordance with the Good Governance Code of June 2020.</p> <p>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 at least 40% of total board places</p>

occupied by women directors by the end of 2022 year and thereafter. 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. 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."

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 was 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.

A Diversity target is included in the annual variable remuneration and in the Long Term Incentive of the Chief Executive Officer as part of the ESG targets included in the Remuneration Policy approved by the 2022 AGM, also included for Senior Management, as well as in the variable remuneration of the entire management team worldwide.

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.

**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:**

<b>Explanation of means</b>
<p>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 (more than 40% of the positions in the board).</p> <p>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."</p> <p>This reflects the Company's practices and the Company had applied a number of policies applicable to the entire group:</p> <ul style="list-style-type: none"> <li>- 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.</li> <li>- ESG Policy: This policy refers to the framework and development of the Corporate Social Responsibility Policy within the Applus+ Group.</li> <li>- 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.</li> <li>- 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.</li> <li>- Monitoring by the Appointments and Compensation Committee of HR strategy and actions to achieve these goals, as well as follow up on related indicators), at least annually.</li> </ul>

**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**

<b>Explanation of means</b>

**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 the adequate and diverse composition of the Board of directors.

In this sense, the directors' selection processes that took place since the year 2021 have contributed to even 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 year, which currently represents more than 40% of the Board and the 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

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:**

<b>Individual or company name of the director</b>	<b>Company name of the group member</b>	<b>Post</b>	<b>Does it have executive functions?</b>
JOAN AMIGÓ I CASAS	APPLUS TECHNOLOGIES, INC.	Chairman of the Board	No
JOAN AMIGÓ I CASAS	LIBERTYTOWN USA FINCO, INC	Chairman of the Board	Yes
JOAN AMIGÓ I CASAS	LIBERTYTOWN USA 1, INC.	Chairman of the Board	Yes
JOAN AMIGÓ I CASAS	IDIADA AUTOMOTIVE TECHNOLOGY, S.A.	Director's representative	No
JOAN AMIGÓ I CASAS	LGAI TECHNOLOGICAL CENTER, S.A.	Director's representative	No
JOAN AMIGÓ I CASAS	APPLUS SERVICIOS TECNOLÓGICOS, S.L.U.	Sole director's representative	Yes
JOAN AMIGÓ I CASAS	INVERSIONES FINISTERRE, SL	Chairman's representative	Yes
JOAN AMIGÓ I CASAS	SUPERVISIÓN Y CONTROL, S.A.U	Sole director's representative	Yes
JOAN AMIGÓ I CASAS	RITEVE SYC, S.A	Board's Chairman	Yes
JOAN AMIGÓ I CASAS	INVERSONES Y CERTIFICACIONES INTEGRALES, S.A	Board's Chairman	Yes
JOAN AMIGÓ I CASAS	INSPECCIONES Y AVALUOS, SYC, S.A	Board's Chairman	Yes
JOAN AMIGÓ I CASAS	APPLUS ITEUVE GALICIA, S.L.U.	Sole director's representative	Yes
JOAN AMIGÓ I CASAS	CRPPLUS SERVICES, SOCIEDAD ANÓNIMA	Board's Chairman	Yes
JOAN AMIGÓ CASAS	RINGAL INVEST, S.L.U	Sole director's representative	Yes

<b>Observations</b>

**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:**

<b>Identity of the director or representative</b>	<b>Company name of the listed or non-listed entity</b>	<b>Position</b>
CHRISTOPHER COLE	WSP GLOBAL, INC	NON EXECUTIVE CHAIRMAN
CHRISTOPHER COLE	TRAC SIS, 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 BV	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 AND AUDIT COMMITTEE MEMBER
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	VISCOFAN, S.A.	INDEPENDENT DIRECTOR AND AUDIT COMMITTEE MEMBER
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	GLAXOSMITHKLINE, S.A.	PRESIDENT, CEO
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	GLAXO, S.A.	PRESIDENT, CEO
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	SMITHKLINE BEECHAM FARMA, S.A.	PRESIDENT, CEO
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	DESARROLLO ENERGÍA SOLAR ALTERNATIVA, S.L.	DIRECTOR
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	FUNDACIÓN DE CIENCIAS DE LA SALUD	VICEPRESIDENT
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	FUNDACIÓN ESPAÑA SALUD	VICEPRESIDENT
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	<u>FARMAINDUSTRIA</u>	<u>VICEPRESIDENT, EXECUTIVE COMMITTEE MEMBER</u>
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	<u>FUNDACIÓN SERES EMPRESA RESPONSABLE</u>	<u>EXECUTIVE COMMITTEE MEMBER</u>

NICOLÁS VILLÉN JIMÉNEZ	FCC AQUALIA, S.A.	MEMBER OF THE BOARD OF DIRECTORS
MARIE-FRANÇOISE DAMESIN	URBANIS	INDEPENDENT DIRECTOR
MARIE-FRANÇOISE DAMESIN	ENERGIE JEUNES	INDEPENDENT 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

<b>Notes</b>
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.

<b>Identity of the director or representative</b>	<b>Other paid activities</b>
ERNESTO GERARDO MATA	CHAIRMAN OF THE ADVISORY BOARD KPMG S.A.
ERNESTO GERARDO MATA	CHAIRMAN OF THE ADVISORY BOARD QUIRON SALUD, S.A.
MARÍA JOSÉ ESTERUELAS	DIRECTOR OF ENERGY FERROVIAL CONSTRUCCIÓN, S.A.
NICOLÁS VILLÉN JIMÉNEZ	SENIOR ADVISOR IFM INVESTORS
MARIE-FRANÇOISE DAMESIN	SENIOR ADVISOR AND EXECUTIVE COACH BOSTON CONSULTING GROUP
MARIE-FRANÇOISE DAMESIN	ADVISORY BOARD MEMBER GRUPO ADELAIDE

<b>Observations</b>

**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

<b>Explanation of the rules and identification of the document where this is</b>

**C.1.13** Indicate the remuneration received by the Board of Directors as a whole for the following items:

<b>Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)</b>	2,629
<b>Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)</b>	
<b>Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)</b>	
<b>Pension rights accumulated by former directors (thousands of euros)</b>	

## Observations

### a) Annual Remuneration

In 2022, the former Executive Director-CEO, until the date of the end of his term as member of the Board of Directors on 27 June 2022, and the Chief Financial Officer, during the entire 2022 year, first as Chief Financial Officer Director, and from 28 June, as Chief Executive Officer Director and sole Executive Director, are considered Executive Directors.

The fixed remuneration of the Executive Directors includes a portion in RSUs (amounting to 56 thousand euros per year).

From 2022 onwards, the variable remuneration of executive directors consists of 62.5% in cash and the remainder in RSUs exchangeable for shares 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 third year). The impact of these RSU's on the financial year amounts to 191 thousand euros. At the end of the 2022 financial year, three RSU plans are in force, corresponding to those granted in February 2020, 2021 and 2022 for 34,645, 17,618 and 39,998 RSU's respectively. In February 2022, 15,268 net shares were delivered.

Detail on the plans in place can be found in the Remuneration Report.

Other items include total benefits which, in accordance with the Remuneration Policy, is 15% of Fixed Remuneration excluding fixed RSUs.

### b) Long-term incentive ("LTI"):

In accordance with the current remuneration policy, the Executive Directors will receive annual PSUs (Performance Stock Units) convertible into shares of the Parent Company, based on the fulfilment of certain objectives, to be realised within three years from the date of grant. The total expense recorded in 2022, for the three plans in force, was 447 thousand euros derived from the fulfilment of the variables defined for them.

### 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
LOPEZ SERRANO, JAVIER	Energy & Industry Division
DIAZ ORPINELL, ANNA	Compliance
SANFELIU RIBOT, M.TERESA	Internal Quality, H&S and Innovation (HSQE)
UBEDA SORIANO, MAURICIO	Laboratories Division
AGUILO BARCELO, PEDRO	Operational Excellence
SWIFT, ASTON GEORGE WILLIAM	Investor Relations
RIBAS AGUILERA, ALEIX	Internal Audit

<b>Number of women in senior management</b>	4
<b>% of total of senior management members</b>	33.33%

<b>Total senior management remuneration (thousand euros)</b>	4,463
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<b>Observations</b>
<p>As of 2022, this Group has been reduced and senior management is considered to be those executives who report directly to the Executive Director. However, on previous year, a larger number of senior managers were included.</p> <p>For the purposes of information relating to remuneration, the internal auditor is also included, in accordance with the definition contained in current accounting regulations and particularly in the "Report of the Special Working Group on Good Governance of Listed Companies" published by the CNMV on May 16, 2006.</p> <p>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.</p>

**C.1.15 State whether the Board rules were amended during the year:**

Yes  No

<b>Description of amendment</b>

**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:** The members of the Board of Directors shall be appointed by the General Shareholders' Meeting, notwithstanding the possibility of co-opting members as established in the Spanish Companies Act (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 and 2022, 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 several sessions (before sharing the Results with the Board of Directors in full). 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 Chairman of the Appointments and Remuneration Committee) and by Mr. Cole as chairman of the Board (and 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:**

<b>Description of changes</b>
<p>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 &amp; 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 in 2022. As a result of the external evaluation, the Board confirmed its good performance in relation to work environment, professionalism, dedication and commitment. The Board agreed to continue focusing its efforts in the following areas: succession, talent management, strategy with particular focus on ESG, cybersecurity and digitalization. Current evaluation on year 2022 has taken the former into account.</p>

**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.**

<b>Description of the evaluation process and evaluated areas</b>
<p>The evaluation was coordinated by the Chairman of the Board and the Chairman of the Appointments and Compensations Committee during the years 2021 and 2022. An independent external firm was hired for the first time. The process consisted on the completion of an online questionnaire by each Director, followed by confidential individual interviews.</p> <p>Upon receipt of the external report issued by the consultant early in 2022, it was submitted to the Appointments and Remuneration Committee, which held several meetings to analyze it during the year 2022.</p> <p>The external report was submitted by Spencer Stuart at the beginning of the year 2022 to be analyzed by the Board. The measures agreed upon will continue to be addressed at future meetings, as appropriate. The evaluation of the year 2022 is ongoing and while it has been internally developed, it has taken into consideration the recommendations from the former external evaluation.</p>

**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.**

<p>At the end of 2021, the external advisor (Spencer Stuart) had not provided other services to Applus Group and during 2022, upon the overall evaluation exercise being finalized, the firm enlarged the evaluation of the then CFO as candidate for the succession of the retiring CEO.</p>
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**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
<b>Chairman</b>	
<b>CEO</b>	
<b>Directors</b>	

<b>Observations</b>
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**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

<b>Additional requirements and/or maximum number of term limits</b>	
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**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.**

<b>Number of Board meetings</b>	9
<b>Number of Board meetings without the chairman</b>	0

<b>Observations</b>
<p>In 2022, the Board met nine (9) times: six (6) of them physically and three (3) of them on a remote basis (videoconference). In addition, six (6) Board meetings were held by written procedure, without a meeting.</p>

**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:**

<b>Number of meetings</b>	N/A
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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	8
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	4

Observations
With respect to the audit committee, an additional meeting was held by written procedure and without a meeting.
With respect to the appointments and remuneration committee, two (2) of the eight (8) meetings were held by videoconference; and an additional three (3) meetings were held by written procedure and without a meeting.

**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	9
% of attendance over total votes during the year	100%
Number of meetings in situ or representations made with specific instructions of all directors	9
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	100%

Observations
As indicated in section C.1.25, six (6) meetings were held by physical attendance and the remaining three (3) meetings were held by videoconference.

**C.1.27** State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:

Yes  No

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. Finally, on December 14<sup>th</sup>, 2022, the Board of Directors informed that following the recommendation of the Audit Committee and, as a result of a selection process carried out by such Committee, resolved to appoint PricewaterhouseCoopers Auditores, S.L. as the auditor of the annual accounts of Applus and its consolidated group for financial years 2024, 2025 and 2026. The Board of Directors will propose such appointment to the next Annual General Shareholders' Meeting

**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	205	205
Amount invoiced for non-audit services/Amount for audit work (in %)	0	9.05	9.05

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	16	16

	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  No

Explanation of procedure
<p>Article 30.3 of the Regulations of the Board of Directors provides that "<i>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; (...)</i>". 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.</p> <p>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.</p> <p>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.</p>

**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  No

Explain the rules
<p>Article 17.3 of the Regulations of the Board of Directors provides that “<i>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:</i></p> <p style="padding-left: 40px;">(c) <i>When they are affected by any of the incompatibility or prohibitions provisions legally established;</i></p> <p style="padding-left: 40px;">(d) <i>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</i></p> <p style="padding-left: 40px;">(e) <i>When their continued presence on the Board of Directors may jeopardize the interests of the Company.</i></p> <p>In accordance with Article 17.4: “<i>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.</i>”</p>

**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

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

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.

<p>The Multicurrency Facilities Agreement and Note Purchase Agreements signed by the company on 7 June 2018, 4 July 2018 and 1 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.</p>
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**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.**

<b>Number of beneficiaries</b>	11
<b>Type of beneficiary</b>	Members of the management committee that report directly to the CEO
<b>Description of agreement</b>	<p>The company has entered into various arrangements with members of the senior management team:</p> <ul style="list-style-type: none"> <li>- 7 golden parachute clauses.</li> </ul> <p>"In the event of termination of the employment contract, by decision of the company, whatever its form except in the event of disciplinary dismissal, declared fair by the social jurisdiction in a final judgment, he shall be entitled to receive compensation in the amount equivalent to the greater of the following two amounts: twice the total gross monetary remuneration received in the last twelve months; or the compensation resulting from applying 33 days per year of service with a maximum of 24 monthly payments."</p> <p>"In the event of termination of the Contract in the events set out below, the Senior Executive shall be entitled to an indemnity equivalent to 33 days of his or her remuneration per year worked, subject to the following rules:</p> <ul style="list-style-type: none"> <li>i) Seniority for the purposes of calculation shall be calculated as from 1 January 2020; and</li> <li>ii) For the calculation of this indemnity, the monetary remuneration received in the last 12 months shall be considered (...).</li> </ul> <p>Without prejudice to the foregoing, for clarification purposes, in the event of termination of the previous ordinary employment relationship referred to in Slide I, the Senior Manager shall be entitled, in the cases indicated below, to an indemnity (net of taxes) for the termination of the ordinary employment relationship, which shall be equivalent to the greater of the following two amounts:</p> <ul style="list-style-type: none"> <li>(i) Twice the net monetary remuneration received in the year 2019.</li> <li>(ii) The compensation resulting from applying 45 days' salary per year of service, with a maximum of 42 monthly payments.</li> </ul> <p>In any event, the sum of the amount of the severance payments corresponding to the termination of the ordinary employment relationship and the termination of the senior management employment relationship may not exceed the amount that would have been generated had the severance payment for the termination of the ordinary employment relationship been applied to the period of time of the ordinary employment relationship and the senior management relationship, calculated as a whole".</p> <p>"Specifically, in the cases detailed below, you will be entitled to receive compensation (net of taxes) for termination of the contract equivalent to the higher of the following two amounts: twice the total net monetary remuneration received in the last year at the termination of the contract; or the compensation resulting from applying</p>

	<p>45 days' salary per year of service with a maximum of 42 monthly payments.</p> <p>The cases of termination that would give rise to the indemnity would be the following:</p> <p>a) Termination of the contract decided by the company, whatever its form, except in cases of disciplinary dismissal declared fair by the social court in a final judgement.</p> <p>b) Termination of the contract decided by the employee, whatever its form and for any reason, except in cases of resignation or voluntary dismissal without cause".</p> <p>"In the event that the company unilaterally terminates the employment contract that unites them for any reason, except in the case of disciplinary dismissal declared fair by a final or uncontested court ruling, they shall be entitled to compensation equivalent to the sum of the following amounts: (i) two annuities of the fixed salary that they were receiving at the time of termination of their employment relationship and (ii) the annual bonus that, if applicable, they had received in the twelve months prior to the termination of the Contract. This indemnity includes and replaces any other indemnity that may correspond to him/her.</p> <p>For the calculation of the compensation provided for in the preceding paragraph, no remuneration other than those expressly mentioned shall be taken into account.</p> <p>"In the event that (i) the contract is terminated by decision of the company whatever the form of termination, or (ii) there is a substantial modification of their working conditions, except in cases of disciplinary dismissal declared fair in a final judgment by the social jurisdiction, the worker shall be entitled to receive compensation for termination of the contract equal to the fixed annual remuneration received in the year immediately prior to the termination plus the amount of the last annual bonus received in cash. "</p> <p>"In the event of termination of the contract decided by the company, if such termination is recognized as unfair by the company or declared unfair by the social jurisdiction in a final judgment, the executive will be entitled to receive a severance payment equal to the higher of these two amounts:</p> <p>i) the one determined by the social jurisdiction  ii) the gross fixed remuneration of the last year at the time of termination."</p> <p>"If this employment contract is terminated by the employer and the dismissal is not considered a just disciplinary dismissal declared by a final judgment, the employee will receive compensation equivalent to two times the gross total annual base salary + payment of annual bonus."</p> <p>- 7 post-contractual non-compete clauses. In accordance with these clauses, said executives commit, following the termination of the contract and for a specific period: (5) Five of the senior managers have an obligation for two years, and one manager for one year, to refrain from providing services to any Competitor Business or potential business of the Company or any Group company in a restricted territory after the resolution of the Contract. As</p>
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	<p>compensation for the non-compete obligation, these executives will receive the gross amount equivalent to half of the fixed remuneration that they were receiving at the time of termination of the contract, distributed in monthly payments equivalent to the post-contractual non-compete period. (1) One manager has an obligation for 9 months to refrain from providing services to any Competitor Business or potential business of the Company or any Group company in a restricted territory.</p> <p>- 9 clauses that establish a notice commitment in case of termination of the contract. In accordance with these clauses, both the company and the executives undertake to notify the termination of the relationship in writing, with a minimum notice period of two months for six of them, three months for two of them, and six months for one of them.</p>
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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
<b>Body authorizing the severance</b>	YES	NO

	Yes	No
<b>Are these clauses notified to the General Shareholders' Meeting?</b>		X

<b>Observaciones</b>

## 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

<b>% of executive directors</b>	
<b>% of proprietary directors</b>	
<b>% of independent directors</b>	
<b>% of other external directors</b>	

<b>Observations</b>
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**

<b>Name</b>	<b>Post</b>	<b>Category</b>
NICOLAS VILLÉN	PRESIDENT	INDEPENDENT
ERNESTO GERARDO MATA LÓPEZ	MEMBER	EXTERNAL
MARIA CRISTINA HENRÍQUEZ DE LUNA	MEMBER	INDEPENDENT
ESSIMARI KAIRISTO	MEMBER	INDEPENDENT

<b>% of proprietary directors</b>	0
<b>% of independent directors</b>	75
<b>% of external directors</b>	25

<b>Observations</b>

**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.
  - (v) 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 2022 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;

- Review 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.
- Approve the selection process of the new auditor for the financial year 2024 until 2026
- Proposal to the Board of Directors of an external auditor for the years 2024 to 2026

**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.**

<b>Name of directors with experience</b>	NICOLÁS VILLÉN MARIA CRISTINA HENRÍQUEZ DE LUNA ERNESTO GERARDO MATA LÓPEZ ESSIMARI KAIRISTO
<b>Date of appointment of the chairperson</b>	29/05/2020

<b>Observations</b>
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**

<b>Name</b>	<b>Post</b>	<b>Category</b>
MARIE-FRANÇOISE DAMESI	PRESIDENT	INDEPENDENT
MARIA JOSE ESTERUELAS AGUIRRE	MEMBER	INDEPENDENT
BRENDAN CONNOLLY	MEMBER	INDEPENDENT

<b>% of proprietary directors</b>	0
<b>% of independent directors</b>	100
<b>% of external directors</b>	0

<b>Observations</b>
The Chairman of the Board of Directors ceased to be a member and Chairman of the Appointments and Remuneration Committee, an interim role he hold during the transition since the former chairman's of the committee's depart. Ms. Marie-Francoise Damesin was appointed chairman of the Committee, reinforcing gender diversity and based on her wealth of experience in the areas the Committee deals with.

**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 2022 were:

- Approval of the evaluation of the bonus in accordance with the system in force; accrued in the financial year 2021 to be applied to the direct reports to the Chief Executive Officer.
- Approval of the salary review of these Directors for the year 2022.
- Acknowledgement of the allocations made in accordance with the current restricted stock unit (RSU) and performance stock unit (PSU) systems.
- Approval of a new incentive scheme 2022-2024 for direct reports to the Chief Executive Officer and proposal to the Board of the scheme for the Chief Executive Officer to be submitted to the General Meeting in 2023.
- Approval of the adjusted earnings per share (EPS) target for the 2022-2024 PSU plans for the Chief Executive Officer and affected executives
- Approval of the evaluation, in accordance with the system in force, of the bonus accrued in the financial year 2021 to be applied to the Chief Executive Officer.
- Proposal of the future Directors' Remuneration Policy approved at the 2022 General Meeting.

- Proposal and reports regarding the re-election of Mr. Brendan Connolly, Ms. Marie-Françoise Madeleine Damesin, Mr. Christopher Cole, all of them as Independent Directors and Mr. Ernesto Gerardo Mata López as External Director.
- Approval of the Annual Report on Directors' Remuneration 2021.
- Support in the process of evaluation of the Board, its Chairman and the Chief Executive Officer by an independent expert (Spencer Stuart) and monitoring of the associated action plans.
- Succession management of the Chief Executive Officer and Chief Financial Officer.
- Monitoring of certain strategic human resources initiatives.
- Contribution to the preparation of and attendance at meetings with shareholders, proxy advisors on matters within their remit.
- Reviewing the characteristics of Directors' and officers' liability insurance.
- Approval of the terms of termination of a Senior Manager and the appointment of his successor, as well as the appointment and terms of another Senior Manager.
- Approval of the conditions for the termination of the relationship of the former Managing Director and the conditions for the new Managing Director.
- Approval of the evaluation of the bonus in accordance with the system in force; accrued in the financial year 2021 to be applied to the direct reports of the Chief Executive Officer.

#### NOMINATION COMMITTEE

Name	Position	Current

<b>% of proprietary directors</b>	
<b>% of independent directors</b>	
<b>% of other external directors</b>	

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.

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#### REMUNERATION COMMITTEE

Name	Position	Current

<b>% of proprietary directors</b>	
<b>% of independent directors</b>	
<b>% of other external directors</b>	

<b>Observations</b>
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.

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#### ESG COMMITTEE

Name	Post	Category
CHRISTOPHER COLE	PRESIDENT	INDEPENDENT
BRENDAN CONNOLLY	MEMBER	INDEPENDENT
MARIA JOSÉ ESTERUELAS	MEMBER	INDEPENDENT

<b>% of executive directors</b>	0
<b>% of proprietary directors</b>	0
<b>% of independent directors</b>	100
<b>% of external directors</b>	0

<b>Observations</b>

**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, amongst others:

- 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.
- 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.

During 2022, the ESG Committee worked on these areas:

- Review of compliance with 2021 objectives, publication of the 2021 financial and non-financial information report.
  - ESG objectives for 2022 were defined and published, linking them to the remuneration scheme, and monitored throughout the year.
  - The ratings in which we participate were reviewed: MSCI ESG Rating, FTSE4Good IBEX, Gaia Rating, CDP, Sustainalytics, S&P Global.
  - Commitments: GRI standards, UN Global Compact, UN SDGs (Sustainable Development Goals), SBTi (Science Based Targets initiative).
  - TCFD and SASB have been incorporated into the reporting indicators, in addition to reporting the eligibility of activities subject to the European Taxonomy regulation for adaptation and mitigation of climate change.
  - With regard to commitments, it was agreed to establish environmental targets to meet the 1.5°C reduction scenario and these were validated by SBTi.
  - At the end of the year the ESG targets were set and in the case of the environmental targets these were set for the short (2022), medium (2024) and long term (2050). An implementation strategy for the next three (3) years was established.
  - During the year, the new regulatory framework in Europe has been reviewed on ongoing legislative initiatives such as: alignment of activities to the European Taxonomy Regulation, the new Corporate Sustainability Due Diligence Directive and the Corporate Sustainability Reporting Directive. Other relevant country regulatory frameworks were also reviewed to identify reporting trends.
- Business ethics: (i) monitoring the Compliance Management system with new publications of policies and procedures as well as ensuring the effective implementation of existing ones; (ii) strengthening the compliance culture with training sessions; (iii) review of third party agents under the Anti-Corruption policy; (iv) complaints management through the Whistleblowing Channel; (v) deployment and management of the Compliance Management policies and procedures control model; (vi) coordination and management of the annual signing of the "Management declarations", and external audit as a member of the TIC Council.
  - Corporate Governance: (i) 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; (ii) roadshow with main investors and proxy advisors, (iii) preparation and monitoring of the General Shareholders'

Meeting by hybrid means (reaching a relevant quorum) and with specific report on chairman's re election.

**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 2022		Year 2021		Year 2020		Year 2019	
	Number	%	Number	%	Number	%	Number	%
<b>Audit committee</b>	2	50	2	50	2	50	2	50
<b>Appointments and remuneration</b>	2	66.66	2	50	1	33.33	1	33.33
<b>ESG Committee</b>	1	33.33	1	33.33	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](http://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:**

<b>Name or company name of the administrator s or managers or their controlled or jointly controlled entities</b>	<b>Name or company name of the company or entity within its group</b>	<b>Relationship</b>	<b>Nature of the operation and other information necessary for its evaluation</b>	<b>Amount (thousands of euros)</b>	<b>Approving body</b>	<b>Identity of the shareholder or director who has abstained</b>	<b>The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents</b>

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:

<b>Company name of the entity within the group</b>	<b>Brief description of the operation and other information necessary for its evaluation</b>	<b>Amount (thousands of euros)</b>

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

**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

<p><b>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</b></p>

**Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:**

<b>Mechanisms for resolving possible conflicts of interest</b>

**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, 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. Twice a year, the Audit Committee's agenda includes the monitoring of the Risk Map and the review of the action plans under development.

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.

**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 optimizing 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 materializing

For those risks deemed high or medium, given the impact upon materialization 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.

**E.5 State which risks, including tax compliance risks, have materialized during the year.**

In relation to the existing businesses with expiration date, the contract for the technical inspection of vehicles in Costa Rica expires in 2022. However, the main risk in the management of these contracts is related to the IDIADA Division, whose contract expires in 2022.

In 2022, macroeconomic factors, such as higher costs due to inflation and higher energy costs, have slightly slowed down the positive margin evolution that has been taking place since 2021.

We continue to focus on improving efficiency in our operations, both directly by reducing costs and increasing tariffs where possible, and through the incorporation of digital technologies in all business processes.

Our objective remains to further diversify and improve the quality of our service portfolio through divestments in non-strategic businesses and acquisitions with

good growth prospects and margins.

The Group has performed impairment tests for all cash-generating units in relation to goodwill and intangible assets, concluding that in 2022 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 2022 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 materialize.

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.

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 CONTROL SYSTEMS RELATED 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 2022 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 organisational 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 (organisational 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.

- **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.

In the year 2022, the implementation of SAP GRC has allowed Applus+ the automation of the control testing directly against the ERP system transactional records, which provides a significantly higher level of comfort and control. Currently, 28 controls have already been automated.

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.

Unlike in previous years, the group has opted to internalise certain activities associated with financial, personnel and back office administration which, until recently, were outsourced, with the result that some of the control activities that had been designed to assess the quality and integrity of the outsourced service with an impact on financial reporting are either no longer necessary or have been redesigned as they have been internalized.

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 and Applus Group makes ensures that 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 2022 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 SAP 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 2022, 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 2022 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 2022 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 South America and will be deployed to other relevant geographies in the coming years. This project allows detection of anomalous transactions that may be potentially fraudulent, identify and reveal, as result of the investigations, any 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.

The Applus Group prepares the consolidated financial statements of Applus Services S.A. using the European Single Electronic Format (ESEF), which was approved by the European Commission on December 18, 2018 and applies to all issuers of securities listed on EU regulated markets. The Group already used it in 2020, despite the fact it was voluntary. In 2022, the Group has also labeled all the text notes, as required by the regulations, or the years beginning on January 1, 2022 (in a second phase).

#### **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 CORPORATE 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 X                      Complies Partially                      Explain

- 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 exception 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 favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies X                      Complies Partially                      Explain                      Not Applicable

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 X                      Complies Partially                      Explain                      Not Applicable



## 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.**
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.**

With respect to the notes on Recommendations 25 (only 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 2022AGM (68.796% of the share capital) which was held on hybrid 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. The Company has listened and taken note of the motivations expressed. Acknowledging the concerns around the topic, the Company published a special report ahead of the AGM on the chairman's re-election.

On December 14<sup>th</sup>, 2022, the Board of Directors of the Company, informed that following the recommendation of the Audit Committee and as a result of a selection process carried out by such Committee, resolved to appoint PricewaterhouseCoopers Auditores, S.L. as the auditor of the annual accounts of Applus and its consolidated group for financial years 2024, 2025 and 2026. The Board of Directors will propose such appointment to the next Annual General Shareholders' Meeting.

**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.**

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 has adhered to the United Nations Global Compact and has been at the Advanced Level since 2018 following the 10 principles.
- Applus+ participates in the Carbon Disclosure Project (CDP) since 2017 maintaining the level B consecutively since 2018. Also, Applus+ has been recognized with "AA" by the MSCI ESG Research agency in 2019.
- Applus+ has adopted the United Nations Sustainable Development Goals (SDGs) as a framework for its corporate social responsibility objectives. At least nine of the seventeen UN SDGs are applicable to Applus+ business.
- We endorse the United Nations Guiding Principles on Business and Human Rights, the Organization for Economic Cooperation and Development's Guidelines for Multinational Enterprises, and the International Finance Corporation's Performance Standards.
- Applus+ has been included in the FTSE4GoodIBEX since 2019.
- Gaïa Rating recognized Applus+ with a score of 70/100 in 2021, and Sustainalytics rated the Group with a 15.6 that places our company in the "low risk" ESG group. In March 2022, S&P Global scored Applus+ with a 54, making it the 11th best company in its sector of 105 companies.
- Applus+ has adopted the GRI standards, the SASB (Sustainability Accounting Standards Board), and the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures) for its non-financial information reporting.
- Applus+ has joined the European Charter of Principles signed by organizations to make their commitment to diversity and inclusion in the workplace visible. European Commission Diversity Charter Member for the 2021-2023 period.

- Applus+ has joined the Spanish Presidency Ministry's Initiative to promote a balanced participation of women and men in business and economic decision-making. "More Women, Better Companies" in 2021 and has actively participated in the Target Gender Equality initiative of the United Nations Global Compact in 2022.
- We are adopting the United Nations' seven Principles of Women's Empowerment since 2021.
- In 2022, Applus+ renewed its agreement with the Spanish High Council for Sports so that high-level athletes can start their professional careers in the Group, and signed the Dual FP Alliance in Spain to promote initiatives to make Vocational Training a tool to develop young talent.
- Applus+ has been included in the Network of Inclusive Companies (Andorra) since 2021.

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**This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on 23 February 2023**

**State whether any directors voted against or abstained from voting on this report.**

Yes  No

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**

31/12/2022

**TAX IDENTIFICATION CODE: A64622970**

Company Name:

APPLUS SERVICES, S.A.

Business Address:

c/ Campezo 1, Edificio 3

Parque Empresarial Las Mercedes, Madrid

**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.

The Remuneration Policy for financial years 2022, 2023 and 2024 was approved at the 2022 General Shareholders' Meeting. 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 will 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. In addition, the Remuneration Policy establishes, among others, that long-term sustainability is a strategic priority and therefore links the variable remuneration of the Executive Directors to the achievement of ESG targets. 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 employed, reflecting sustainable shareholder value creation priorities. The compensation and employment conditions of the Company's employees have been taken into account in setting the Policy.

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. 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 an annual fixed amount and the maximum amount of the non-executive directors as a whole in their capacity as such was set at EUR 1,500,000 at the General Shareholders' Meeting held on 30 May 2019. This will remain effective until amended in the same way. The Board of Directors will set the exact amount to be paid within

the limit approved at the General Meeting, as well as the specific remuneration of each director in their capacity as such, taking into account the duties and responsibilities allocated to each director, the time they have to dedicate to the position and relevant market conditions. Proprietary and executive directors will not receive any remuneration for their membership of the Board of Directors or of any of its Committees.

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.

The Remuneration Policy was proposed by the Appointments and Remuneration Committee (“**ARC**”), which prepared a reasoned report on the Policy that was made available to shareholders at the registered office and published continuously on the corporate website from the publication of the announcement of the call until the holding of the General Meeting.

Upon a report or proposal from the ARC, the Board applies the Policy on its own terms and within the framework of the bylaw-mandated remuneration scheme (and that established in the contracts 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 those Regulations provides that the ARC may seek external advisory services. The Company prepared the Policy with the support of Mercer Consulting, which prepared various benchmark studies regarding the remuneration status of directors on behalf of Applus during 2021.

Mercer Consulting is not employed to provide any other advisory service to the ARC. There are no provisions for applying any temporary exceptions to the Policy.

The only directors who performed executive duties during financial year 2022 were the former CEO Mr Fernando Basabe Armijo, who did not stand for re-election as a director at the 2022 General Shareholders’ Meeting due to his intention to retire and who resigned as a director effective from 27/06/2022, and the current CEO Mr Joan Amigó i Casas (who was CFO until 27/06/2022 and was appointed Chief Executive Officer effective from 28/07/2022 (the “**Executive Director**”, “Director General Manager”)).

After Mr Basabe did not stand for re-election, his senior management employment relationship with the Company remained in force during the 2022 financial year to ensure the proper and orderly transfer of the professional duties and activities he performed for the Company, resigning on 1 January 2023 under the conditions approved for this purpose by the Board of Directors, upon the proposal from the ARC.

As of 23 February 2023, the ARC is in the process of consulting with shareholders and proxy-advisors to outline an amendment to the Policy that will be submitted at the 2023 General Shareholders’ Meeting. This new Policy will maintain the above-mentioned principles, and will be updated to take into account Mr Fernando Basabe Armijo’s departure from the position of CEO, with Mr Joan Amigó i Casas (previously CFO) assuming the role of CEO.

The new Policy will be proposed by the ARC, which has drawn up a reasoned report for the new Policy that will be made available to the shareholders at the registered office and published continuously on the corporate website from the call to the holding of the General Meeting. The ARC is advised by Korn Ferry (London, UK).

- 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 scheme 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.

Variable remuneration items are only established for the remuneration of Applus' Executive Director. Applus relied on the aforementioned 2021 Mercer Consulting study and the advice given by Korn Ferry (London, UK), the need to retain and motivate Executive Directors and the new strategic objectives added to the long-term incentive plan in order to determine the remuneration mix set out below for the Policy approved in 2022, which provided the basis for the Policy that will be approved in 2023.

In accordance to the policy, the fixed components of the current Executive Director's remuneration comprise annual fixed remuneration of EUR 600,000 (compared to the maximum amount of EUR 750,000 for the previous Executive Director), to be updated based on the Spanish CPI unless the Board resolves otherwise. It is established that the Executive Director will receive other benefits with a maximum cost equal to 15% of his fixed remuneration and a pension plan contribution 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 the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan, all in line with that established for Senior Management. The aggregate value of the fixed components of his remuneration in 2023 therefore amounts to EUR 690,000.

In turn, the variable remuneration components of the Executive Director's remuneration under the Policy consist of: (i) annual variable remuneration for a maximum amount of 150% of the target base set as 80% of the fixed remuneration (i.e., a maximum amount of EUR 720,000); (ii) a long-term incentive plan for a maximum annual amount equivalent to 150%, now of the LTI target rather than of his fixed remuneration (i.e., a maximum annual amount of EUR 810,000) and in relation to which the EPS, ROCE and ESG parameter targets and their assessment will be disclosed *ex-post* in the Annual Remuneration Report; and (iii) other possible amendments which, as of 23 February 2023, have not yet been approved by the Board of Directors.

The Executive Director's maximum approved variable remuneration items could therefore represent up to approximately 222% of his fixed items (in cash and in kind) (percentage of the sum of EUR 720,000, EUR 810,000 of variable items, divided by EUR 690,000 of fixed items (in cash and in kind)), if all respective targets are achieved in full.

Additionally, to reduce exposure to excessive risks and align the remuneration scheme with the Company's long-term objectives, values and interests, 55% of the amount of the Executive Director's annual variable 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. Any increase or decrease with relation thereto is directly reflected in the variable remuneration amount, with respective maximum and minimum limits of 150% and 0% of the target base. In addition to the aforementioned strategic priorities, this reflects the Company's priorities in relation to operating profitability and cash flow generation. Furthermore, if inaccuracies in the information on which the variable cash remuneration and the RSUs were awarded are established by a certified auditor and approved by the Board of Directors, the Company will 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 of the variable cash remuneration (net of any withholding tax or levy), the net amount of the RSUs and the net amount of the shares vested of the RSUs, as applicable, actually received by the Executive Director as a result of such inaccuracies.

The first incentive plan for the Executive Director also takes into account quantitative parameters (such as relative total shareholder return, adjusted earnings per share, return on capital employed target and four ESG targets) calculated for a three-year period, which

makes it possible to take into account the Company's long-term results, Applus' strategic priority of long-term sustainability, as well as sustainable value creation for the shareholders. A minimum threshold below which the plans will not accrue and maximum limits to the amount of the plan are also established, and it is provided that if proven inaccuracies in the information upon which the PSUs or the shares pursuant to a vesting of PSUs were awarded are reported by a certified auditor and approved by the Board of Directors, the Company will 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 a certified auditor reports or the Board confirms that there have been proven inaccuracies in the information used as a basis to award the PSUs or shares, the Company will be entitled, for a period of three years following the award of the PSUs or the accrual of the PSUs, respectively, to claim the refund of the net amount (of any withholding taxes or fees) of PSUs and net amount of shares pursuant to an accrual of PSUs, as applicable, which the Executive Director has effectively received because of those inaccuracies. The value of each PSU will be equivalent to the average listing value of the Company's shares during the sixty days prior to the award of the PSUs. Finally, the PSUs will be subject to a delayed vesting schedule.

In short, the relative importance of the variable items compared to fixed items has been improved, the average listing price of Applus shares continues to be considered in the annual variable remuneration schemes and long-term incentive plans for the Executive Director, and a deferral period is established (37.5% in the case of annual variable remuneration). Due to all the foregoing, the ARC considers that the remuneration mix established in the Policy for the Executive Director is in line with market conditions for listed companies, as well as taking the Executive Director's performance and leadership into account.

As regards measures established to avoid conflicts of interest, the Board Regulations impose an obligation on directors to notify the other directors and the Board of any direct or indirect situation of conflict that they or persons related thereto may have with the Company's interest. Situations involving conflicts of interest for directors are disclosed in Applus' report on its annual accounts. Moreover, the director subject to conflict must refrain from attending or intervening in discussions affecting issues in which they have a personal interest and must refrain from voting on the corresponding decisions.

The features of the annual variable remuneration scheme and of the long-term incentive plan under the Remuneration Policy are described in more detail in section A.1.6. below.

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

The annual fixed remuneration to be received in financial year 2023 by the members of the Board of Directors in their capacity as such is as follows:

- Chairperson of the Board of Directors: EUR 275,000.
- Members of the Board of Directors other than the Chair: EUR 66,000.
- Chairperson of any Board Committee: EUR 30,000 per Committee.
- Members of any Board Committee other than the Chairpersons thereof: EUR 20,000 per Committee.

This remuneration is the result of the 10% increase approved on 24 February 2022 for non-executive directors (including the Chairman) in their capacity as such, with no increase in remuneration for participation in or chairmanship of Board Committees.

With the composition of the Board and the Committees as of the date of this report, the fixed remuneration to be received by non-executive directors in financial year 2023 would amount to EUR 967,000.

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 the Executive Director 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 171,344 in financial year 2023.

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

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.

Under the Remuneration Policy to be submitted for approval at the 2023 General Shareholders' Meeting, the non-variable remuneration to be accrued for the performance of executive duties by the Executive Director in 2023 is expected to be as follows: (i) annual fixed cash remuneration of EUR 600,000; (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 a pension plan contribution for an amount equal to the difference between the aforementioned 15% and the cost of the benefits actually received). The Executive Director may choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan.

The non-variable components for the performance of senior management duties by Mr Fernando Basabe Armijo as former CEO under the Remuneration Policy approved in 2022 and accrued in financial year 2022, until his resignation on 27/06/2022, were as follows: (i) annual fixed remuneration of EUR 368,750 in cash; (ii) other benefits in kind with a cost of EUR 55,312.50 (15% of his fixed remuneration pro rata for the time during the year in which he was a director), which includes a cash supplement of EUR 7,134 as described in section B.16) and a pension plan contribution in the gross amount of EUR 39,646.50.

The non-variable components for the performance of senior management duties by the Executive Director under the Remuneration Policy approved in 2022 and accrued in financial year 2022 were pro-rated until his appointment as Executive Director (in his position as CFO under the Policy approved in 2022) and following his appointment as CEO, on the terms of his new contract signed after the approval of the Remuneration Policy and his appointment as CEO, which were: (i) annual fixed remuneration of EUR 482,000 in cash (proportionate to the length of time he has held each office); (ii) other benefits in kind with a cost of EUR 72,300.34 (15% of their proportional fixed remuneration), which include a cash supplement of EUR 49,689.63 as described in section B.16); and a pension plan contribution in the gross amount of EUR 1,500. The RSUs given as fixed remuneration in 2019 under the applicable Policy at that time (5,838 RSUs) vested as shares in February 2022. And the RSUs delivered in 2020 as fixed remuneration (i.e. 5,317 RSUs) have been exchanged for shares in February 2023.

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.

Remuneration in kind is only paid in favour of the Executive Director. According to the provisions of the current Remuneration Policy, the Executive Director will receive other benefits at a maximum cost equal to 15% of annual fixed remuneration in cash. The Company will also make an annual contribution to the Executive Director's pension scheme in an amount equal to the difference between the aforementioned 15% of his fixed remuneration and the cost of the benefits actually received by the Executive Director during that year. The Executive Director may choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan.

On terms similar to financial year 2022, the Executive Director 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, and professional association fees.

The Company will pay medical insurance premiums and life insurance premiums (without prejudice to the civil liability insurance premium referred to above) for the benefit of the Executive Director during financial year 2023. The Company is expected to contribute to the Executive Director's pension plan on similar terms to financial year 2022 during financial year 2023.

Remuneration in kind under the Remuneration Policy approved in 2022 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.

According to the provisions of the current Remuneration Policy, the Executive Director's variable remuneration components are as follows.

The actual amount of the Executive Director's annual variable remuneration is determined by the Board of Directors at the proposal of the ARC, which is responsible for assessing in detail the level of achievement of the targets following verification thereof. For purposes of this verification, the annual accounts of Applus will be considered following submission thereof and review and issuance of the report by the Company's auditor.

(i) Annual variable remuneration:

The annual variable remuneration of the Executive Director consists of a annual variable 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 adjusted operating profit or "**AOP**", 30% linked to Group adjusted operating cashflow or "**ACOF**", and 15% linked to four ESG targets).

All targets will be reported (as well as their results) *ex-post* in the Annual Remuneration Report.

In the case of the Executive Director, the variable amount, which is set as 80% of the fixed remuneration, will increase by 2% for each 1% increase above the targets, up to a maximum amount of 150% of the target base (although a 200% achievement level is possible for each target). On the other hand, variable remuneration will decrease by 5% for every 1% decrease below the targets. 62.5% of the variable remuneration to be received by the Executive Director will be paid in cash and 37.5% via the award of RSUs. The same system is established for Senior Management.

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

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

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

If the Participant's termination of services is due to any of the following events: (i) *mortis causa*, (ii) permanent disability, (iii) good leaver (being (a) retirement; (b) the Participant's position or employment being with a company that ceases to be a member of the Group or relating to a business or part of a business that is transferred to a person who is not a member of the Group; and (c) any termination of contract 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 (defined as (i) a merger, consolidation, acquisition or other transaction as a result of which securities carrying more than 50% of the total combined voting rights 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 disposal of all or substantially all of the assets of the Company as part of the complete liquidation or dissolution of the Company; (iii) the acquisition by a third party (natural or legal person), either individually or acting in concert with others, of a controlling interest in the Company under article 4 of Royal Decree 1066/2007 of 27 July 2007 on takeover bids), then all RSUs awarded under the RSU Plan that have not accrued on the date on which the event takes effect will automatically accrue on the date on which the event occurs. In the event of a change of control, the accrued RSUs would be settled by a cash payment on the date of the change of control.

If proven inaccuracies in the information upon which the cash bonus and the RSUs were awarded are reported by a certified auditor and approved by the Board of Directors, the Company will 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.

Upon a favourable proposal from the ARC, the Board may increase the result of the mathematical calculation of the annual variable remuneration of the Executive Director 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 following any applicable increase will not exceed the target base (in cash and RSUs). This decision will be disclosed *ex-post* annually in the Annual Remuneration Report.

(ii) Long-term incentive plan:

The long-term incentive plan (which started in 2016 under the Remuneration Policy in effect at that time) involves the annual receipt by the Executive Director of performance stock units ("**PSUs**"), each one vested for one share of the Company three years after the award date, depending on the level of achievement of certain parameters. The Executive Director will annually receive PSUs equivalent in principle to 90% of his fixed remuneration.

However, these amounts may fluctuate depending on the level of achievement of the parameters indicated below. 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 preceding the date of award of the PSUs.

PSUs will be awarded each year on the day the Board of Directors approves Appplus' annual results. The number of PSUs to be awarded to the Executive Director may be adjusted during each financial year if his fixed remuneration is amended. However, the day on which the Board of Directors approves the results of the relevant year will be considered as the award date of the additional PSUs.

The PSUs awarded in each financial year will convert into shares within three years following their award date if the targets described below are achieved. The number of PSUs that will convert will have a value ranging from 0% to 150% of the LTI target for the Executive Director, depending on the level of achievement of those targets during the three years prior to conversion, meaning that this conversion corresponds to professional performance 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 ("**TSR**") over a three-year period, whereby the Company's TSR will be compared against 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 award of the PSUs. The index is the result of calculating the annualised TSR of the average TSR of the eight comparable companies.

This benchmark will represent 30% of the total number of PSUs awarded 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 converted into shares if the annualised Applus TSR performance value is 5% higher than the index on a cumulative annual basis. Between the index value and the TSR value creating an entitlement to a 200% PSU-to-share conversion rate, conversion will 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 a cumulative annual basis.

No PSUs will vest in respect of this parameter if the TSR value is below the index. 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 Appointment and Remuneration Committee. The name of this firm will be disclosed each year in the Annual Directors' Remuneration Report.

- (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 awarded 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 conversion rate, no PSUs will vest under this parameter.

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

This target will represent 10% of the total number of PSUs awarded 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 will 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 awarded 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 at 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 acquisitions will therefore be considered for the targets/metrics for the next strategic plan.

The ESG, EPS and ROCE targets will be published *ex-post* in the Annual Remuneration Report.

As of 23 February 2023, the NRC is in the process of consulting with shareholders and proxy-advisors to outline an amendment to the Policy to be submitted to the 2023 AGM, which as of 23 February 2023 has not been approved by the Board of Directors

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

If proven inaccuracies in the information upon which the PSUs or the shares pursuant to a vesting of PSUs were awarded are reported by a certified auditor and approved by the Board of Directors, the Company will 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 the Executive Director because of those inaccuracies.

If the Participant ceases to have a contractual relationship with the Group due to any the same events as for RSUs except for the change of control event; then the ARC will determine the number of shares vesting as follows: (aa) the performance conditions will be deemed 100% achieved; and (bb) a pro-rata reduction will be applied to the number of shares determined by reference to the period of time after the award date and ending on the date of termination in relation to the three-year period.

Moreover, in the event of a change of control (being the same as for the RSUs), the ARC will notify the Participant as soon as practicable after it becomes aware of such event or proposed event that all PSUs will automatically vest in advance on the date on which the 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 deemed 100% achieved. 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 will prevail.

The amount and nature of the variable components of the remuneration of Mr Fernando Basabe Armijo as the former CEO and of the Executive Director under the Remuneration Policy approved in 2022 are described in section B.3.

The RSUs accrued during the financial year 2022 were awarded on 23 February 2023 (date of the Board of Directors).

On 23 February 2023, the Executive Director (Mr Joan Amigó) was awarded 82.679 PSUs, which is the number resulting from dividing 90% of his fixed remuneration (as established in section A.1.4, EUR 540,000) by the referred average Applus share price (EUR 6,5313 per share).

In 2023 no PSUs have been granted to Mr Fernando Basabe Armijo as he resigned on 1 January 2023.

The unvested RSUs awarded in previous financial years (2020, 2021 and 2022) to the former CEO (Mr Fernando Basabe Armijo) (46,631 RSUs) have been vested upon his departure in January 2023 in accordance with his status as a good leaver, as well as on 23 February 2023 the RSUs accrued in 2022 have been paid in cash with a compliance level of 118.9% on a target basis of EUR 600,000 (80% of his fixed remuneration) (i.e. EUR 713,400).

The corresponding RSUs granted in previous years (2020, 2021 and 2022) to the current CEO (Mr Joan Amigó), (16,651 RSUs) were exchanged in February 2023 in accordance with the established vesting schedule.

Likewise, given that the level of compliance with the LTI 2020 - 2022 has been 120%, both Mr Fernando Basabe Armigo and Mr Joan Amigó will receive in February 2023 49,225 shares (Mr Fernando Basabe Armijo) and 6,380 shares (Mr Joan Amigó) of the PSUs delivered in 2020. This 120% compliance has been obtained by a 0% assessment of the TSR target (relative weight of 40%) and a 200% assessment of the EPS target (relative weight of 60%), resulting in 120%. The adjusted EPS target for 2020-2024 that allowed a 200% compliance was EUR 1.576 per share and the one actually achieved was EUR 1.793 per share.

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.

Under the provisions of the Remuneration Policy to be submitted for approval at the 2023 General Shareholders' Meeting, the Company's Executive Director will be 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 Executive Director's annual fixed remuneration in cash and the amount in benefits actually received by the Executive Director during the financial year, with the legally established maximum. It should also be noted that the Executive Director may choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan.

The Company is expected to contribute to the Executive Director's pension scheme during financial year 2023 along similar lines as during financial year 2022.

The only limitation or restrictive condition relating to the Executive Director's enjoyment of the pension scheme is that its enjoyment will be executed in accordance with applicable Spanish law. The plan is compatible with the payments arising from the termination of the contractual relationship between the Executive Director and Applus.

The long-term savings schemes under the Remuneration Policy approved in 2022 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.

Applus has committed to the following payments, indemnities and covenants vis-à-vis the Executive Director in addition to those relating to his remuneration, under his new contract:

- (i) Exclusivity: the Executive Director has an exclusivity obligation vis-à-vis the Company on the terms described in the following sub-section; it is not specifically remunerated.
- (ii) Termination: in the event of termination of contract, the Executive Director will only be entitled to any indemnities established under applicable Spanish law. The sums paid will be deducted from the indemnity under the post-contractual non-compete agreement that is explained below.

However, if the Executive Director 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 for the duration of the breached notice period.

- (iii) Post-contractual non-compete: the Executive Director agrees to refrain from rendering services for any Competing Business of 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 for this undertaking, the Executive Director will be entitled to receive an amount equal to the double of the fixed annual remuneration received in cash at the time of the termination of the Contract. This amount will be paid in 24 equal instalments during the term of the post-contractual non-compete obligation. This amount will be reduced by any amount that the Company must pay to the Executive Director severance payment (which may arise from the application of the relevant law) for the termination of the agreement, such that the total amount to be received by the Executive Director following termination of the does not exceed, in any case, the double of the fixed cash remuneration that he received in the last year prior to the termination of the Contract. 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. The Executive Director's 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 agreement.

All payments, indemnities and covenants vis-à-vis the former CEO and the Executive Director assumed by Applus under the 2022 Remuneration Policy 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.

The essential terms and conditions of the agreement with the Executive Director under his new contract are in addition to those relating to his remuneration are set out below.

- (i) Term: the Executive Director's contract is for an indefinite term, but it may be terminated for any reason at any time without any compensation for termination. This is because any statutory amount payable on termination 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 Director.
- (ii) Exclusivity: While he is performing executive duties, the Executive Director must not hold any direct or indirect interest in any other business or activity that could represent a conflict of interests concerning his obligations and responsibilities in the Company or concerning the activity of the Company and of the Applus group.
- (iii) Termination: the Executive Director's contract can be terminated at any time at the discretion of the Executive Director or the Company, provided that termination 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 the Executive Director's 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, will be deemed to be competition. Any activity that is being carried on by any company of the group or is expected to be started in the following 12 months at the time of termination of the Executive Director's agreement will 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. This non-competition agreement is binding, meaning that the Company cannot abandon its payment commitments and the Executive Director cannot compete and waive his right to be paid.
- (v) Shareholding retention: the Executive Director will hold 1/3 of the net number of shares that he receives each year by way of vesting of all RSUs and PSUs, until he accumulates a number of shares whose value (calculated at the value of the shares on the award date) is equal at least to twice his net fixed remuneration. Thereafter, he will hold shares with a value corresponding at least to twice his net fixed remuneration. This commitment will cease in the event of termination of his services to the Group or upon a change of control.
- (vi) Supplementary pension or early retirement schemes: the Executive Director will not have supplementary pensions or early retirement schemes, but he will be entitled to the Company's pension plan contributions under the terms described in section A.1.1.

The essential contractual terms and conditions for the former CEO and the Executive Director under the 2022 Remuneration Policy 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.

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.

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.

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

A.1 Explain any significant changes in the remuneration policy applicable to the current financial year arising from:

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

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.

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.

The ARC annually reviews the Remuneration Policy to ensure that it is aligned with the Company'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 in previous years. In preparation for this review, the Chairperson of the ARC conducts a formal dialogue process each January with the main investors and proxy advisors involving the review of the existing policy and a request for assessments and opinions concerning its improvement.

The amended Remuneration Policy approved in 2022 is expected to be proposed at the 2023 General Shareholders' Meeting, on the terms set out in sections A.1.1, A.1.2, A.1.8 and A.1.9.

- A.2 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/es/dam/jcr:709327b3-2b92-4743-b5cd-73fa39eddb21/Aplusplus%20-%20Pol%C3%ADtica%20de%20remuneraciones%202022.%202023%20y%202024\(2023\).pdf](https://www.applus.com/es/dam/jcr:709327b3-2b92-4743-b5cd-73fa39eddb21/Aplusplus%20-%20Pol%C3%ADtica%20de%20remuneraciones%202022.%202023%20y%202024(2023).pdf)

- A.3 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 2022 General Shareholders' Meeting in relation to the Annual Directors' Remuneration Report for the previous financial year was very positive (95.483% of votes in favour, 3.471% against, 0% of blank votes and 1.046% abstentions), meaning that the amended Remuneration Policy to be submitted at the 2023 General Shareholders' Meeting maintains the terms of the remuneration regime provided for in the Remuneration Policy approved in 2022.

## **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.

The ARC is the body that assists the Board concerning the remuneration policy, under the authority assigned to it for such purpose by the Board Regulations. In 2022, the Board approved the new Policy submitted by the ARC having received advice from Mercer Consulting. The Policy applies during financial year 2022, 2023 and 2024 unless amended or replaced during that period; it was approved at the 2022 General Shareholders' Meeting.

In addition, under the provisions of section 529 *septdecies* of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) and article 25.1 of the Board Regulations, it is for the Board to set the precise amount to be paid within the limit approved at the General Meeting as well as the specific remuneration of the director in their capacity as such, taking into consideration the duties and responsibilities allocated to the director, the time they have to dedicate to the position and relevant market conditions.

Under the terms of the Policy for years 2022, 2023 and 2024 and within the framework of the bylaw-mandated remuneration scheme (as well as the system for contracts of executive directors), the Board therefore applied the Policy as described in section C upon a proposal from the ARC.

Proprietary and executive directors do 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 EUR 1,500,000.

The remuneration of each director agreed for 2022 by the Board were as follows:

- Chairman of the Board of Directors: EUR 271,205.
- Members of the Board of Directors other than the Chairman, EUR 65,089.
- Chairman of a Board Committee: EUR 30,000 for each Committee.
- Members of a Board Committee other than the Chairman: EUR 20,000 per Committee.

These remunerations amounts are the result of the 10% increase approved on 24 February 2022, effective as of that date for non-executive directors (including the Chairman) in their capacity as such, with no increase in remuneration for participation in or chairmanship of the Board.

As regards the remuneration of the former CEO (Mr Fernando Basabe) and the current executive director (Mr Joan Amigo) for the performance of his executive duties, his fixed remuneration in cash for financial year 2022 is as described in the Policy, and the Board determined his actual variable remuneration upon a proposal from the ARC (this process is described in detail in section B.7).

The former CEO's remuneration for the performance of his executive duties until his resignation on 27/06/2022 was a fixed remuneration in cash corresponding to the established pro-rata amount (EUR 368,750), benefits actually received at a pro-rated cost of EUR 55,312.50, (15% of his fixed remuneration pro rata for the time during the time during the financial year in which he was a director), which include EUR 7,134 corresponding to a cash supplement linked to benefits to align them with those agreed at the time he was contracted, and a pro-rated contribution to his pension plan of EUR 39,646.50 gross, and 54,770 PSUs awarded under the incentive plan were delivered in February 2022 (60% of his fixed remuneration of EUR 750,000, divided by the average listing price of EUR 8.216 per share). On 23 February 2023, the RSUs accrued in 2022 have been paid with a compliance level of 118.9% on a target base of EUR 600,000 (80% of his fixed remuneration) (i.e. EUR 713,400).

In February 2022, 54,043 PSUs were consolidated and vested out of the 45,036 PSUs awarded in 2019 within the framework of the incentive plan (since there was a target achievement of 120%). However, they were delivered net of taxes, resulting in 29,183 shares. The RSUs awarded in previous financial years (19,909 RSUs) vested as shares in February 2022 but were delivered net of taxes, resulting in 10,751 shares.

The Executive Director's (Mr Joan Amigó's) remuneration for the performance of his executive duties, pro-rated until his appointment as CEO (in his position as CFO) and following his appointment as CEO, was a fixed remuneration in cash corresponding to the pro-rated amount (EUR 482,000), benefits actually received with a pro-rated cost of EUR 72,300.34 (of which EUR 49,689.63 is a pro-rata cash payment in connection with profits in order to adjust these to what was agreed at the time of his hiring, and a pro-rata contribution to his pension plan of EUR 1,500 gross, an annual variable remuneration accrued in the year 2022 and payable in the year 2023, which is the sum of what he was entitled to as CFO (123.900 EUR) and as CEO (244,000 EUR), in total 367,000 EUR target, and considering a performance level of 118.9%, he is entitled to receive 436,000 EUR, of which 62.5% EUR will be in cash and 37.5% EUR in RSUs, which were consolidated), also calculated as provided in the 2022-2024 Policy, and 7,100 PSUs awarded under the incentive plan in February 2022 (EUR 58,333 divided by the average listing price of EUR 8.216 per share) in accordance with the Policy in force in 2021, and following his appointment as CEO, an additional 69,832 PSUs (90% of his fixed remuneration of EUR 600,000 under the new contract, between the referred average share price value of EUR 7.019 per share), in accordance with the Remuneration Policy approved in May 2022 and his contract for his new functions and which will be converted into shares in February 2025.

In February 2022, 7,006 PSUs were consolidated and vested out of the 5,838 PSUs granted in 2019 in his capacity as CFO under the incentive plan (as there was a 120% target achievement), although they vested net of tax, i.e. 3,946 shares. RSUs granted in previous years (5,838 RSUs of fixed remuneration for 2019 and 8,013 RSUs of variable remuneration pending vesting for the years 2019, 2020 and 2021) have been exchanged into shares in February 2022, although they have been deposited net of tax, i.e. 3,288 and 4,517 shares, respectively.

In addition, the former CEO and the current CEO were each entitled to receive a financial payment equal to the value of the dividends that would have been paid on the gross PSUs awarded in 2019 that vested in 2022. Respective benefits were received in the amounts of EUR 16,212.90 and EUR 2,102.

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

There were no deviations from the procedure established for the application of the remuneration policy during financial year 2022.

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.

No temporary exceptions have been applied to the remuneration policy.

B.2 Explain the different actions taken by the company concerning the remuneration scheme 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.

Applus adjusted its remuneration scheme during financial year 2022, resulting in the approval of a new Policy at the 2022 General Meeting, applicable to financial years 2022, 2023 and 2024, as described in sections B.1.1 and B.7.

This review took place in the context of a study by Mercer Consulting, which Applus engaged during 2021 to prepare various national and international benchmark studies examining director remuneration, the need to retain and motivate the executive directors and the added new strategic targets in the long-term incentive plan. This new Policy contributed to reducing exposure to excessive risks and aligning the remuneration scheme with the Company's long-term objectives, values and interests, ensuring that remuneration would be accrued based on the Company's long-term results and achieving an appropriate balance between fixed and variable components of remuneration, as described below.

First, the annual fixed remuneration of the former CEO was maintained and the annual fixed remuneration of the Executive Director was increased from EUR 267,343 to EUR 360,000, to be updated in line with the Spanish CPI unless the Board decides otherwise. It was established that they would receive other benefits with a maximum cost equal to 15% of their fixed remuneration and a pension plan contribution in an amount equal to the difference between the aforementioned 15% and the cost of the benefits actually received, choosing each year between the amount to allocate to each benefit, always maintaining the maximum cost of 15% of fixed remuneration, or whether they wished to reduce their fixed remuneration to invest the same amount in a pension plan, all in line with the provisions established for Senior Management.

The annual variable remuneration was amended so that it is linked to the achievement of targets (55% for adjusted operating profit, 30% for the Group's adjusted operating cash-flow and 15% for four ESG targets).

The target base of the Executive Director's annual variable remuneration was reduced, retaining the rule that annual variable remuneration would increase by 2% for each 1% increase above target up to a maximum of 150% of the target, but retaining the possibility of targets reaching an achievement level of 200%, and 37.5% of variable remuneration for the Executive Director (as opposed to the previous 50%) would be payable in RSUs; If the Participant's termination of services is due to any of certain events: the vesting of RSUs is regulated; the clawback clause was amended; and, upon a favourable proposal from the ARC, the Board could increase the result of the mathematical calculation of the annual variable remuneration.

The long-term incentive plan was amended for the purpose of updating the targets of the long-term incentive plan, increase the target PSUs to be earned in principle by the former CEO, equivalent to 90% and 50% of his fixed remuneration; increase the number of PSUs to vest increasing the evaluation these can get; for purposes of calculating the TSR target, Applus' TSR would be compared to a group of eight comparable companies and the index would be the result of calculating the annualised TSR from the average TSR of the comparable companies; the EPS target would represent 50% of the total PSUs delivered each year, and the Board of Directors would set the threshold for this target above which the PSUs will vest; the clawback clause was amended; and if the Participant ceased to have a contractual relationship with the Group for any of the reasons contemplated for RSUs except for change of control, the vesting of PSUs is regulated.

In short, the relative importance of variable items compared to fixed items was improved, the average listing price of Applus shares continued to be considered in the annual variable remuneration scheme and long-term incentive plan, and provision was made for a deferral period in the receipt of 37.5% of annual variable remuneration.

Additionally, to reduce exposure to excessive risks and align the remuneration scheme with the Company's long-term objectives, values and interests, the variable remuneration was linked to achieving long-term sustainability and diversity objectives.

Furthermore, the long-term incentive plan took into account quantitative parameters calculated for a three-year period, which made it possible to take into account the Company's long-term results, long-term sustainability and diversity, as well as the creation of sustainable value for the shareholders.

As regards measures established to avoid conflicts of interest, the Board Regulations imposed an obligation on directors to notify the other directors and the Board of any direct or indirect conflict that they or persons related to them might have with the Company's interest, being disclosed in Applus' report on its annual accounts. Moreover, directors subject to conflicts were required to refrain from attending, participating or voting in discussions.

**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.

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 directors performing executive duties 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. The remuneration of the Executive Directors is described in section B.1.1.

The remuneration accrued contributes to the long-term and sustainable performance of the Company as it is based on a system designed to promote the Company's business strategy, profitability, interests and long-term sustainability.

The annual variable remuneration of the former CEO and the Executive Director under the Policy approved in 2022 consisted of an annual variable amount, payable in cash and through the delivery of RSUs, linked to the achievement of targets that contributed to the Company's short- and long-term results (55% for adjusted operating profit, 30% for the Group's adjusted operating cash-flow and 15% for the four ESG targets). The ESG targets were: (i) 3.75% Diversity (% of vacancies and new hires, of Group senior management positions and Corporate positions filled by women in 2022); (ii) 3.75% Health and safety (frequency of injuries prompting sick leave -number of injuries prompting sick leave; fatal accidents, permanent disabilities and lost work days- per 200. 000 working hours in 2022; (iii) 3.75% Code of Ethics training (% of registered employees who have completed their training - introduction and refresher - in 2022; (iv) 3.75% Decarbonisation (number of tonnes of CO2 equivalent - tCO2 eq - emitted in 2022 - scopes 1 and 2). CO2 equivalent emissions are understood as greenhouse gases (GHG) produced, directly or indirectly, and released into the atmosphere from the company's activities. Scope 1 emissions are direct GHG emissions that occur from sources controlled. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling).

In the case of the CEO, the variable amount that was set at 80% of fixed remuneration would increase by 2% for each 1% increase above the targets up to a maximum amount of 150% of the target base (although an evaluation of 200% could be achieved for each target). Variable remuneration would decrease by 5% for each 1% decrease below the targets. In the case of the Executive Director, the variable amount that was set at 70% of fixed remuneration would increase by 2% for each 1% increase above the targets up to a maximum amount of 150% of the target base (although an evaluation of 200% could be achieved for each target). Variable remuneration would decrease by 5% for each 1% decrease below the targets. 62.5% of the variable remuneration to be received by the CEO would be paid in cash and 37.5% via the delivery of RSUs.

The bonus payout accrued in 2022 (which will be paid in February 2023) measured according to the parameters of the remuneration scheme was 118.9%: i) 104,5% fulfilment of the adjusted operating profit, entitling to a 109.1% payout on this target (ii) 103.7% of adjusted operating cash flow compliance which entitles to a 107.3% payout on this objective and 200% payout related to the achievement of three of the four ESG objectives (diversity, code of ethics and H&S) and 111.41% payout related to the achievement of the decarbonisation objective. In addition, the Executive Director received 37.5% of his annual variable remuneration for 2022 in the form of RSUs.

The average Applus share price in the 60 days preceding the date of award of the RSUs was used to calculate the number of RSUs to be awarded in both cases. Each RSU will vest for one Applus share and 30%, 30% and 40% of the RSUs will vest after one, two and three years respectively following their award date, subject to remaining in employment at the vesting date.

Regarding the long-term variable remuneration, the CEO and CFO would receive PSUs annually for a maximum amount of 90% and 50% of their fixed remuneration. The number of PSUs that would vest would have a value ranging from 0% to 150% of the target number of PSUs depending on the level of achievement of the targets, although it was possible for each target to achieve an evaluation ranging from 0% to 200%. The value of each PSU would be equivalent to the Company's average share price in the 60 days preceding the date of award.

The PSUs awarded in each financial year would vest as shares in a period of three years following their award date with a value ranging from 0% to 135% of the fixed remuneration of the former CEO and from 0% to 75% of the fixed remuneration of the Executive Director, depending on the level of achievement of those targets.

The quantitative targets that contributed to the Company's short- and long-term results will be taken into account for the vesting of the PSUs: 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 awarded each year). 100% of the PSUs will vest if the TSR result is 1.67% per annum cumulatively higher than the index. 0 PSUs have vested for this parameter for the 2019-2021 period; and a target for the adjusted earnings per share reported by Applus cumulatively over three years (60% of the total number of PSUs awarded each year). The evaluation of the EPS target for this period was 200%. Therefore, 120% of the PSUs associated with this LTI have been vested.

Clawback clauses are contemplated for both systems.

- 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
<b>Votes cast</b>	90,844,293	63.52%

	Number	% of votes cast
<b>Negative votes</b>	3,153,659	3.47%
<b>Votes in favour</b>	86,740,810	95.48%
<b>Blank votes</b>	0	0%
<b>Abstentions</b>	949,824	1.05%

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

The Board of Directors determined the exact amount to be paid within the limit approved at the General Meeting, as well as the specific remuneration of the 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 within the framework of the bylaw-mandated remuneration scheme, as described in section B.1.1.

The Board of Directors approved a 10% increase to the remuneration of the directors in their capacity as such (including the remuneration of the Chairperson of the Board of Directors) and maintained the remuneration for the members and chairpersons of the Board's Committees with effect from 24/02/2022. The total remuneration received by the directors in their capacity as such during financial year 2022 was EUR 951,831.

The members of the Board of Directors therefore received the following annual fixed remuneration in their capacity as such in financial year 2022:

- Chairperson of the Board of Directors: EUR 271,205.
- Members of the Board of Directors other than its Chairperson: EUR 65,089.
- Chairperson of any Board Committee: EUR 30,000 per Committee.
- Members of any Board Committee other than its Chairperson: EUR 20,000 per Committee.

It is stated for the record that the proprietary directors (there are currently none and none are expected to join), the former CEO and the Executive Director did not receive any remuneration for their position on the Board of Directors or membership of any of its Committees.

Therefore, when comparing the fixed components accrued and consolidated by the directors in their capacity as such in 2022 as opposed to 2021, the fixed components accrued and consolidated in 2022 increased compared to 2021 due to the increase in remuneration in 2022.

The relative proportion of the fixed components of each director in terms of the total remuneration of the directors in their capacity as such was as follows: Mr Christopher Cole 31.6% (decreasing from 33.4% in 2021), Mr Ernesto Mata 8.9% (decreasing from 9.5% in 2021), Mr Nicolás Villen 10% (decreasing from 10.7% in 2021), Ms Cristina Henriquez 8.9% (decreasing from 9.5% in 2021), Ms M<sup>a</sup> Jose Esteruelas 11% (increasing from 9.8% in 2021), Ms Essimari Kairisto 8.9% (decreasing from 9.1% in 2020), Ms Marie-Françoise Damesin 9.5% (increasing from 1.2% in 2021) and Mr Brendan Connolly 11% (increasing from 1.5% in 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.

The salary accrued and consolidated in financial year 2022 for the former CEO corresponds to what was agreed at the General Shareholders' Meeting in the Remuneration Policy (i.e., EUR 750,000), calculated until his resignation on 27/06/2022 (i.e., EUR 368,750), which is lower than the salary accrued and consolidated in financial year 2021 due to his resignation during the financial year. The benefits correspond to what was agreed at the General Shareholders' Meeting in the Remuneration Policy (i.e., a maximum amount of EUR 112,500), calculated until his resignation on 27/06/2022 (i.e., a maximum amount of EUR 55,312.50), which decreased compared to financial year 2021 due to his resignation during the financial year (although it had increased as a result of the new Policy approved in 2022).

In turn, following his resignation as a director and until the termination of his senior management contractual relationship with the Company, the former CEO accrued and consolidated the following salary in financial year 2022 for the performance of senior management duties: annual fixed remuneration of EUR 381,250 in cash, and other benefits in kind up to a maximum amount of EUR 57,187.50.

Likewise, the salary of the current Executive Director accrued and consolidated in financial year 2022 was pro-rated on the terms of the Policy approved in 2022 until his appointment as CEO (after his position as CFO), (i.e., EUR 482,000, which is higher than the salary accrued and consolidated in financial year 2021 due to the new Policy approved in 2022 and his new appointment as CEO. The benefits accrued and consolidated in financial year 2022 were pro-rated, on the terms of the Policy approved in 2022 until his appointment as CEO (in his position as CFO), and following his appointment as CEO, on the terms of his new contract as reflected in the amended Policy submitted for approval at the 2023 General Shareholders' Meeting (i.e., a maximum amount of EUR 72,300.34), which increased compared to financial year 2021 due to the new Policy approved in 2022 and his new appointment as CEO.

**B.7** Explain the nature and main features of the variable components of the remuneration schemes 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 schemes 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.

<b>Explain the short-term variable components of the remuneration schemes</b>
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There were only short-term variable remuneration components in favour of the former CEO and the current Executive Director. These components consist of an annual variable remuneration scheme approved in 2022.

This variable remuneration scheme has the following terms and conditions, 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 2022.

Annual variable remuneration:

The annual variable remuneration of the former CEO and the current Executive Director consisted of an annual variable amount, payable in cash and through the award of rights over Applus shares known as restricted stock units ("**RSUs**"), linked to the achievement of targets (55% for adjusted operating profit (AOP), 30% for the Group's adjusted operating cash-flow (AOCF) and 15% for four ESG targets). The ESG are described below.

The Company believes that these metrics can provide additional information regarding the evaluation of the Group's financial performance and liquidity and that they are aligned with the indicators commonly used by analysts who cover the Company's industry and investors.

The approved AOP target for 2022 was EUR 186,142 thousand (at the applicable exchange rate), the AOCF was EUR 221. EUR 221,282 thousand (at the applicable exchange rate) and the ESG targets were: (i) 3.75% Diversity (% of vacancies and new hires, of Group senior management positions -Management Tier 1 and Tier 2 - and Corporate positions - approved from 1 January 2022- filled by women in 2022); (ii) 3.75% Health and safety (frequency of injuries resulting in sick leave - number of injuries resulting in sick leaves; fatal accidents, permanent disabilities and work days lost- per 200. 000 working hours in 2022; (iii) 3.75% Code of Ethics training (% of registered employees who have completed their Code of Ethics training - introduction and refresher - in 2022; (iv) 3.75% Decarbonisation (number of tonnes of CO2 equivalent - tCO2 eq - emitted in 2022 - scopes 1 and 2). CO2 equivalent emissions are understood as greenhouse gases (GHG) produced, directly or indirectly, and released into the atmosphere from the company's activities. Scope 1 emissions are direct GHG emissions that occur from sources controlled or owned by an organisation. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling). The target payment shall be calculated as a linear interpolation between the target (100% target payment) and the maximum threshold (200% target payment) or as a linear interpolation between the target (100% target payment) and the minimum threshold (50% target payment). The ESG targets have been calculated taking into account the perimeter as at 1 January 2022. Acquisitions are not included.

The different thresholds for (i) diversity; (ii) H&S; (iii) decarbonisation; and (iv) Code of Ethics training targets are as follows. The minimum thresholds are 25%, 0.95%, 58.695 and 95%, respectively. The target corresponding to 100% of the payout is 30%, 0.92%, 55,900tCO2 (scope 1 and 2) and 97%, respectively. The maximum threshold corresponding to 200% of the payout is 35%, 0.89%, 53.105 and 99%, respectively.

In the case of the former CEO, the variable amount would increase by 2% for each 1% increase above the targets and decrease by 5% for each 1% decrease below the targets. The target base for the variable remuneration was set at 80% of the fixed cash remuneration with a maximum amount of 150% of the target base, with the possibility of 200% achievement for each target, and a minimum amount of EUR 0. In terms of the Executive Director, the variable amount would increase by 2% for each 1% increase above the targets and decrease by 5% for each 1% decrease below the targets. The target base for the variable remuneration was set at 70% of the fixed cash remuneration with a maximum amount of 150% of the target base, with the possibility of 200% achievement for each target, and a minimum amount of EUR 0. In addition, the former CEO and the Executive Director received 37.5% of their annual variable remuneration for 2022 in the form of RSUs (the remaining 62.5% was in cash). The bonus payout accrued in 2022 (which will be paid in February 2023) measured according to the parameters of the remuneration scheme was 118.9%: i) 104,5% fulfilment of the adjusted operating profit, entitling to a 109.1% payout on this target (ii) 103.7% of adjusted operating cash flow compliance which entitles to a 107.3% payout on this objective and 200% payout related to the achievement of three of the four ESG objectives (diversity, code of ethics and H&S) and 111.41% payout related to the achievement of the decarbonisation objective. In addition, the Executive Director received 37.5% of his annual variable remuneration for 2022 in the form of RSUs.

The actual amount of the annual variable remuneration was approved by the Board of Directors upon a proposal from the ARC, which was responsible for assessing in detail the degree of achievement of the targets with a sufficient verification thereof. Concerning such verification, the adjusted operating profit and adjusted operating cash flow were taken based on Applus' annual accounts after their preparation, review and reporting by the Company's auditor, as well as the requirements and verifications that the NRC deemed appropriate for the ESG targets. The assessment found the achievement of the adjusted operating profit target, the adjusted operating cash flow target and the ESG targets for 2022.

The average Applus share price in the 60 days preceding the date of award of the RSUs was taken into account to determine the number of RSUs to be delivered. RSUs are awarded each year on the day on which the Board approves the annual results of Applus and the amount of the annual variable remuneration. Specifically, the RSUs corresponding to financial year 2022 were awarded in February 2023.

Each RSU will vest for one Applus share and 30%, 30% and 40% of the RSUs will vest after one, two and three years respectively following their award date, subject to remaining in employment at the vesting date (30% of the RSUs for 2022 will vest for shares in February 2024, another 30% in February 2025 and the remaining 40% in February 2026).

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 that ceases to be a member of the Applus Group or relating to a business or part of a business that is transferred to a person or entity who is not a member of the Applus Group; and (c) any dismissal 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 (defined as (i) a merger, consolidation, acquisition or other transaction as a result of which securities carrying more than 50% of the total combined voting rights 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 the change of control; (ii) the sale, transfer or other disposal of all or substantially all of the Company's assets as part of the complete liquidation or dissolution of the Company; or (iii) the acquisition by a third party (natural or legal person), either individually or acting in concert with others, of a controlling interest in the Company under article 4 of Royal Decree 1066/2007 of 27 July 2007 on takeover bids in its applicable form at any time), then all RSUs awarded under the RSU plan that have not accrued on the date on which the event takes effect would automatically accrued on that date. In the event of a change of control, the accrued RSUs would be settled by a cash payment on the date of the change of control.

If inaccuracies in the information used as a basis to award the variable cash remuneration and the RSUs were established by a certified auditor and confirmed by the Board of Directors, the Company would have the right, for three years following 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 pursuant to accrual of the RSUs, as applicable, actually received as a result of such inaccuracies.

Upon a favourable proposal from the ARC, the Board could increase the result of the mathematical calculation of annual variable remuneration if (i) it is duly justified, (ii) the increase will be for a maximum amount of 50% of the target base (in cash and RSUs) and (iii) the final total amount of the annual variable remuneration after any increase will not exceed the target base (in cash and RSUs). This decision would be published *ex-post* annually in the Annual Remuneration Report. This capacity shall not apply to the annual variable remuneration accrued in 2022.

#### **Explain the long-term variable components of the remuneration schemes**

The former CEO and the current Executive Director were the only members of the Board entitled to long-term variable remuneration approved at the 2016 General Shareholders' Meeting.

This incentive plan has the following terms and conditions, 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 2022.

#### Long-term incentive plan:

The long-term incentive plan (which started in 2016 under the then-applicable Remuneration Policy) means that the former CEO and the Executive Director will receive performance stock units ("**PSUs**") annually, each one of which will vest as one share in the Company three years after the award date based on the level of achievement of certain parameters.

The targets of the long-term incentive plan were reviewed and updated in light of the targets and challenges established in the 2022-2024 strategic plans, feedback from investors and proxy-advisors and Applus' ESG commitments. The amounts of the long-term incentive for the former CEO and the Executive Director were also updated following the remuneration report prepared by Mercer Consulting in 2021, taking into account salary benchmarking, the need to retain and motivate them and the new strategic targets incorporated for purposes of achievement of the incentive. The targets established for purposes of achievement of the long-term incentive for the former CEO and the Executive Director were the same targets established for the senior managers who are also entitled to receive this incentive.

Under this plan, the former CEO received PSUs annually for an amount in principle equivalent to 90% of his fixed remuneration (EUR 675,000) and the Executive Director received PSUs annually for an amount in principle equivalent to 50% of his fixed remuneration (EUR 180,000), although those amounts might ultimately fluctuate depending on the level of achievement of the parameters referred to below. The number of accrued PSUs would have a value ranging from 0% to 150% of the target number of PSUs, depending on the level of achievement of the targets. However, it was possible for each LTI target to represent an achievement value ranging from 0% to 200%.

The value of each PSU is equivalent to the Company's average share price in the 60 days preceding the PSU award date. PSUs are awarded each year on the day the Board of Directors approves Applus' annual results. It was possible to adjust the number of PSUs to be awarded to the former CEO and the Executive Director during each financial year if their fixed remuneration was amended. However, the day on which the Board of Directors approves the results of the relevant year is taken as the day on which the additional PSUs are awarded.

The PSUs awarded in each financial year would be converted into shares within three years from the date of award if the targets described below are achieved. The number of PSUs to be converted would have a value ranging from 0% to 135% of the fixed remuneration of the former CEO and between 0% and 75% of the fixed remuneration of the Executive Director, depending on the level of achievement of such targets during the three years before conversion, so that such conversion corresponds to professional performance 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 2022 incentive plan, and to perform a sufficient verification of such compliance, the ARC asked PWC to provide an independent report evaluating the TSR benchmark, and also 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 would 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 is compared to an unweighted index made up of a group of eight comparable companies within the inspection and certification industry. These companies are SGS, Bureau Veritas, Intertek, Eurofins Scientific, Core Laboratories, ALS, Team Industrial Services, Mistras. The Board of Directors could amend the group of companies used to determine the LTI, subject to approval and communication of the relevant amendment before the award of the relevant LTI. The index is the result of calculating the annualised TSR based on the average TSR of the eight comparable companies.

This parameter would represent 40% of the total number of PSUs awarded each year.

Out of this 40%, 50% of the PSUs would be converted into shares if the annualised TSR figure for Applus was equal to the index and 200% of the PSUs would be converted into shares if that annualised Applus figure was cumulatively 5% per annum higher than the index. Between the index value and the TSR value providing entitlement to conversion into shares of 200% of the PSUs, the conversion would be made according to a linear interpolation between these two values. As a result, 100% of the PSUs would vest if Applus' annualised TSR result was cumulatively 1.67% per annum higher than the index.

If the TSR figure was below the index, no PSUs would accrue in respect of this target. For the 2019-2021 period, 0 PSUs vested for this parameter.

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

This target would represent 60% of the total number of PSUs awarded each year.

The Board of Directors would establish specific thresholds for this parameter, and the target PSUs would be converted into shares upon achievement thereof. The maximum number of PSUs that could be converted into shares was 200% of the target PSUs.

If the EPS figure was below the threshold for entitlement to conversion of 60% of the PSUs into shares, no PSUs would vest in respect of this parameter. The evaluation of the EPS target for this period was 200%, were vested for 120% PSUs of the LTI.

The ESG and ROCE targets would be communicated *ex-post* in the Annual Remuneration Report. However, those targets for the 2022-2024 LTI were those already communicated with the strategic plan and together with the Policy.

The evaluation of all the targets under the incentive plan would be included in the Annual Remuneration Report.

The Company believes that these metrics can provide additional information regarding the evaluation of the Group's financial performance and liquidity and that they are aligned with the indicators commonly used by analysts who cover the Company's industry and investors.]

If the contractual relationship between the Participant and the Group ends in any of the following circumstances: (i) *mortis causa*; (ii) permanent disability; (iii) retirement; (iv) the Participant having a position or employment at a company that ceases to be a member of the Applus Group or relating to any business or part of a business that is transferred to a person or entity who is not a member of the Applus Group; or (v) any termination of contract 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, then the Appointments and Remuneration Committee will establish the number of shares accrued on the following terms: (a) performance conditions will be deemed 100% fulfilled; and (b) a pro-rated reduction will be applied in respect of the relevant number of shares, based on the period elapsed between the award date and the date of that termination in relation to a three-year period.

Similarly, in the event of a change of control (defined as (i) a merger, consolidation, acquisition or other transaction as a result of which securities carrying more than 50% of the combined voting rights 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 the change of control; (ii) the sale, transfer or other disposal of all or substantially all of the Company's assets as part of the complete liquidation or dissolution of the Company; or (iii) the acquisition by a third party (natural or legal person), either individually or acting in concert with others, of a controlling interest in the Company under article 4 of Royal Decree 1066/2007 of 27 July 2007 on takeover bids in its applicable form at any time), then the Appointments and Remuneration Committee would notify the Participant, as soon as practicable after becoming aware of said circumstance or any relevant proposal, that all the PSUs would be automatically subject to early accrual on the date of the change of control, in the event that they have not yet accrued. In the event of a change of control, the accrued PSUs would be settled in cash on the date of the change of control.

The accrued PSUs would not be reduced in proportion to the time elapsed since the date of their award and the performance conditions would be deemed 100% fulfilled. If the Participant lost their status as a director or employee of the Group upon the change of control, the change of control rule would be applied.

If inaccuracies in the information used as a basis to award the PSUs or shares pursuant to accrual of PSUs were established by a certified auditor and confirmed by the Board of Directors, the Company would be entitled, for a period of three years after the award of the PSUs or the accrual of the PSUs respectively, to claim the amount (net of any withholding tax or levy) of the PSUs and the net amount of the shares accrued under the PSUs, as applicable, actually received as a result of such inaccuracies.

- 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.

There was no reduction or reclaiming of any accrued variable component in financial year 2022, 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.

The former CEO of the Company was entitled to receive an annual pension plan contribution under the provisions of the Remuneration Policy. The pension plan is a defined contribution system whose annual amount is the difference between 15% of the director's annual fixed cash remuneration and the amount of benefits actually received during the financial year. The former CEO was able to choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wanted to reduce his fixed remuneration to invest the same amount in a pension plan. The only limitation or restrictive condition for the enjoyment of the pension plan by the executive director is that it must be implemented in accordance with applicable Spanish law. 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 current Executive Director had the option of receiving an annual contribution to his pension plan during the financial year, which would have a maximum total cost equal to 15% of his fixed remuneration, also choosing each year the amount to allocate to each benefit, including the aforementioned pension plan, in any event subject to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wanted to reduce his fixed remuneration to invest the same amount in a pension plan. The pension plan was configured as a defined contribution system and the only limitation or restrictive condition for its enjoyment is that it must be implemented in accordance with applicable Spanish law. 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 2022 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.

In addition to its remuneration-related obligations, Applus committed to the following payments, indemnities and covenants vis-à-vis the former CEO and the Executive Director:

- (i) Exclusivity: The former CEO and the Executive Director had an exclusivity obligation vis-à-vis the Company as described in the following sub-section, which was not specifically remunerated.

- (ii) Termination: The former CEO and the Executive Director were 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 the former CEO and the Executive Director or the Company failed to comply with the notice period (six months), the other party would be entitled to compensation equivalent to the fixed remuneration of the former CEO and of the Executive Director for the duration of the breached notice period.

- (iii) Post-contractual non-compete: The former CEO and the Executive Director were not to engage in competition with the Company or any company of the Applus group. The non-competition undertaking from the former CEO and the Executive Director had a duration of two years from the termination of their respective contracts. In return, the former CEO and the Executive Director would 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. After the termination of the contract of the then CEO, he began to receive this compensation. This amount would be reduced by any amount that the Company is required pay to the former CEO and the Executive Director as statutory indemnity (which may arise from the application of the corresponding legal rule) for the termination of the contract, so that the total amount to be received by the former CEO and the Executive Director after the termination of the contract is in no case more than twice the annual fixed remuneration received in the last year before the termination of the contract. If the former CEO and the Executive Director breached this commitment and competed with the Company or any group company, they would have to return the amounts paid by the Company in compensation for the non-compete covenant. Termination payments for the former CEO and the Executive Director complied with the provisions of the Good Governance Code for Listed Companies and protected the Group through a two-year post-contractual non-compete agreement.

In January 2023, the former CEO, Mr Fernando Basabe, leaves the Company, receiving in that year the cash amount of the accelerated vesting of the outstanding RSUs, the cash payout of the bonus accrued in 2022 in accordance with the fulfilment of the established performance conditions, the vesting of the number of PSUs of the 2020-2022 long-term incentive that accrue in accordance with the established performance conditions and the associated dividends. In 2024 and 2025, a number (or none) of the long-term incentive PSUs would vest in accordance with the terms agreed between Mr Fernando Basabe and the Company.

- 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.

During financial year 2022, upon the approval of the new Policy, the terms and conditions of the CEO were, in addition to those relating to remuneration in accordance with the relevant parts of sections A.2 and B.2, are as follows:

- (i) Term: the contracts of the former CEO and the Executive Director were indefinite but could be terminated for any reason and at any time, with no indemnity for termination. The reason for this is that any statutory sum payable for termination would be discounted from the non-compete payment keeping this agreement fully in force. This clause was approved as part of the non-compete provisions between the Company and the former CEO and the Executive Director.
- (ii) Exclusivity: while performing executive duties, the former CEO and the Executive Director were not to 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 discretion of the relevant executive director or of the Company, subject to written notice being provided to the other party (six months). If an Executive Director or the Company failed to comply with the notice requirement, the other party would have the right to receive compensation equivalent to the fixed remuneration of the executive director in concerned corresponding to the duration of the unobserved notice period.
- (iv) Post-contractual non-compete: see above. Competition would be interpreted as the provision of any type of service, on one's 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 would be interpreted as any activity which, at the time of termination of the contract of the former CEO or the Executive Director, is being carried on by any group company or which it is planned to commence within the following 12 months. Furthermore, the former CEO and the Executive Director were not to engage or participate in the engagement of employees who, at the time of termination of their contract or within the preceding 12 months, are or have been employed by the Company or any group company. This non-compete agreement was binding, meaning that the Company could not abandon its payment undertakings and the former CEO and the Executive Director could not compete and waive their right to be paid.
- (v) Shareholding retention: the former CEO and the Executive Director would hold 1/3 of the net number of shares that they received each year, by way of vesting of all RSUs and PSUs, until they accumulated a number of shares whose value (calculated with the value of the shares on the award date) was equal at least to twice their net fixed remuneration. Thereafter, they would hold shares with a value corresponding at least to twice their net fixed remuneration. This commitment would cease in the event of termination of their services to the Group or in the event of a change of control.
- (vi) Supplementary pension or early retirement schemes: the former CEO and the Executive Director would not have supplementary pensions or early retirement schemes, but they would be entitled to the Company's pension plan contributions under the terms described in section A.1.1.

The Executive Director's contract will contain the conditions set out in sections A.1.8 and A.1.9 above and his remuneration will be as set out in sections A.1.1 and A.1.2.

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

The directors did not provide services other than those inherent to their position in financial year 2022, and therefore no additional remuneration was 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.**

No remuneration has accrued for these items and no obligation of this nature was assumed in financial year 2022.

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

Remuneration in kind is reserved to the former CEO and the Executive Director. Under the Remuneration Policy, the former CEO would receive other benefits with a maximum cost equal to 15% of the annual fixed remuneration in cash. In addition, each year the Company would contribute an amount equal to the difference between the aforementioned 15% of the Executive Director's fixed remuneration and the cost of the benefits actually received in that year to the Executive Director's pension plan. The former CEO was able to choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wanted to reduce his fixed remuneration to invest the same amount in a pension plan.

Under the provisions of the Remuneration Policy, the Executive Director would receive other benefits with a maximum cost equal to 15% of his annual fixed cash remuneration, which might include, among other items, a pension plan contribution of his choice. The Executive Director was able to choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wanted to reduce his fixed remuneration to invest the same amount in a pension plan.

In financial year 2022, the former CEO accrued benefits as remuneration in kind in his position as CEO until his resignation on 27/06/2022, with a total cost of benefits received of EUR 55,312.50, including an amount of EUR 39,646.50 destined towards pension plan contributions. In turn, following his resignation as a director and until the termination of his senior management contractual relationship with the Company, he accrued benefits as remuneration in kind with a total cost of EUR 57,187.50, including EUR 36,259.50 destined towards pension plan contributions. The 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 financial year 2022, the Executive Director accrued benefits as remuneration in kind, prorated until his appointment as CEO (in his position as CFO under the Policy approved in 2022) and following his appointment as CEO, on the terms of his new contract as reflected in the amended Policy that is submitted for approval at the 2023 General Shareholders' Meeting, with a total cost of benefits received of EUR 72,300.34. 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, and a gross amount of EUR 1,500 to the Executive Director's pension scheme.

- 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.

No such payments were made in financial year 2022.

- 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.

During financial year 2022, the former CEO accrued a cash supplement of EUR 7,134 corresponding to a cash payment linked to the benefits to bring the currently received benefits into line with the agreement reached at the time the former CEO was hired. This supplement is associated with the corresponding benefits, and it would not be received if said benefits disappeared. This cash amount of EUR 7,134 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 former CEO, excluding pension scheme contributions.

Similarly, a cash supplement of EUR 49,689.63 accrued to the Executive Director during financial year 2022, corresponding to a cash payment which constitutes part of the 15% fixed remuneration to be received as benefits. This supplement is linked to the corresponding benefits, and would not be received if these benefits disappeared. This cash amount of EUR 49,689.63 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, excluding pension scheme contributions.

**C** DETAILS OF INDIVIDUAL REMUNERATION CORRESPONDING TO EACH DIRECTOR

<b>Name</b>	<b>Classification</b>	<b>Accrual period t</b>
<b>Fernando Basabe Armijo</b>	Executive	From 01/01/2022 to 27/06/2022
<b>Joan Amigó Casas</b>	Executive	From 01/01/2022 to 31/12/2022
<b>Christopher Cole</b>	Independent	From 01/01/2022 to 31/12/2022
<b>Ernesto Gerardo Mata López</b>	Other external	From 01/01/2022 to 31/12/2022
<b>Nicolás Villén Jiménez</b>	Independent	From 01/01/2022 to 31/12/2022
<b>María Cristina Henríquez de Luna Basagoiti</b>	Independent	From 01/01/2022 to 31/12/2022
<b>Maria José Esteruelas Aguirre</b>	Independent	From 01/01/2022 to 31/12/2022
<b>Essimari Kairisto</b>	Independent	From 01/01/2022 to 31/12/2022
<b>Marie-Françoise Madeleine Damesin</b>	Independent	From 01/01/2022 to 31/12/2022
<b>Brendan Wynne Derek Connolly</b>	Independent	From 01/01/2022 to 31/12/2022

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

**Remuneration from the company covered by this report:**

**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	369	713	16	0	7	1,105	1,147
Joan Amigó Casas	0	0	0	482	273	2	0	50	807	376
Christopher Cole	271	0	30	0	0	0	0	0	301	280
Ernesto Gerardo Mata López	65	0	20	0	0	0	0	0	85	80
Nicolás Villén Jiménez	65	0	30	0	0	0	0	0	95	90
María Cristina Henríquez de Luna Basagoiti	65	0	20	0	0	0	0	0	85	80
Maria José Esteruelas Aguirre	65	0	40	0	0	0	0	0	105	82
Essimari Kairisto	65	0	20	0	0	0	0	0	85	80
Marie-Francoise Madeleine Damesin	65	0	25	0	0	0	0	0	90	10
Brendan Wynne Derek Connolly	65	0	40	0	0	0	0	0	105	12

## Comments

The accrued remuneration for the year t-1 includes the increase in remuneration approved by the Board of Directors effective from 24 February 2022 of 10% of the remuneration of the directors in their capacity as such (including the remuneration of the Chairperson of the Board of Directors), maintaining the remuneration for the members and chairpersons of the Committees of the Board.

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 Fernando Basabe Armijo left the Board on 27 June 2022.

Additionally, Mr Joan Amigó Casas was appointed CEO effective from 28 June 2022, which has been taken into account in establishing his remuneration for financial year 2022 as explained in the foregoing sections. Ms Marie-Françoise Madeleine Damesin changed from member to chairperson of the Appointments and Remuneration Committee after her appointment effective from 1 July 2022.

Under the long-term incentive plan, in February 2022 Mr Fernando Basabe Armijo and Mr Joan Amigó received economic benefits equal to the value of the dividends that would have been paid on the gross PSUs awarded in 2019 vested in 2022, i.e. EUR 16,212.90 and EUR 2,102 respectively.

Mr Fernando Basabe Armijo, during his time as a director, and Mr Joan Amigó received a cash supplement included in the cost of the benefits actually received (EUR 7,134 and EUR 49,689.63, respectively).

i) 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				Instru- ments mature but not exercised	Financial instruments at end of financial year t		
		No. of instrument s	Equivalent no. of shares	No. of instru- ments	Equiva- lent no. of shares	No. of instru- ments	Equivalent/conso- lidated no. of shares	Price of consolid- ated shares	Net Return on consolid- ated shares or financial instru- ments (thousan- ds of €)	No. of instru- ments	No. of instru- ment s	Equivalent no. of shares	
Fernan- do Basabe Armijo	Annual variable remunera- tion scheme	66,539	66,539	0	0	0	0	0	0	0	0	46,630	46,630
	Long- term incentive plan	137,348	137,348	54,770	54,770	0	0	8,216	0	0	0	147,082	147,082

Joan Amigó Casas	Fixed remuneration	17,804	17,804	7,100	0	0	0	8,216	0	0	19,066	19,066
	Annual variable remuneration scheme	27,572	27,572	25.116	25.116	25.116	25.116	6,531	164	0	44.675	44.675
	Long-term incentive plan	17,805	17,805	76,932	76,932	0	0	8,216		0	0	88,899

#### Comments

During the period that he was a director in financial year 2022, Mr Fernando Basabe Armijo accrued 54,770 PSUs under the long-term incentive plan, delivered in 2022 and subject to a three-year consolidation period. In addition, in February 2022 19,909 RSUs related to variable remuneration awarded in 2019, 2020 and 2021 vested (although the Applus shares were delivered net of taxes (i.e., 10,751 shares)), and 54,043 out of the gross 45,036 PSUs awarded in 2019 within the framework of the long-term incentive plan were also consolidated.

During financial year 2022 taking into account the period that he was CFO and Executive Director, the current Executive Director accrued: (i) 7,100 RSUs relating to fixed remuneration delivered in 2022, which were consolidated in financial year 2022; (ii) and 76,932 PSUs under the long-term incentive plan delivered in 2022, which have a three-year consolidation period. Additionally, in February 2022 5,838 RSUs relating to fixed remuneration awarded in 2019 vested (although the Applus shares were delivered net of taxes (i.e., 3,288 shares)), 8,013 RSUs relating to variable remuneration awarded in 2019, 2020 and 2021 vested (although the Applus shares were delivered net of taxes (i.e., 4,517 shares)), and 7,006 of the 5,838 PSUs awarded in 2019 within the framework of the long-term plan vested; the latter were also consolidated.

The price of the consolidated shares was: (i) EUR 8.216 for the RSUs relating to the fixed remuneration of the then CFO and for the PSUs awarded in 2019 that vested in 2022; and (ii) EUR 6,531 for the RSUs relating to variable remuneration (delivered in February 2023).

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.

### Long-term savings schemes

	Remuneration for consolidation of savings scheme rights
Fernando Basabe Armijo	40
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	40	43	0	0	204	0	164
Joan Amigó Casas	2	2	0	0	88	0	86	0

**Comments**

Mr Fernando Basabe, in proportion to the period during which he was a director, and Mr Joan Amigó i Casas, taking into account the period during which he was CFO and Executive Director, received a pension plan contribution within the framework of the benefits received during the financial year, without prejudice to the provisional contribution received by Mr Fernando Basabe after his resignation as a director on 27 June 2022 in respect of his retention as a senior manager.

**Details of other items**

Name	Item	Remuneration amount
Fernando Basabe Armijo	Cost of benefits in kind: total cost of benefits actually received with pro-rated cost EUR 55,312.50 – cash amount associated therewith EUR 7,134 – contribution to the retirement plan EUR 39,646.50.	9
Joan Amigó Casas	Cost of benefits in kind: total cost of benefits actually received EUR 72,300.34 – cash amount associated therewith EUR 49,689.63. – contribution to the retirement plan EUR 1,500	21

**Comments**

Mr Fernando Basabe, in proportion to the period during which he was a director, and Mr Joan Amigó i Casas, taking into account the period during which he was CFO and Executive Director, received cash supplements related to benefits in kind, meaning that the cost of benefits in kind not covered in previous sections (i.e., excluding pension plan contributions) does not include these items, without prejudice to the proportional cash supplement received by Mr Fernando Basabe after his resignation as a director on 27 June 2022 in respect of his retention as a senior manager.

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

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

<b>Name</b>	<b>Fixed remuneration</b>	<b>Attendance fees</b>	<b>Remuneration for membership of board committees</b>	<b>Salary</b>	<b>Short-term variable remuneration</b>	<b>Long-term variable remuneration</b>	<b>Indemnity</b>	<b>Other items</b>	<b>Total financial year t</b>	<b>Total financial year t-1</b>
Fernando Basabe Armijo	0	0	0	0	0	0	0	0	0	0
Joan Amigó Casas	0	0	0	0	0	0	0	0	0	0
Christopher Cole	0	0	0	0	0	0	0	0	0	0
Ernesto Gerardo Mata López	0	0	0	0	0	0	0	0	0	0
Nicolás Villén Jiménez	0	0	0	0	0	0	0	0	0	0
María 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
<b>Comments</b>										

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

**Long-term savings schemes**

**Details of other items**

**a) 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.

Name	Remuneration accrued in the Company					Remuneration accrued in group companies					Company + group total financial year t
	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	
Fernando Basabe Armijo	1,105	0	40	9	1,154	0	0	0	0	0	1,154
Joan Amigó Casas	807	164	2	21	994	0	0	0	0	0	994
Christopher Cole	301	0	0	0	301	0	0	0	0	0	301
Ernesto Gerardo Mata López	85	0	0	0	85	0	0	0	0	0	85

Nicolás Villén Jiménez	95	0	0	0	95	0	0	0	0	0	95
Cristina Henríquez de Luna Basagoiti	85	0	0	0	85	0	0	0	0	0	85
Maria José Esteruelas Aguirre	105	0	0	0	105	0	0	0	0	0	105
Essimari Kairisto	85	0	0	0	85	0	0	0	0	0	85
Marie-Françoise Madeleine Damesin	90	0	0	0	90	0	0	0	0	0	90
Brendan Wynne Derek Connolly	105	0	0	0	105	0	0	0	0	0	105
<b>Total:</b>	2,863	164	42	30	3,099	0	0	0	0	0	3,099

<b>Comments</b>

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.

	<b>Total amounts accrued and % annual variation</b>								
	<b>Financial year t</b>	<b>% variation t/t-1</b>	<b>Financial year t-1</b>	<b>% variation t-1/t-2</b>	<b>Financial year t-2</b>	<b>% variation t-2/t-3</b>	<b>Financial year t-3</b>	<b>% variation t-3/t-4</b>	<b>Financial year t-4</b>
<b>Executive Directors</b>									
Fernando Basabe Armijo	1,154	-20.03%	1,443	-23.12%	1,877	-2.49%	1,925	36.04%	1,415
Joan Amigó Casas	994	79.42%	554	0.00%	554	78.71%	310	N/A	N/A
<b>External Directors</b>									
Christopher Cole	301	7.50%	280	8.11%	259	-10.07%	288	1.41%	284
Ernesto Gerardo Mata López	85	6.25%	80	8.11%	74	-7.50%	80	-4.76%	84
Nicolás Villén Jiménez	95	5.56%	90	8.43%	83	-7.78%	90	4.65%	86
Cristina Henríquez de Luna Basagoiti	85	6.25%	80	8.11%	74	-7.50%	80	0,00%	80
María José Esteruelas Aguirre	105	28.05%	82	10.81%	74	15.63%	64	N/A	N/A
Essimari Kairisto	85	6.25%	80	8.11%	74	27.59%	58	N/A	N/A

Marie-Françoise Madeleine Damesin	90	800%	10	N/A	N/A	N/A	N/A	N/A	N/A
Brendan Wynne Derek Connolly	105	775%	12	N/A	N/A	N/A	N/A	N/A	N/A
<b>Consolidated results of the company</b>	<b>91.463</b>	<b>20,96%</b>	<b>75,617</b>	<b>153.15%</b>	<b>-142,259</b>	<b>-233.07%</b>	<b>106,905</b>	<b>27.96%</b>	<b>83,544</b>
<b>Average employee remuneration</b>	45	9,8%	41	5,13%	39	-11,36%	44	2.33%	43

#### Comments

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

Concerning variations considered significant: For financial year 2019, the 36.04% increase in the remuneration of Mr Fernando Basabe is due to the fact that higher amounts were consolidated than in financial year 2018 under share-based remuneration schemes and resulting gross profit from consolidated shares or financial instruments within the framework of his variable remuneration. For financial year 2020, 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 an executive director, and higher amounts were therefore consolidated than in financial year 2019 under share-based remuneration schemes and resulting gross profit from consolidated shares or financial instruments within the framework of his variable remuneration. Furthermore, the 15.63% and 27.59% increases in the remuneration of Ms María José Esteruelas and Ms Essimari Kairisto are due to the fact that it was their first full year as directors. For financial year 2021, the 23.12% decrease in the remuneration of Mr Fernando Basabe is due to the fact that lower amounts were consolidated than in financial year 2020 under share-based remuneration schemes and resulting gross profit from consolidated shares or financial instruments within the framework of his variable remuneration. For financial year 2022, the 28.05% increase in the remuneration of Ms María José Esteruelas is due to the fact that it was her first full year as a member of the ESG Committee, the 800% increase in the remuneration of Ms Marie-Françoise Madeleine Damesin is due to the fact that it was her first full year as a director and member of the Appointments and Remuneration Committee and that she was appointed chairperson of that Committee on 1 July 2022, and the 775% increase in the remuneration of Mr Brendan Wynne Derek Connolly is due to the fact that it was his first full year as a director and member of the ESG and Appointments and Remuneration Committees. For the 2022 financial year, the 20.3% decrease in the remuneration of Mr Fernando Basabe Armijo is due to the fact that he ceased to be a director during the year.

**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 23 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, non-attendance)	Explanation of reasons

### 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, other results and 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 excluding IFRS 16 lease adjustment. Net adjusted operating profit is proforma acquisitions and disposals, excluding IDIADA Accelerated Depreciation and at 25% tax rate
- **WC**, Working Capital
- **Statutory results**, consolidated results of the Group under IFRS regulation, as shown in the Consolidated Financial Statements.

### **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 2022, the Group held a total of 2,227,423 treasury shares at an average cost of EUR 6.34 per share. The value of these treasury shares totalled EUR 14,117 thousand, which is recognised under “Treasury Shares” in the accompanying consolidated statement of financial position as at 31 December 2022 (see Note 3.x).

At 31 December 2021, the Group held a total of 409,098 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 December 2021 (see Note 3.x).

### **Events after the reporting period**

No events have occurred since 31 December 2022 other than those described in the Note 30 to the accompanying consolidated financial statements.

### **Use of financial instruments**

The Group has previously used to use financial derivatives to eliminate or significantly reduce interest rate and foreign currency risks relating to its assets. The Group does not use derivative financial instruments for speculative purposes.

In 2022 the Group arranged foreign currency derivatives with Spanish banks with a high credit rating. At the end of 2021 the Group had no outstanding financial derivative products.

#### 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.

	2022	2021
	Days	
Average payment period to suppliers	58	60
Ratio of transactions settled	58	61
Ratio of transactions not yet settled	56	49
	Thousands of Euros	
Total payments made	193,178	161,073
Total payments outstanding	19,610	19,610

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 2021).

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 2023.

In accordance with the requirements established in Law 18/2022 of 28 September 2022, which modified Law 3/2004, of 29 December 2004, the Management has proceeded to calculate the number of invoices paid in a period lower than the maximum established in the regulations. As of 31 December 2022, 73,053 invoices were paid for a total of EUR 95,819 thousand. These invoices represent 54% of all the invoices paid during the fiscal year.