

Appplus⁺ / CSR REPORT 2019

Together
beyond
standards



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CSR report summary

The Applus+ Group believe in acting responsibly to generate value in our business operations and within society. This direction drives improvements in our economic performance, helps build trust in our teams, brings direct and indirect benefits to society and increases the trust held by stakeholders and investors.

Our people

To develop our workforce, we focus on training, retaining and attracting highly TALENTED PROFESSIONALS, as well as fostering a DIVERSE, INCLUSIVE AND SAFE ENVIRONMENT, based on equal opportunities for our people.

Our Group currently has a workforce of **23,051 professionals**, distributed across more than 70 countries. Our divisions comprise women and men with a broad diversity of nationalities, cultures, religions and ages.

We are developing specific plans to **promote diversity**, inclusion and equality addressed to women, people with different abilities and ethnic groups. In 2019, we approved the Applus+ *Diversity and Equality Policy* to establish the principles assumed by the Group to be inclusive.

We are convinced that **talented individuals** are the key to long-term sustainability and competitiveness. To support this in 2019, we drew up 137 development plans for individual personnel from the Group's managers in 26 countries, including more than 406 actions. For managers with high potential, the first group of Applus+ managers graduated from the Global Management Development Programme (GMDP) in 2019, and a fresh intake of 29 managers from across the Group joined the second edition of the programme later in 2019. As a consequence of recognising talent, we filled approximately 77.5% of all available management position internally.

Employment engagement was also one of our key areas of focus in 2019. To improve and increase the satisfaction and commitment of our employees, we continued to implement and follow-up the action plans designed after analysing the outcomes of our last employee satisfaction survey.

In 2019, we reduced our accidents rate by almost 10%, and reduced the severity by 26% rate as a result of reinforcing our **best practices in occupational health and safety**, and increasing activities to **raise awareness** throughout the Group, such as the annual Safety Day, specific periodic campaigns, sharing of lessons learned, safety award campaigns, etc.

Stakeholder engagement

To deliver value for our stakeholders, we maintain a continuous DIALOGUE WITH OUR STAKEHOLDERS, which enables the Group to align our business model and sustainability initiatives to their requirements.

During 2019, the Group **continued to strengthen communication channels with** all of our **stakeholders** to inform on our global outlook and address their local expectations.

We develop our **social action** within the local communities where we operate, and promote the autonomy for our local teams to implement specific social-action programmes. The high percentage of local employees (86%) and products or services purchased locally (90%) highlight our commitment to the local communities.

In addition to local workforces, **communities benefit** from our innovation activity through a wide range of projects for developing infrastructures, which contribute to the local, sustainable socio-economic growth within the places the Group operates.

We maintain regular and continual **dialogue with our clients** at all levels, and periodically survey them on their satisfaction to improve our services through their feedback.

To spread our values in local **supply chains and with partners**, we require companies to adhere to our *Code of Ethics* and to follow the Applus+ Group's principles in their behaviour every day, wherever they are in the world.

We set up annual **corporate-governance road shows** to maintain the constructive dialogue held with institutional investors and proxy advisors, in line with our *Policy for Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors*. In 2019, the Group's executives attended 242 meetings and conference calls with investors, at 24 conferences and roadshows, as well as on an ad-hoc basis.

Corporate governance and Business ethics

Integrity, transparency, impartiality and independence and responsibility are the key principles to GOVERN our Group's management and decision making.

In 2019, the **diversity** of the Group's **Board of Directors increased**. Throughout 2019, eight Directors out of ten were independent, 30% were women and the average age was 63.4.

Applus+ has implemented a *Compliance Management System for Criminal Risks* (CMS) to detect and mitigate possible criminal offences. In 2019, we have focused our efforts globally on ensuring that the CMS policies are effectively implemented across all of the four divisions and regions.

Our **Code of Ethics** was updated in 2019, which adapted the policy to the requirements of the new *European General Data Protection Regulation* (GDPR), and included the new policies approved throughout 2018. One hundred percent of our employees were trained in 2019 on the *Code of Ethics* and *Global Anti-corruption Policy*.

In 2019, our Ethics and Compliance **communication channel received 107 notifications**. Out of these, ninety-one were opened for further investigation into potential breaches, of which sixty-two were closed in 2019; and twenty-four breached the *Code of Ethics* and CMS Policies, resulting in some type of correction or disciplinary action.

Innovation

INNOVATIVE solutions for our clients is fundamental to the Applus+ Group's purpose, as are technological advances in TIC processes for more sustainable, safe and environmental-friendly products or industry processes.

We continue to **increase our investment and efforts in innovation** to create technologies that promote safety and quality of life in our society, as well as reduce the carbon footprint.

Applus+ has continued working on initiatives to develop digital technologies and services, in line with the demands of our markets. To coordinate the Group's implementation of digital technologies, we have established a corporate unit to integrate the **digital transformation and lay the foundations for the changes we can deliver in our sectors**.

In 2019, we carried out 200 **innovation projects** that addressed various sustainability goals, with 881 employees involved and devoting about 367,103 working hours. Our innovation process also led to 98 accumulated patents granted by the end of 2019.

Sustainable performance

The Group's sustainable performance is driven by a focus on preventing and minimising the potential impacts on **CLIMATE CHANGE AND THE ENVIRONMENT** caused by our operations, as well as focusing on the services we provide to reduce or mitigate our clients' impacts.

We aim for **reductions in our energy** and **water consumption**, as well as our **GHG emissions**, through specific actions, such as efficient lighting in offices, mobility plans, electric vehicles in our fleet and water reuse at our facilities. In 2019, we have started to offset CO₂ emissions of our business trips by flight. We embed these actions and sustainable behaviours by deploying new awareness campaigns to engage employees on sustainable practices in their day-to-day work.

In 2019, we **reduced our water consumption by 7%, and our electricity consumption decreased on a measure-for-measure basis by 3%**. Our energy intensity rate was 38.8 GJ/No. employees and our intensity of GHG emissions was 2.97 tCO₂/No. employees.

We adapt and extend our **services** progressively to meet the needs of our clients for the **challenges of climate change**. For the first time, in 2019 we report the **Scope 3 GHG emissions** related to business trips by aeroplane, train and taxi, employees commuting and power distribution network. In 2019, we signed an **agreement** with a group of airline companies **to offset** the GHG emissions produced by Spanish employees' business trips by aeroplane.

We have been included into the **FTSE4Good IBEX index**, and we are rated by CDP (formerly known as Carbon Disclosure Project) with a score of B.

01 Letter from the Chairman and the CEO

GRI 102-14



Christopher Cole
Chairman of the Board of Directors



Fernando Basabe
Chief Executive Officer (CEO)

We begin our CSR Report for 2019 with an overview of how the Group's goals for sustainability and responsibility are inherent to the company's growth strategy. The strategy is delivered through **leadership, innovation and technology, and trusted partnerships**.

The Group's CSR policy underlines Applus+ as a leading TIC company at which our people work with **integrity, transparency, impartiality, independence and responsibility**. These values are central to the Group's revised *Code of Ethics* for 2019, and they guide our teams' approach and practice every day to be trusted partners. Advances in technology play a key role in sustainable growth, and the Group dedicated 367,103 working-hours to innovation activities that help deliver the quality, security and safety of products, processes and assets in many industry sectors. In the wider economy, the Group's technical know-how contributes to mitigating the impacts of climate change and energy-transition by delivering TIC expertise across the energy, power and other sectors.

Building on prior years, the Group's strategic priorities for sustainability and responsibility have been delivered under the *CSR Policy*'s five pillars. The policies are formulated within the framework of the UN Global Compact and nine of the SDGs adopted by Applus+. The strategic priorities directly address *Our People, Stakeholder Engagement, Sustainable Performance, Corporate Governance and Business Ethics, and Innovation*.

For our people's progress, the Group's **Leadership Programme** has delivered more than 400 actions in 26 countries, and the second **Global Management Development Programme (GMDP)** has started. This follows the inaugural graduation of the first 29 managers in 2019 to mark their success. To develop the skills and careers of our professionals across the Group, our workforce completed more than 800,000 training hours, and we actioned 645 actions devised from our employee-engagement programmes in 2019 and previous years.

We are committed to the safety and wellbeing of all people involved in our business, and we believe all accidents at work are preventable, however minor. This has resulted in the Group having a low injury rate overall, recording a 10% reduction in our total recordable accidents rate for the third year and equating to 20 fewer people becoming injured.

With **eighty-six percent of our professionals employed locally**, the Group continued to prioritise programmes for diversity, inclusion and equality through training and monitoring across our businesses. This local and diverse workforce has also allowed our people to champion issues in their communities covering a wide range of social, action and inclusion programmes. In 2019, our people in some Divisions participated in Earth Day to raise awareness of environmental issues. The Earth Day movement heralded the original Clean Air act in the USA, under which legislative framework the Group now delivers independent vehicle-emissions testing in different US states, with station equipment and remote technology developed by Applus+ engineers, as well inspection services of oil and gas pipelines to reduce the incidents of leaks, explosions and other environmental catastrophes. We plan to increase the work we do even further to reduce the Group's environmental impacts in 2020.

A local presence and global vision also spreads sustainability practices, so we are pleased to have joined the **FTSE4Good IBEX index** to bring this outlook to where our businesses operate, and in equal measure, to be rated '**B**' with **CDP** (previously known as the Carbon Disclosure Project). These milestones mark a reinforcement in the focus by the company to improve on measuring and reducing the Group's energy consumption and emissions. To push for more in the coming years, the company's plans will set specific targets for reductions in emissions and consumption within our operations.

For the Group's strategic priorities for sustainability in the wider economy, innovation has continued to create and apply new advances that reduce environmental and social impacts in clients' operations. Our TIC services have introduced more sustainable and secure procedures through new digital inspection and mapping methods in energy markets and related sectors.

In renewable energy, low-carbon energy transition is presenting the Group with expansion opportunities for technical services at new solar parks and wind farms. For sustainable and safe progress in the automotive sector, next-generation eco-engines and advanced driver-systems are pushing our teams to innovate equipment and methodologies for homologation and TIC services. The Group's collaboration in the aerospace sector also continued in 2019, supporting different projects for new applications of composite materials to improve aerodynamics and reduce fuel use. In developing economies, our expertise in environmental management and energy efficiency has assisted public authorities and private companies to meet their sustainability and social impact goals. Across the Group's market sectors, the transition to a sustainable, low-carbon economy has demonstrated new opportunities to outweigh the risk going forward.

To develop risk management for the businesses at Applus+, in 2019 the Group launched a new *Policy on Risk Management*, and initiated new plans to monitor and manage emerging risks including cybersecurity. The CSR Committee also continued to implement the *Compliance Management System for Criminal Risk* across the Group to safeguard against public and private corruption. As in the previous year, the company continued to train 100% of new employees in our *Global Anti-corruption Policy and Code of Ethics*, with further training planned across the Group in 2020.

In 2019, the Board also welcomed greater **diversity** in skills, age and gender, as we reached the 2020 goal for women appointments to the Board one year earlier than planned. This accompanies the diversity of the professionals and vocations across the Applus+ Group's teams, and we close with a special acknowledgement for their hard work to deliver our TIC services responsibly.

We will continue with our efforts to make progress in our contributions for a more sustainable, diverse and inclusive world and work. The leadership for this progress comes from us on the Board, and we will make our best efforts to provide support for our people's dedication and development. The trust and the continued support from our shareholders, customers and other stakeholders is also key to making this happen.

02 Applus+ at a glance

GRI 102-2 GRI 102-4

GRI 102-5 GRI 102-6 GRI 102-7

The Applus+ Group is a leading global Testing, Inspection and Certification (TIC) company. We provide innovative TIC services to national and multi-national companies on all continents. With a highly-skilled workforce, our engineers and technicians deploy

technological know-how and advanced processes across a diverse range of industry sectors. We enhance the quality and safety of our clients' assets, infrastructure and products while safeguarding their operations.

 **€1,778M**
Total revenue



70+
Countries

 **23,051**
Employees

 **35**
Training hours /employee



89%
Effective compliance ratio to CNMV's code recommendations



107
Ethics non-compliance notifications
(24 breached the *Code of Ethics* and were addressed and closed)

 **367,103**
Hours invested on innovation



2.97 t CO₂ EQ / EMPLOYEE
GHG emissions intensity



0.03 ML / EMPLOYEE
Water consumption intensity

Capital and Shareholder structure*



River & Mercantile Group P.L.C



Threadneedle Asset Management Limited



Norges Bank



DWS Investment S.A.

*Shareholders with more than 3.0% according to figures notified to the CNMV on 31st December 2019.

Our divisions



 **Revenue €1,059M**
 **Employees 14,641**

ENERGY & INDUSTRY DIVISION

Core Services:

- Inspection
- Non-destructive testing
- Engineering and consulting
- Certification services
- Supervision, Quality Assurance and Quality Control
- Testing and analysis
- Vendor surveillance

Principal Industries: Oil and gas, power, telecommunications, construction, mining and aerospace.



 **Revenue €93M**
 **Employees 1,079**

LABORATORIES DIVISION

Core Services:

- Industrial testing laboratories
- Engineering
- Certification
- Metrology services

Principal Industries: Aerospace, automotive, electronics, construction and information technology.



 **Revenue €385M**
 **Employees 4,555**

AUTOMOTIVE DIVISION

Core Services:

- Statutory vehicle inspections for government programmes
- Driver-testing inspections
- Public-service vehicle inspections
- Off-leasing vehicle inspections
- Vehicle condition, emission and registration inspection
- Road-safety education

Principal Industries: Government and public transport agencies.



 **Revenue €240M**
 **Employees 2,776**

IDIADA DIVISION

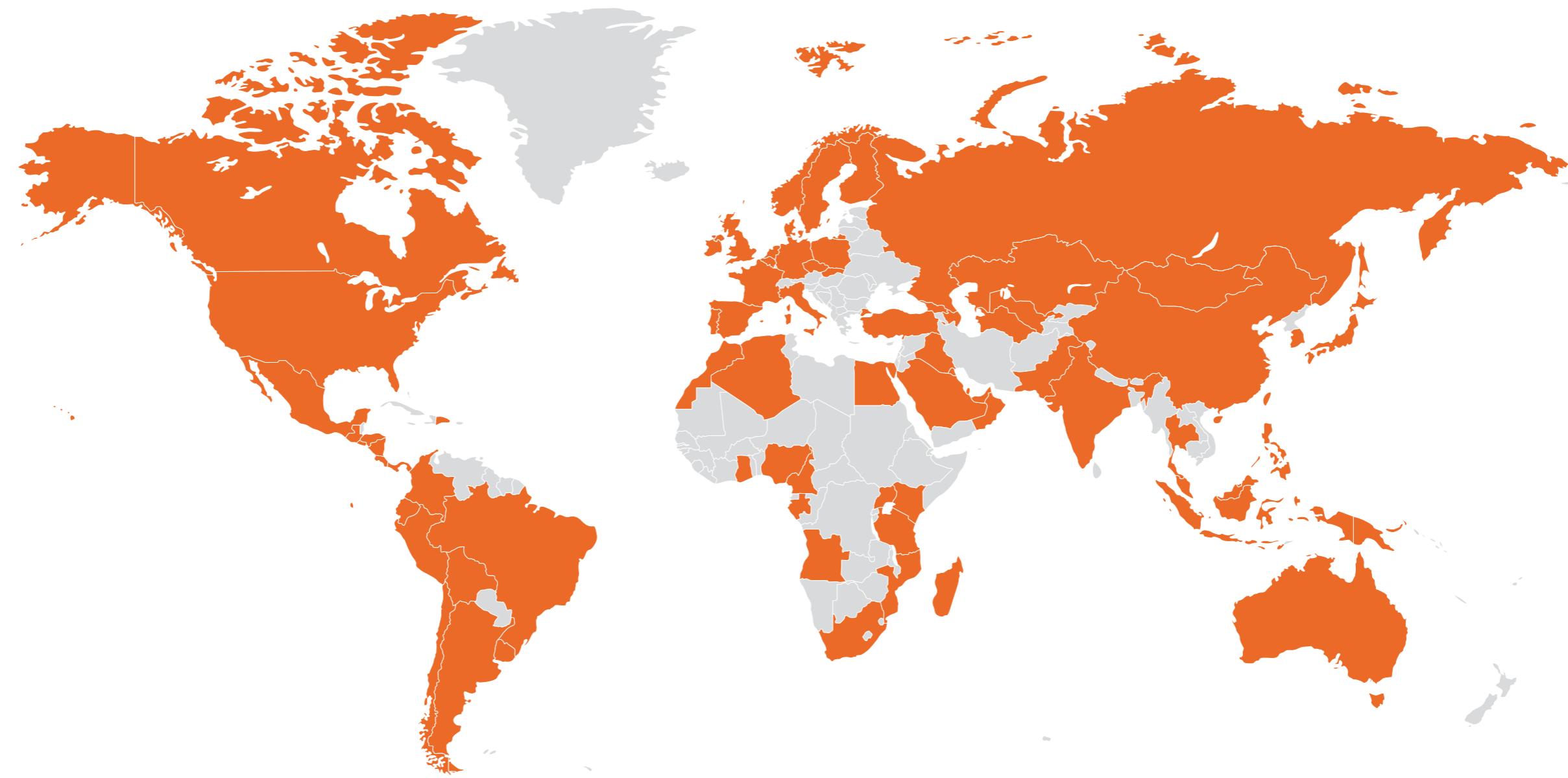
Core Services:

- Testing and engineering services
- Worldwide homologation and product certification
- Proving ground
- Design services

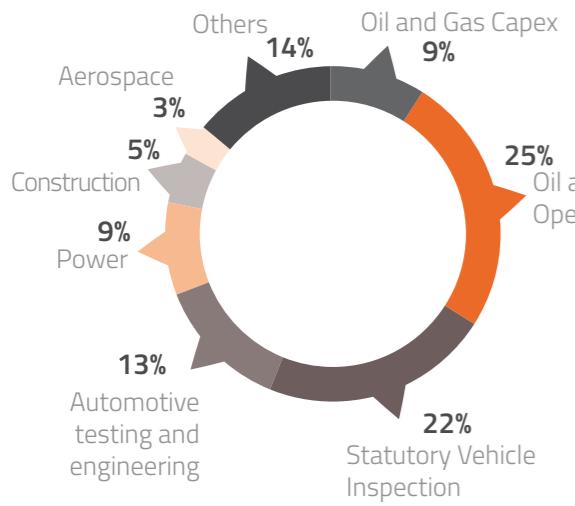
Principal Industries: Automotive.

IDIADA A.T. (80% owned by Applus+ and 20% by the Government of Catalonia) has been operating under an exclusive contract at the 351-hectare technology centre near Barcelona (owned by the Government of Catalonia) since 1999. The contract runs until 2024 and is renewable in five year periods until 2049.

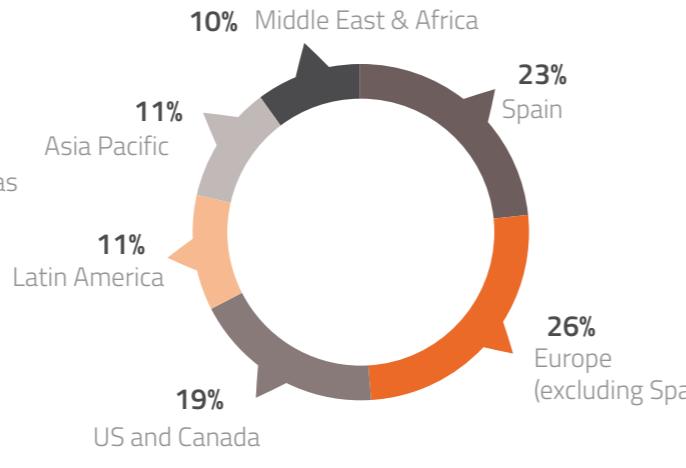
Global presence



Total revenue by industry



Total revenue by region



Employees by region



03 Sustainability approach

GRI 102-16

Group's mission, vision and values

Applus+ develops our approach to sustainability within the Group's overall business strategy and aligned with the company's mission, vision and values.



Group strategy

Progress requires supervision. Our clients require mission-critical services delivered with integrity and impartiality and choose Applus+ as a leading TIC company to support the advances they make.

To maintain leadership in our verticals, the Group prioritises investments in innovation and proprietary technology, which improve our clients' safety and operating efficiencies. Our focus to strengthen this leadership drives our reputation to be a trusted partner for private companies, public entities and regulatory bodies.

THREE-YEAR TARGETS



Revenue



Margin

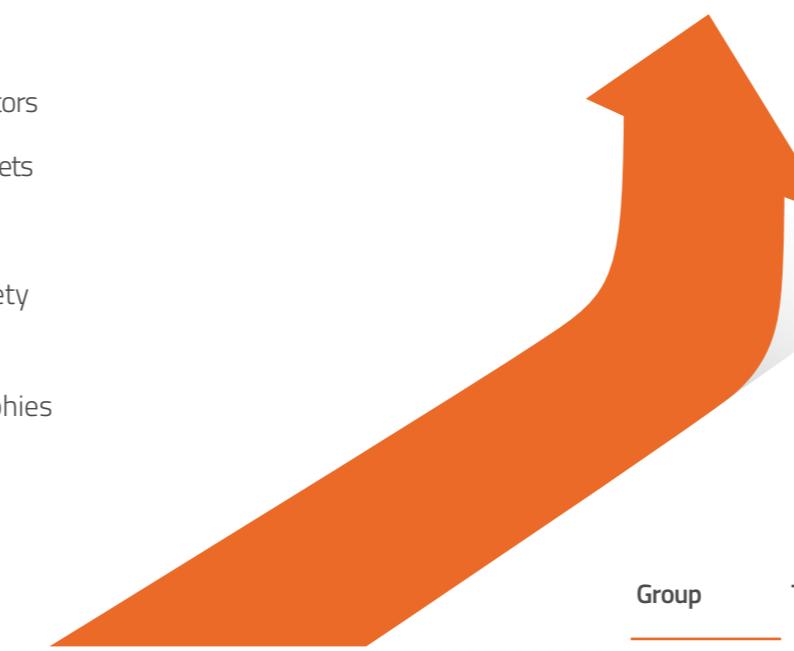


Cash

Leadership: Be market leaders in our verticals



- Testing, inspection, certification in chosen key geographies and market sectors
- Inspection and NDT mission-critical services for oil, gas and power end-markets
- Statutory vehicle inspection across Europe and the Americas
- Automotive proving grounds, homologation services and passive-safety testing facilities
- Laboratory testing and metrology services in Spain and other geographies



Capital Allocation Priorities

Innovation and Technology: Offer the best technical solutions



- Target investment in proprietary technology and know-how
- Deliver technical solutions to reduce risk more efficiently for our clients and the public
- Innovate TIC practices by working with global companies, government legislators and industry associations

Trusted Partner: Build long-term relationships



- Nurture long-term relationships and Master Service Agreements with blue-chip clients
- Provide essential and regulatory-driven mission-critical services cost effectively

Group	Target 2018-2020		Actual 2018-2019 ⁽¹⁾
	Organic Revenue	Annual growth of mid single digit	
Applus+	Adjusted Operating Profit	Margin improvement of 70-100 bps in 2018 and 20-30 in 2019 and 2020	Up 160 bps
	Operating Cash Flow	Cash conversion rate above 70%	70%
	Leverage	Below 3x	2.0x
	Dividends	Maintain dividend at 20% of Adjusted Net Profit	29% ⁽²⁾
	M&A	Acquisition capacity in the range of €150 million per annum	80M€
Outlook for 2020		<ul style="list-style-type: none"> ▪ Mid single digit organic revenue growth at constant FX ▪ Margin to improve 10-30 bps ▪ Additional growth through acquisitions 	

✓ Slightly below ✓ Met ✓✓ Exceed

⁽¹⁾Revenue is average annual growth over 2 years and margins exclude IFRS 16 impact

⁽²⁾Dividend to be proposed to shareholders

The priorities set out in the Group's strategy are based on delivering **responsible and sustainable business**, both in how we manage our operations and in how we contribute to the wider community and the world around us.

As a global company, we are aware our operations touch points in different locations and industries; and the sense of "good business" expects us to act with integrity, thereby consolidating sustainable and responsible business practices.

The initiatives we have set up for sustainable and responsible business practices are developing under the CSR umbrella, and we strongly believe this direction contributes further to generating **long-term value** for the Group, our clients and our **stakeholders**.

Our *CSR Policy* is structured under a global framework based on our Group's values of **integrity, transparency, impartiality, independence and responsibility** to boost CSR management across the organisation and disclose our commitment. We consider this process integral to successfully growing our business and creating sustainable value for all of our stakeholders.

The Group's *CSR Policy* is **developed in line with the Group's strategy**, and our CSR policies to act responsibly underpin our business activities, operations and services:

The Group's **leadership in the TIC sector** is based on:

- The management of our business strives for excellence to provide our clients with the best service, which meets their needs and expectations through ethical, resilient and responsible operations.
- Our professionals' engagement through different initiatives, addressed to foster talent development and sense of belonging and continually improving the effective implementation of our principles for diversity and equality.
- Our involvement in socio-economic development of many countries through our services, promoting the adoption of actions to preserve the environmental wealth around the world.

Our services are based on spearheading technological advances through our Divisions' **innovation** activities. Through this progress, we contribute towards more sustainable development by enabling actions against climate change, progress for local communities and safety advances for citizens.

We develop our services and activities to be recognised for strong social responsibility and business ethics. This focus helps maintains our clients' loyalty and the Group's position as a **trusted partner**.

CSR framework

GRI 102-16

Our commitment to sustainability is channelled through specific goals, supported and deployed by a series of activities structured into **five pillars**. These underpin our reputation and operations and are aligned with nine of the United Nations' Sustainable Development Goals (SDG).

CSR POLICY



1

OUR PEOPLE

- Foster adequate working conditions based on effective Health and Safety (H&S) programmes, non-discrimination principles, as well as human and labour rights.
- H&S is a critical issue for our employees and our operations and therefore is frequently monitored; Applus+ is committed at the highest level to a robust HSQE policy.
- Provide fair and competitive environment to enable professional-development opportunities and capacity building for all Applus+ employees, while retaining and attracting highly talented professionals.
- Fostering diversity among our professionals based on Global Anti-Discrimination Policy, applicable at a global level and through activities such as equality plans.
- Train our professionals to improve their existing skills and acquire new capacities, both managerial and technical.



2

CORPORATE GOVERNANCE AND BUSINESS ETHICS

- Applus+ is governed by a set of corporate rules, policies, laws, processes and institutions that define our current corporate governance model and ensure a long-term vision through good governance.
- We are sensitive to changes in laws and trends in this area, and we are committed to transparency as a key principle to managing a listed company.
- Our commitment to business ethics is managed by the Board through the CSR Committee and the Chief Compliance Officer to ensure ethical behavior is integrated across all our business units, geographies and operations through our *Code of Ethics* and associated policies.
- We ensure disclosure and promote observance of our *Code of Ethics* across divisions, suppliers and contractors. Applus+ also has a zero tolerance against corruption, and therefore we require suppliers and partners to observe professional and honest business practices, setting up due diligence processes to evaluate ethical issues to this aim.
- We integrate sustainable development criteria to drive positive social, economic and environmental impacts along our value chain and for stakeholders.
- As a socially responsible company, we want to be an active and beneficial participant in the communities where we operate.



3

INNOVATION

- Promote and share both cross- and open-innovation throughout all business units that embed CSR into our employees' technical expertise and into the services developed internally, as well as within our clients' operations.
- Create a working environment that nurtures innovation, and provide the resources to facilitate this.
- Integrate specific innovation programmes across business units, stimulating and organising initiatives to promote innovative thinking among our professionals.



4

- Ensure active prevention and limitation of potential impacts on climate change and the environment caused by our operations, through appropriate policies and management systems based on international standards and by providing guidelines for environmental best practices.
- Define strict controls to manage, handle, store and dispose of harmful and hazardous substances to minimise the environmental release-risks according to local guidelines and regulations.
- Observe a series of environmental rules – implemented at global level – focused on waste minimisation, emission reduction and use optimisation of natural and clean energy resources.
- Develop innovative services that help to reduce the potential environmental impact of our clients' operations in those communities where they operate.



5

SUSTAINABLE PERFORMANCE



1

STAKEHOLDER ENGAGEMENT

- Focus our business through a client-oriented strategy based on close communication with our clients, which enables us to understand and foresee their needs to fulfill their expectations.
- Ensure the implementation of procedures to maintain the quality of our services across all geographies and business units and to keep high service-standards and high-quality procedures across all of the Group's divisions.
- Continuously improve our services and business management (through ethics, innovation, safety and friendly environment conducts) to maintain our reputation as a trusted business partner.
- Develop our own investor relations strategy that aims to ensure compliance with legal and market practice responsibilities.
- Create communication channels to provide quick and effective responses to our stakeholders.



2

CSR LINES OF ACTION

GRI 102-16

GRI 103-3

The Applus+ Group has defined specific strategic lines within the five pillars to deploy the *CSR Policy* in the short and medium term.

OUR PEOPLE



- Engage our people through periodic training.
- **Continuously monitor** the application of all the Group's policies and procedures related to the protection of **human rights, non-discrimination and equal opportunities**.
- Continue to implement and follow-up **action plans** designed to improve and increase the **satisfaction and commitment** of our **professionals**.
- Continue with our programme of activities focused on improving our **talent management**.
- Boost new initiatives related to **diversity, inclusion and equality**.
- Continue to implement health and safety system improvements, including continuous training in occupational-risk prevention to safeguard our people and partners under the Group's zero-accidents vision.

STAKEHOLDER ENGAGEMENT



- Frame our social action within the **local communities** where we operate, and **promote** the **autonomy** of our **local teams** to **implement specific programmes** for social action.
- **Progressively increase** the **percentage** of **suppliers covered** by our **vetting** and **verifying processes**, until reaching 100% of our suppliers in the short term.
- Carry out **corporate governance road shows annually** to maintain the constructive dialogue held with our institutional investors and proxy advisors, in line with our *Policy for Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors*.

CORPORATE GOVERNANCE AND BUSINESS ETHICS



- Deploy a **5-year plan** in each country to protect against **public and private corruption** and to continue improving our compliance model at an international level.
- Launch in 2020 the global *Code of Ethics training* covering the Applus+ Group's *Competition Policy and Bids & Tenders Policy*, issued and published in 2019.
- Launch **training** for EU employees on the Applus+ Group's policies and procedures to comply with the European *General Data Protection Regulation* (GDPR) in 2020.
- Analyse results from the control tool designed to check the implementation of our *Compliance Management System for Criminal Risks* (CMS), by monitoring indicators in the upcoming years.

INNOVATION



- Reinforce yearly our **investment** and **dedication to innovation** to create technologies and digital solutions that promote **safety, quality of life and environment preservation**.
- Promote and share **innovation** openly across all business units that **embeds corporate social responsibility** into our employees' technical expertise, the Group's internally-developed services and within our clients' operations.

SUSTAINABLE PERFORMANCE



- Focus our management efforts on **gradually minimising our energy and water consumption** by implementing efficiency programmes.
- Maintain the **progressive reduction of emissions** (including Scope 3) by **reinforcing** our employees' **involvement** through new awareness campaigns.
- Design **specific actions** for the **activities causing** these impacts (eco-efficient vehicles in our fleet, off-setting CO₂ emissions, lighting programming in offices, etc.).
- We consider that the **changes** affecting the market **due to climate change** will be gradual. Consequently, we will progressively adapt and extend services to protect and reduce the environmental impacts of our clients' operations.

CSR HIGHLIGHTS FOR 2019

GRI 103-3



OUR PEOPLE

- We have continued to implement and follow-up on the action plans designed to improve and increase the **satisfaction and commitment of our professionals**.
- Our **Leadership programme** has delivered 406 actions in 26 countries, which represents 56% progress on planned actions.
- We are developing **specific plans** to promote diversity, inclusion and equality, addressed to women, differently-abled people and ethnic groups.
- To reinforce our best practices in **Health and Safety**, we increased activities to **raise awareness, such as**: Safety Day, specific periodic campaigns, sharing of lessons learned and, safety awards.
- In 2019, the inaugural **Global Management Development Programme (GMDP)** for managers concluded and a new intake started the second year.

**801,161**Training hours
(35 hours per employee)**584**

actions implemented from the satisfaction survey's action plan



STAKEHOLDER ENGAGEMENT

- **Communication channels** in place to hear our stakeholders' concerns and to continuously meet their expectations.
- Framing our social action in the local communities where we operate, and promoting the autonomy of our local teams to implement specific **programmes for social action**.
- **Actions supporting our social contribution include:** social sponsorships and direct financial contributions to local associations; education of young people to capitalise from new technology; support to disadvantaged groups; participation in campaigns caring for life-threatening illnesses; and promoting safe and healthy lifestyles.
- Our **suppliers and partners** are required to adhere to our *Code of Ethics* to guarantee that the Group's principles guide their everyday behaviour all over the world.
- The Group carries out annual corporate governance road shows to maintain our constructive dialogue held with institutional **investors** and proxy advisors, in line with our *Policy for Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors*.

**70+**
Countries**86%**
Local employees**90%**
Products/services purchased locally**242**

Meetings and conference calls with investors

**24**

Conferences and roadshows



CORPORATE GOVERNANCE AND BUSINESS ETHICS

- Good governance principles are integrated in the **core rules** of compliance for the Group and have been developed by approving and updating **specific policies**.
- In 2019, **diversity** with regards to skills, gender and age on the **Board of Directors** was increased.
- Throughout 2019, eight **Directors** out of ten were **independent**.
- Applus+ has focused efforts globally on ensuring that the *Compliance Management System for Criminal Risks (CMS)* **policies are implemented** across all divisions and regions. In 2019, the *Code of Ethics* was reviewed and updated.
- A new **Policy on Risk Management** was approved in 2019; the Risk Map was reviewed and the risks are periodically monitored and actions implemented as required.

**89%**

Effective compliance ratio to CNMV's code recommendations

**107**Ethics non-compliance notifications (24 breached the *Code of Ethics* and were addressed and closed)**100%**Employees trained in accordance with the *Code of Ethics* and the global *Anti-corruption Policy and Procedure***30%**

Women on the Board of Directors, fulfilling the CNMV recommendation on gender equality before 2020



SUSTAINABLE PERFORMANCE

- Specific actions implemented, such as lighting programming in offices, electric vehicles in our fleet, water reuse facilities, etc., to reduce the Group's energy and water consumptions, as well as GHG emissions.
- Continually reinforcing our employees' involvement through new awareness campaigns.
- For the first time, we report **Scope 3 GHG emissions** related to business trips by plane, train and taxi, employees commuting and power distribution network.
- We have been included into the **FTSE4Good IBEX index**. We achieved a 'B' rating with the CDP.
- Circa **€200 million (12% total revenue)** from services to protect/reduce/mitigate environmental impacts: Renewables, Automotive Emissions, Environmental Surveys, Energy Audits, Waste Management Surveys, and innovation projects for Automotive eco-engines and lightweight Aerospace materials.

**12%**

Total revenue from green services

**16%**Off-set of CO₂ emission from flights in Spain**7%**

Reduction in water withdrawal



INNOVATION

- We continue to increase our investment and efforts in innovation to create technologies that promote **safety and quality of life** in our society, as well as **reduce the carbon footprint**.
- Applus+ has launched different initiatives to develop digital technologies and services, in line with the demands of our markets. We have established a digital team to coordinate **digital transformation** at global level.

**367,103**

Hours invested in innovation

**881**

Employees involved (not full-time dedicated)

**98**

Accumulated patents granted



Powertrain integration projects

Commitment to our stakeholders

GRI 102-43 GRI 102-44 GRI 102-46 GRI 102-47 GRI 102-49 GRI 103-1 GRI 103-2 GRI 103-3

GRI 102-40 GRI 102-42

STAKEHOLDER FRAMEWORK

Maintaining continuous engagement and dialogue with our stakeholders enables the Group to align our business model and sustainability initiatives to their requirements. This ensures we deliver value for all of our clients and deliver long-term success for the Group. Strong dialogue provides a solid understanding of the issues that concern our stakeholders, and this feedback is crucial for identifying the expectations needed to be considered during our decision-making processes.

We identify three different levels of stakeholders, according to how we consider them to be significantly affected by our services and operations, and/or the actions that can affect our ability to successfully run our business. Our **clients, employees and investors** are the central stakeholders for the Group and a key focus of our commitment within the framework to address their expectations.

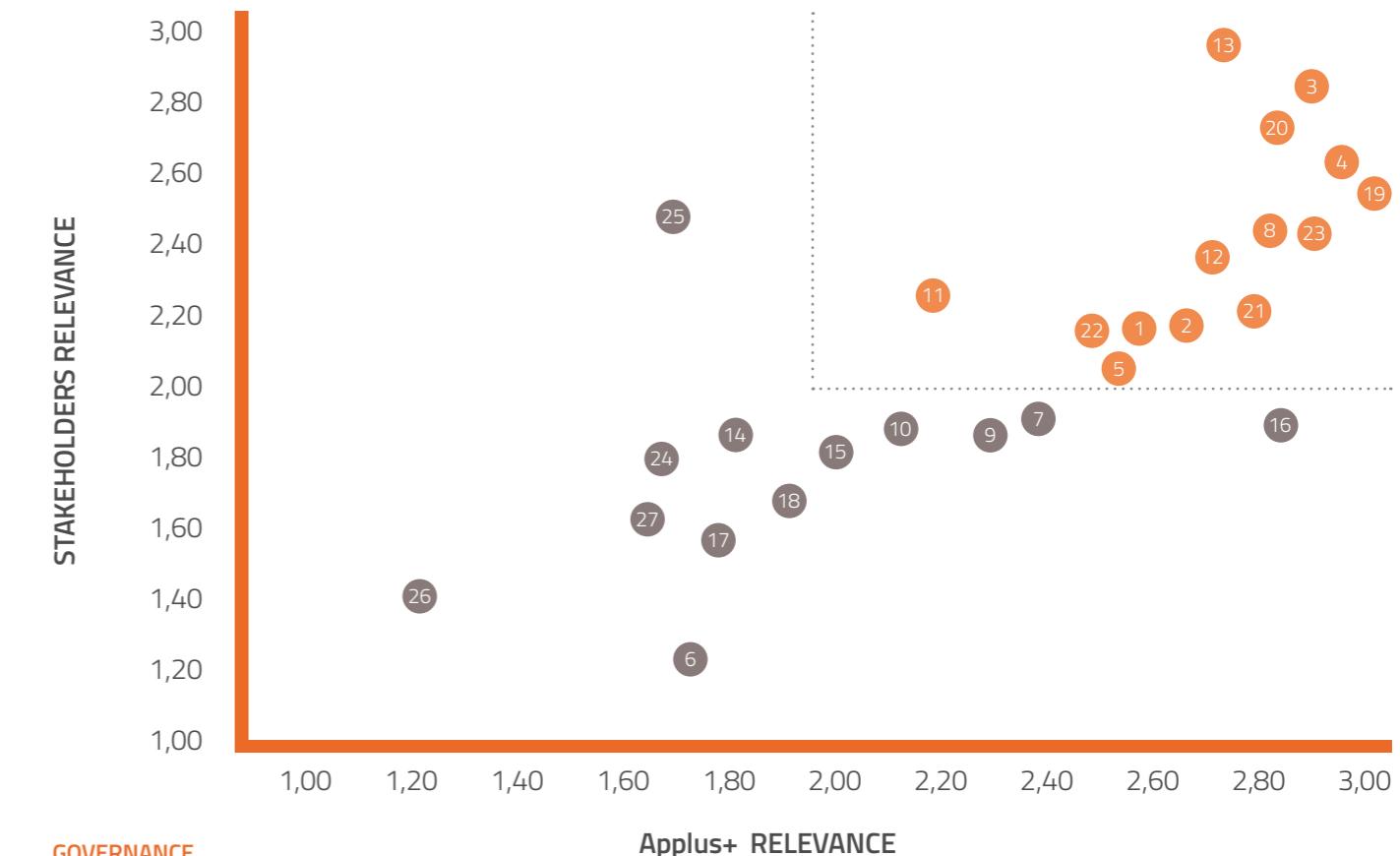
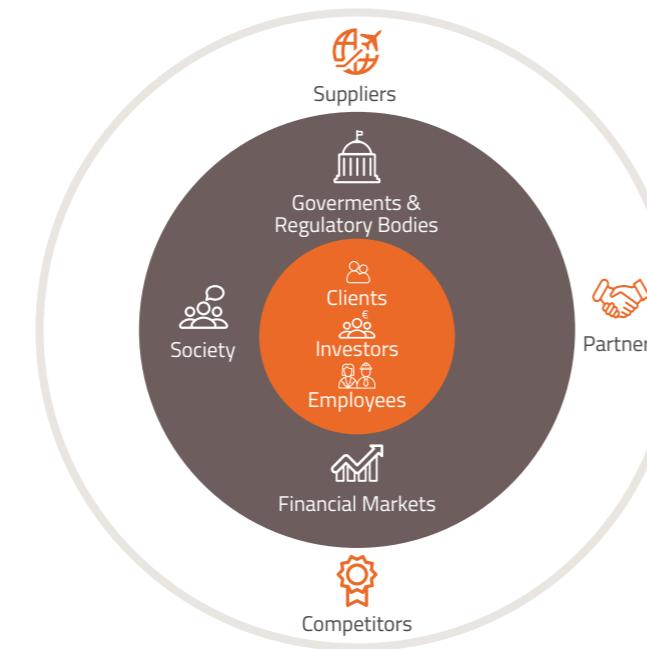
MATERIALITY ANALYSIS

To define and develop this report, Applus+ has covered and prioritised the topics in accordance with the principles of materiality, sustainability, context, stakeholder inclusiveness and completeness. Applus+ considers that an issue is material when it could have a substantive influence on the assessments and decisions of our stakeholders and might affect the Group's ability to meet the needs of the present, without compromising the needs of future generations.

In 2019, the Group updated its **materiality assessment** to review the most important topics for the Group and for the company's current principal stakeholders. We conducted the materiality analysis with an in-house team which provides similar services to our clients. The process was implemented in various stages:

- We identified and validated the relevant topics by examining topics and rankings published by some competitors, companies from different sectors in which Applus+ operates and from stock exchange indices covering sustainability. Specifically, the analysis included direct competitors within the TIC sector, leading global companies in the Oil and Gas, Automotive, Engineering, Construction and Aerospace sectors, Dow Jones Sustainability Index (DJSI) and the FTSE4GOOD IBEX index. The result was a preliminary list of 27 material topics, structured in four areas: **Governance, Operation, Society and Environment**.
- Personal interviews were held to rate each topic according to its importance from the point of view of the Applus+ Group and from the perspective of our main stakeholders. The analysis was carried out through the company's verticals (divisional and corporate functions) and across geographic regions (regional divisional managers).
- The outcomes of the interviews produced the **Materiality Matrix**, which maps the importance of the material topics for Applus+ against the topics' importance for our stakeholders, providing us with a powerful analytical tool.

The complete list, including all assessed topics and the matrix with the results, are shown as follows.



GOVERNANCE

- Risk Management.** Risk assessment and management procedures.
- Business model and strategy.** Our company's plan for operating.
- Brand and reputation.** Strategy regarding our image and credibility.
- Economic performance.** Strategic objectives linked to growth and margins.
- Investment and growth strategy.** Global presence and business diversification plan
- Role in public policy developments.** Ability to influence in policy developments
- Corporate Governance.** Rules, practices and processes by which our company is run
- Codes of Ethics and Compliance.** Integrity and responsibility by which we run our operations and decision-making
- Financial transparency.** Timely, meaningful and reliable disclosures about our performance
- IT Strategy.** Strategy for improving our company's digitalization and cybersecurity
- Stakeholders' engagement.** Dialogue and commitment with our stakeholders.

OPERATION

- Innovation.** Innovation projects for developing our products and services.
- Service quality and customer satisfaction.** Overall performance of our service and measured customer experience.
- Privacy and data security.** Data protection practices for customers and employees
- Sustainable products and services.** Practices used to reduce our activities' impact and those of our customers

In comparison to the materiality analysis conducted in 2018, the topics "Independence, Accreditations and certifications", "Corporate Governance", and "Sustainable and Safe products and Services" are not considered as material topics this year. Nonetheless, Applus+ reports on these topics in this report.

SOCIETY

- Acknowledgements** (accreditations, certifications). Any third party recognition allowing us to deliver our services.
- Sustainable supply chain management** Our suppliers' practices to reduce their impact.
- Management systems.** Set of processes used to ensure that we can achieve our requirements and goals

ENVIRONMENT

- Energy and climate change.** Commitment & practices for the reduction of energy consumption and GHG emissions
- Biodiversity and natural areas protection.** Practices to preserve species and ecosystems
- Operational Eco-Efficiency.** Rational use of resources and reduction of operational environmental impacts

STAKEHOLDERS' CONCERNES

From the list of topics used as the basis for the Materiality Analysis, we identified the main **topics of concern** for our principle stakeholders by selecting the 25% of the topics with a higher score per stakeholder.

We provide our stakeholders with specific **communication channels** to understand their expectations and how we can meet these.

STAKEHOLDERS	TOPICS OF CONCERN	DIALOGUE ON THEIR CONCERNES
Clients	Health and Safety <i>Codes of Ethics and Compliance</i> Service quality and customer satisfaction Acknowledgements (accreditations/ certifications) Brand and reputation Stakeholder engagement	Satisfaction survey for clients Project meetings Open days and road shows Conferences and forums Client complaints Applus+ Ethics and Compliance Communication Channel Annual and CSR reports Associations and other forums
Employees	Health and Safety Talent development and recognition Talent attraction and retention Service quality and customer satisfaction Respect for human rights <i>Code of Ethics and Compliance</i> Brand and reputation	Satisfaction survey for employees Applus+ Ethics and Compliance Communication Channel Local human resource managers Trade union organisations Annual and CSR reports
Investors	Economic performance Risk management Business model and strategy Brand and reputation Innovation Service quality and customer satisfaction Talent attraction and retention	IVice-President of Investor relations Annual General Meeting (AGM) Annual institutional investor and proxy advisor road show Our website www.applus.com Annual and CSR reports
Governments and regulatory bodies	Health and Safety Acknowledgements (accreditations/ certifications) Respect for human rights <i>Code of Ethics and Compliance</i> Brand and reputation	Official channels indicated by the authorities Official reports Our website www.applus.com Annual and CSR reports
Financial markets	Economic performance Risk management Business model and strategy Investment and growth strategy Innovation Service quality and customer satisfaction Health and Safety Talent attraction and retention Talent development and recognition	Stock exchange markets Economic and market indices Vice-President of Investor Relations Annual and CSR reports
Society	Health and Safety Energy and climate change Brand and reputation Respect for human rights Privacy and data security Diversity, inclusion and equality Operational eco-efficiency	CSR Report Our website www.applus.com Associations and other forums
Suppliers	Business model and strategy Economic performance Investment and growth strategy Financial transparency Sustainable supply chain management Local impact and socioeconomic contribution	Fairs and exhibitions Applus+ Ethics and Compliance Communication Channel Specific channel for suppliers Supplier portal
Partners	Business model and strategy Economic performance Investment and growth strategy Financial transparency Sustainable supply chain management Local impact and socioeconomic contribution	Fairs and exhibitions Applus+ Ethics and Compliance Communication Channel Project meetings Associations and other forums Our website www.applus.com
Competitors	Brand and reputation Business model and strategy Talent attraction and retention Energy and climate change Respect for human rights Diversity, inclusion and equality	Fairs and exhibitions Our website www.applus.com Benchmarking and market research Associations and other forums

Impacts and risk management

GRI 102-15

GRI 103-3

GRI 201-2

GRI 203-2

IMPACT ASSESSMENT

As a global company, the Applus+ Group generates **impacts** derived from its activities in the countries and communities where it operates, which in many cases are positive impacts. These impacts can be referenced with the topics previously analysed (see Materiality Analysis), and structured in the same way by considering the four areas: **Governance, Operation, Society and Environment**.

Direct impact

To assess our direct impact, we considered a total of **15 topics**, including the 14 material topics resulting from the materiality analysis. The topic "Energy and climate change" has also been included because this topic is of high importance for our stakeholders.

AREA	TOPICS
Governance	Risk management
	Business model and strategy
	Brand and reputation
	Economic performance
	Investment and growth strategy
	<i>Code of Ethics and Compliance</i>
Operations	Stakeholders engagement
	Innovation
Society	Service quality and customer satisfaction
	Health and Safety
	Talent attraction and retention
	Talent development and recognition
Environment	Diversity, inclusion and equality
	Respect for human rights
	Energy and climate change

To carry out an objective evaluation of our direct impact per topic and on the four areas, we have developed a methodology based on the identification of the **main performance indicators related to each topic**. To follow, we have applied **weights from 0% to 100%** to the **indicators** of each topic based on the following criteria:

- Material topics prioritised by stakeholders
- Material topics prioritised by the Applus+ Group



Aerospace quality-control testing

The **indicators selected** are:

DIRECT IMPACTS



In the evaluation, we **weight the values of the indicators** for the importance that both the Applus+ Group and our stakeholders assign in relation to the corresponding topic. After considering our stakeholders' expectations when assigning a weighting, we also **incorporate the external context** of our company as part of the evaluation process.

Finally, we **calculate the indicators' values** by establishing a **scale from one to five** for each. We assigned **quantitative or qualitative criteria** to the indicator **levels**, according to the value's **historical performance** in our company and by taking into account the **framework** established by the **expectations** of our internal and external stakeholders.

The results underline that the main impacts are related to the following topics:

- Economic performance.** The Group's financial results are considered of high importance for our stakeholders because good performance ensures the company's stability and its future continuity and growth. The Group's stakeholders value working with a solid business very positively, therefore the impact is relevant for our stakeholders.

▪ **Service quality and customer satisfaction.** This topic is key in the Applus+ Group's business development; as a consequence, the company takes significant steps to focus our services on exceeding our clients' expectations. The topic is highly appreciated by our stakeholders because of its strong connection with technological progress and socio-economic development.

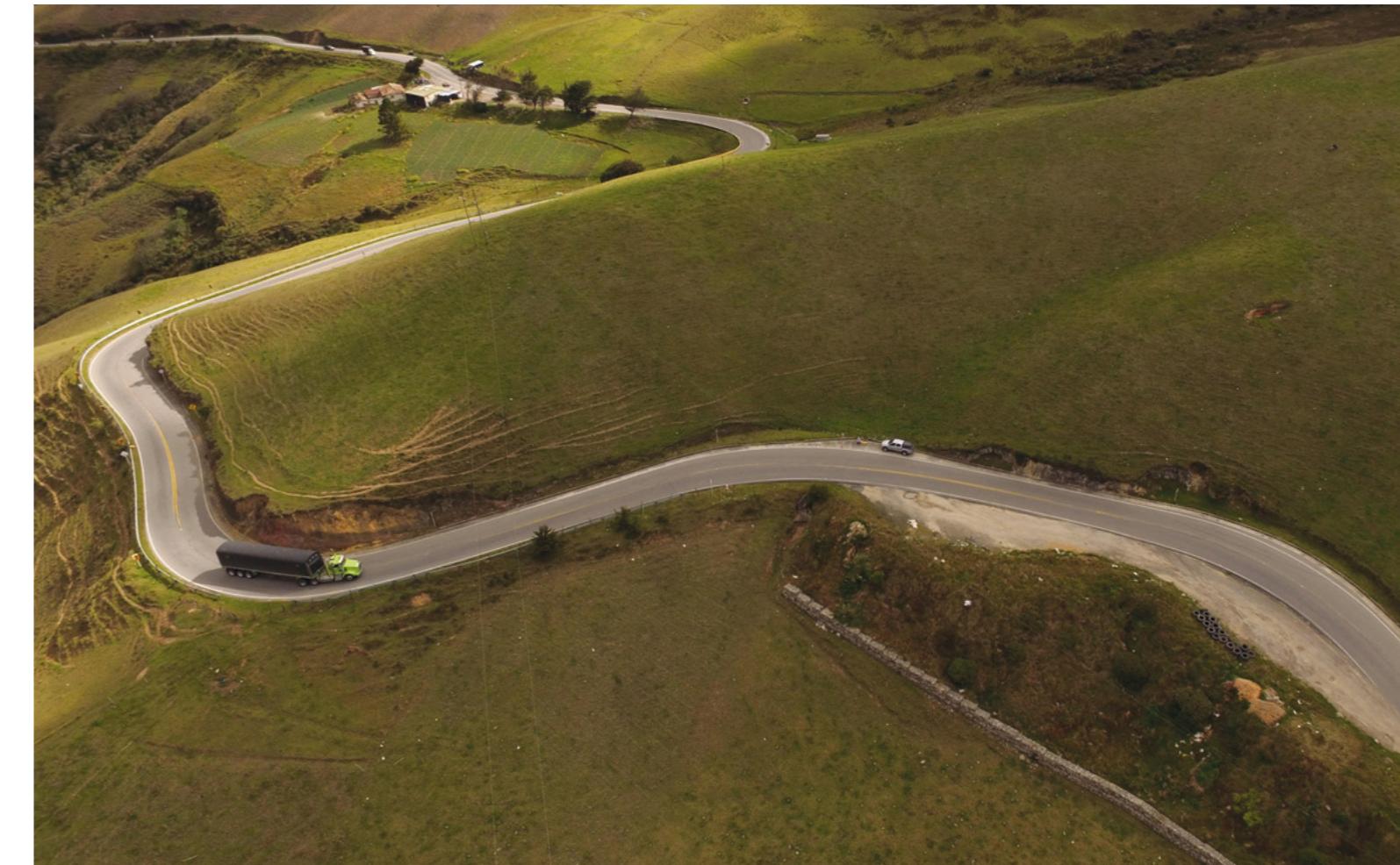
▪ **Health and Safety.** The Group's high performance in this topic follows our efforts to conduct training and awareness activities addressed to all professionals, which result in a significant reduction of accident rates. This topic has a great significance for our stakeholders.

▪ **Codes of Ethics and Compliance.** The Group's commitment to business ethics and legal compliance is highlighted through: our policies and procedures; the training addressed to all employees; our suppliers' involvement; and the implementation of control mechanisms. Stakeholders positively value the implementation of practices that ensure the business develops responsibly and sustainably.

When considering the two areas of **Governance and Operation**, the impact in each is high (value > 75%), and in relation to the two areas of **Society and Environment**, the impact is medium (50-65%). These good results are supported by: the development of a comprehensive set of policies and procedures deployed in relation to every area; the successful implementation of practices based on these documents; and the improvement of outcomes for the different topics in comparison with previous years.

Indirect impacts

The Applus+ Group's activities also have **indirect impacts** on different stakeholders covering many topics. As with the direct impacts, we considered 15 topics, including the 14 material topics resulting from the materiality analysis, as well as "Energy and Climate" change because of the high importance that our stakeholders place on this topic.



Roadway and bridge inspection services

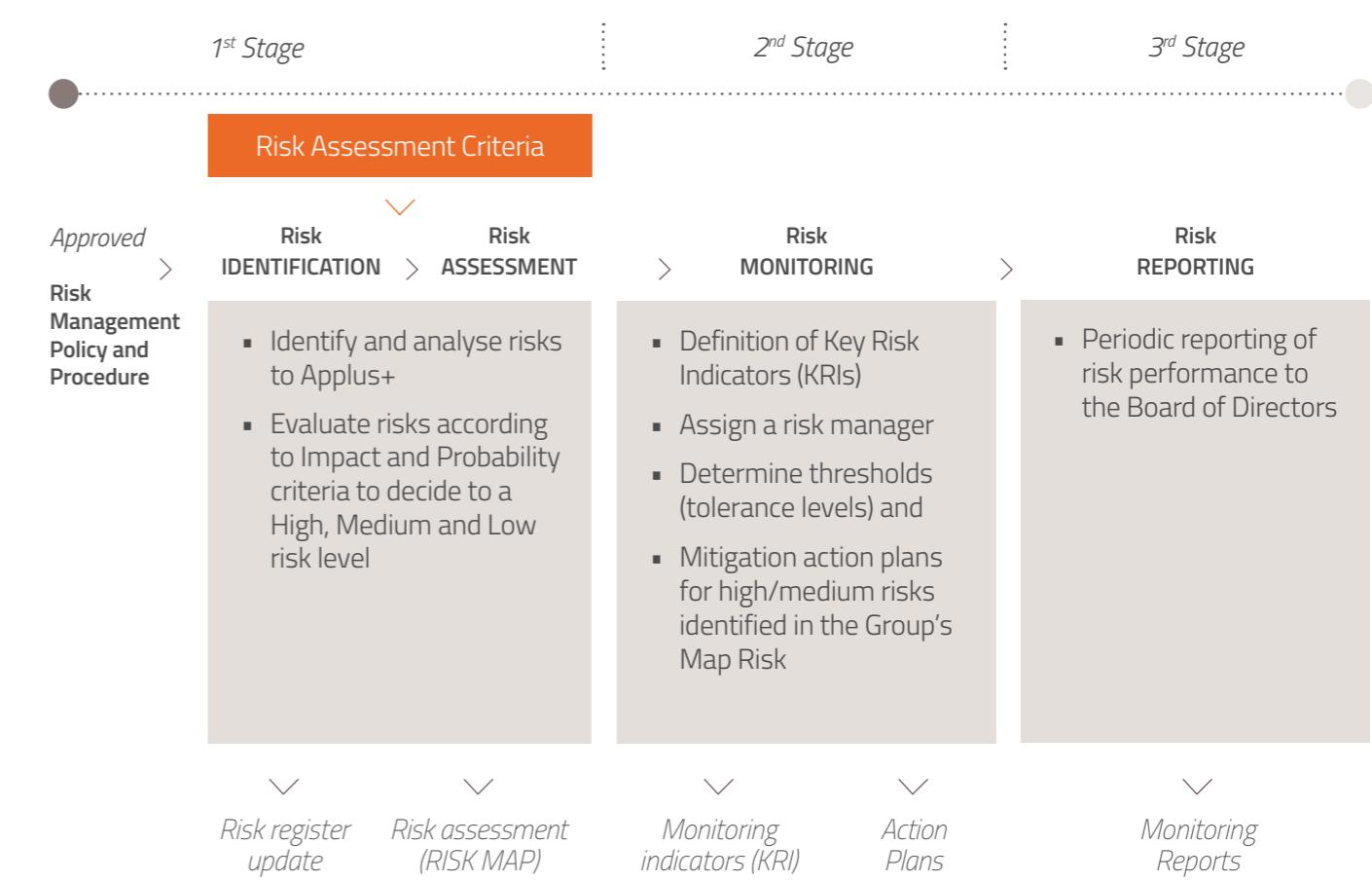
Applus+ Indirect Impacts							
Topic	Indirect Impact	Employees	Clients	Investors	Society	Partners	Governments
Our Governance	Risk management	●	●	●		●	●
	Business model and strategy	●	●	●		●	●
	Brand and reputation	●	●	●	●	●	●
	Economic performance	●	●	●		●	●
	Investment and growth strategy	●	●	●	●	●	●
	Code of ethics and Compliance	●	●	●	●	●	●
	Stakeholder engagement	●	●	●	●	●	●
Our operation	Innovation		●	●	●	●	
	Service quality and customer satisfaction		●	●	●		
Society	Health and Safety	●	●		●	●	●
	Talent attraction and retention	●	●	●	●	●	●
	Talent development and recognition	●			●		
	Diversity, inclusion and equality	●	●		●	●	
	Respect for human rights	●			●		
Environment	Energy and climate change		●	●	●		

Risk management

The Group's Board of Directors and its Audit Committee have clear responsibilities for the control and risk management policies, as well as for the periodic monitoring and assessment of financial and non-financial risks for the company. The Applus+ Group ensures risks are managed adequately and continuously through the implementation of its ***Risk Management Policy and Procedure***.

To fulfil and improve the management of risk, the Group's Executive Committee periodically updates the Risk Map, in which the main risks that could affect the Applus+ Group's strategic objectives are identified and quantified. These risks include all factors considered to be critical to the operations of the Group's business, from a **strategic, operational, financial, legal and compliance** perspective and also in terms of **sustainability**. This involves **social and environmental risks**, including **risks related to climate change**.

The risk-management model implemented in the Group comprises mainly the following stages:



The Risk Map, including its related action plans, is reviewed twice a year by the Audit Committee and annually by the full Board.

This process, which covers all of the Group's divisions and geographical areas, **ensures an informed decision-making process**, which improves the performance of the Group's risk management through **the monitoring of the key risk indicators (KRIs)** defined for each risk. These indicators are periodically **assessed by** the Audit Committee, and the Group develops action plans as required to properly manage such risks.

Climate change related risks

The scope of the Risk Management procedure implemented by the Group includes environmental issues, and applies in particular to those **risks related to climate-change issues**. In addition to this, as a continuation of the process already started in 2018, we completed a more detailed study specifically related to climate-change risks in 2019.

This risk study was based on the results of the *CDP Climate Change Report 2019*. As a result of the report's conclusions, several different possible types of climate-related risks were assessed:

PHYSICAL RISKS

- Extreme weather events impacting on Applus+ operations and economic results
- Impact on the Applus+ Group's businesses due to consequences of climate-change for the company's suppliers

TECHNOLOGICAL SHIFTS

- Lack of adaptation to a low-carbon economy due to rapid technological shifts or new/emerging regulations

BRAND AND REPUTATION

- Damage to company image due to the impact of climate on Applus+ services

RISK MANAGEMENT EFFECTIVENESS

- Lack of an effective climate-change risk management

CURRENT AND EMERGING LAWS

- Transitional risks, such as potential legal and policy changes

These risks were later evaluated through questionnaires addressed to the Group's management teams. In the process for assessing these risks, the company's verticals (divisional and corporate functions) and across geographic regions (regional divisional managers) were all involved to obtain a more accurate and realistic approach in each business and geographical region. The main results of this risk assessment follow.

Physical risks

We **do not** foresee **relevant physical risks** related to any **extreme weather events** or natural disasters related to climate-change effects (like cyclones, floods, droughts, etc.), which could be significant to the Group in respect to our geographical locations, for instance, due to:

- A negative impact on our operations: increase in production costs, absenteeism, destruction of facilities or suspension of projects in regions that may be severely affected by the consequences of climate change; or
- Problems to contract employees in any country or region due to these events.

The Group has operations in regions that could be affected by severe atmospheric phenomena. In some of these regions, punctual weather events occurred in 2019, affecting to some degree the operations or facilities as part of the Group's service delivery. For instance:

Middle East and Mediterranean

- Severe rains that strongly affect infrastructures in these regions (e.g. in Kuwait with floods that stopped operations for some days)
- Episodes of extreme heat affecting construction projects (delays due to schedule adjustments)

North America

- A few days without production for shutdown of operations because of hurricanes in the USA (e.g. Hurricane Harvey, Polar Vortex) or heavy snowfalls in North US and Canada
- In Florida (USA), days of absenteeism due to government warnings of flood risks, and people urged to not to work
- Delays in projects in the past few years due to wildfires in some regions of Canada or in California (USA)

South America

- Partial or complete shutdown of projects mainly due to hurricanes impacts

Southeast Asia

- Heavy rains and cyclones three or four times a year affecting operational facilities

However, the **financial impact of these phenomena** on the Applus+ Group's businesses is **low** since the effects are punctual and short in duration.

Moreover, we have identified that the risks associated to weather events in some regions may affect suppliers in the same way as the Group. These impacts are mainly related to transportation; however, due to the nature of our activities, the associated risk is also considered **very low**.

Adaptation to technological shifts focused on transition to a low-carbon economy

For risks related to the technological shifts associated with a transition to a low-carbon economy, we are implementing **investments in our services, operations and facilities** to reduce the carbon footprint of our Group or clients:

- **Applus+ vehicle fleet renewal:** increasing the number of more efficient and less polluting cars.
- Actions aligned to the planning and implementation of *ISO 14001 / EMAS* management **systems** in our facilities (offices, laboratories, etc.): **more energy-efficient** air-conditioning and lighting **systems**; installation of solar panels at some facilities; or building insulation improvements.
- At IDIADA Division, some **investments related to laboratory facilities for electric vehicles**.

In addition, some **innovation activities** related to the transition to a low-carbon economy are being implemented through our divisions:

- **Digitalisation processes** for some testing activities and inspections in our four divisions. This may reduce the number of people traveling for on-site service and consequently reduce the carbon footprint.
- In the Energy & Industry Division, inspection teams are deploying UAV drones instead of helicopters for visual inspections to reduce the carbon emissions generated by providing these aerial inspection services to our client, while increasing the safety of our teams.

- Updating or innovating **new tests** and methodologies **for** conducting independent **eco-vehicle inspections** (electric, hybrid, etc.).
- In addition, the IDIADA Division in the UK is developing a plan for **testing electric motors** for automotive vehicles.
- In the Laboratories Division, our innovation partnerships work with leading aerospace companies and research centres to support new material applications and develop new manufacturing processes for greater aircraft eco-efficiency.

Following this analysis and assessment, the possible **risk associated with a lack of adaptation to a low-carbon economy at Applus+** is considered **low**. Our direct environmental impact related to our services and activities is very low. In addition, the company has initiated measures to reduce the Group's carbon footprint.

Other than the low risk already identified concerning the transition to a low-carbon economy, investors are currently focused on ensuring **the private sector is ready for** the risks and opportunities presented by the adaptation to climate change and the energy-transition process.

Although the Group provides services to the Oil and Gas sector, the services we provide are focused on ensuring the quality, safety and reliability of our clients' facilities to avoid or mitigate environmental impacts. Moreover, the Group's management is currently developing a **diversification plan** to **extend** the TIC services the Division provides **to other sectors** less related to GHG emissions and climate change, such as the **renewable energy sector**.

After analysing the climate-change transition impacts as a whole, we consider that the **new services** being created by the Applus+ Group **support different sectors to adapt their industry during the global energy transition**. For example, new services related to renewable energy in the Energy & Industry Division, or services for electric and hybrid cars in our IDIADA Division, development of innovative manufacturing processes for new lightweight aerospace materials in our Laboratories Division, or those services related to emission reductions in our Automotive Division.

This assessment shows that **energy transition** creates clear business **opportunities** for our Group **in the Automotive and Power sectors**.

Importantly, the transition to de-carbonise the economy will pick up speed, but it will not be sudden. The transition period will allow the Group to compensate for the decreasing markets with new opportunities for services connected to energy transition, as well as harness the benefit from the diversification process created by these changes.



Compliance with current and emerging regulations

Within this area, we identified some specific **issues** related to climate change that **may affect** the operations and services of the Applus+ Group:

- **Increased reporting obligations** related to **climate change**.
- **Extension** of these **reporting requirements** to the monitoring and environmental control of the value chain, specifically of **the Group's suppliers**.

In this respect, Applus+ considers this **risk** as **low**. We have implemented an internal plan for gathering and following-up our energy consumptions and GHG emissions, which includes management tools to make this process more efficient. In addition, in respect to **supplier** requirements, **the risk** is rated as **very low** because we have implemented a detailed management approach for our very short supply chain.

Notably in 2019, to anticipate possible future requirements, we have reported the Scope 3 GHG emissions for the first time, such as those related to business travel by plane, train and taxi, commuting and power distribution.

Moreover, there are **new policies in Europe that could affect our business**, directly or indirectly, due to the nature of our services or our own infrastructures and resources.

- **EU regulations** issued in 2019 **promoting vehicles with less CO₂** emissions (supporting the use of zero- and low-emission vehicles ZLEV). The EU is also working on a comprehensive reform of environmental taxation to guide climate-change commitments for 2050, considering increases linked to CO₂ emissions. **An increase in the cost for adapting or renewing the Group's vehicle fleet** is a possible risk.

The Group is already gradually adapting the vehicle fleet to reduce CO₂ emissions (using electric, hybrid, plug-in hybrid, Bi-fuel, CNG and LPG vehicles). Therefore, as the process is ongoing and no problems are foreseen in this renewal, the risk is considered not relevant (**low**).

- **Revised Energy Performance of Buildings Directive** (EPBD) and **Energy Efficiency Directive**. These regulations may affect **insulation, energy consumption and air-conditioning systems** in the Group's buildings.

Our offices are being remodelled as required to the extent possible, allowing that the Group does not own most of the buildings where we operate. Therefore, this **risk** impact is also **very low**.

In addition, **new legislation to promote** the use of **energy** from **renewable sources** can be seen more as an opportunity for diversifying our business than as a risk.

Therefore, although we have identified some applicable policies related to climate change that could affect the Applus+ Group's businesses, risks associated with non-compliance of these current or emerging regulations are not relevant because **we have already established the appropriate controls and measures to prevent and manage these risks**.

Furthermore, we considered the emerging regulations risk from a business perspective. Our assessment concludes that **opportunities exist to develop new services, and these developments could strengthen our position in fields like emission-related testing to help our customers meet any new regulations**.

Impact on brand and reputation

Reputation is of great importance to the Applus+ Group and central to the Group's **business strategy** as a trusted partner. We have assessed some potential climate change-related issues, which might affect our image and relationships with stakeholders were these not managed properly. Following this assessment, it can be concluded that:

- Due the nature of our activities, **the Group's is not a big contributor to CO₂** emissions or any other climate-related impacts.
- We are **constantly planning and implementing energy-efficiency and emission-reduction measures** in the possible fields of action and service deployments.
- Importantly, **the Group's image and reputation is reinforced by our strict compliance** in our services **with the applicable legislation in** environmental management, and in particular, in the area of **climate change** and the transition to a low-carbon footprint.

As a result, Applus+ considers this **risk to brand and reputation from climate-related issues** as **minimum**.

Effectiveness of managing climate-change risks

The **Group does not yet perceive any risk** in our operations related to climate-change impacts.

Those issues related to climate change are properly managed. Furthermore, although a negative effect may exist in one area, due to the wide geographical and sectoral distribution of our company's businesses, the risks associated to climate change are not likely to materialise in several places at the same time, so the overall impact is minimum.

Therefore, we consider that **our climate-change risk management is effective**, and we do **not** foresee a **relevant** risk. On the contrary, we consider that more climate-change regulation and control will present clear business opportunities.

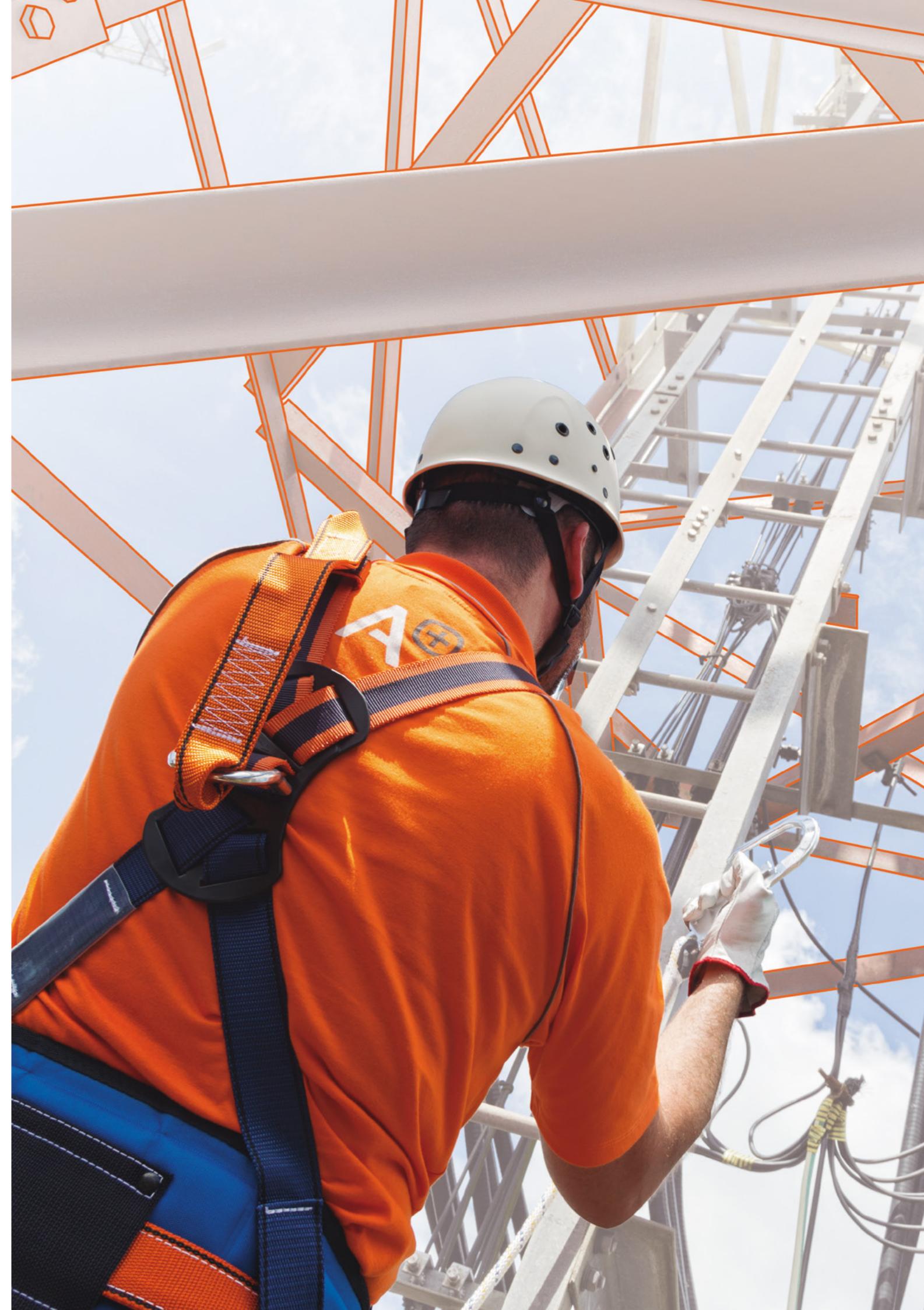
MAIN CONCLUSIONS

Risks impact: Results of the evaluation analysis showed that the identified **risks were not relevant** to the Group's activities in most of the regional areas and business where we operate.



Management approach: We are implementing **plans to reduce and mitigate any negative consequences** related to these risks.

Opportunities: Our assessment shows that a number of the climate change-related issues are **actually clear opportunities** for the Applus+ Group. The upside of the climate-change mitigation outweighs the costs to the Group of managing the impacts.



04 Our approach to corporate governance and business ethics

Corporate Governance

GRI 102-18

FOUNDATIONS

Applus+ is governed by a set of corporate rules, policies and processes that define, under applicable laws, its corporate governance model to ensure the Group's long-term vision. **Ethics and transparency** are key principles which guide the Group's management to continue earning the trust of our stakeholders.

The Corporate Governance framework at Applus+ has been developed by taking into account the CNMV's good governance code for listed companies and **internationally-accepted best practice, including feedback from our stakeholders**. The continuous development, review and improvement of the framework are the cornerstones of the Applus+ Group's **strategy in Corporate Governance**.

The Group's principles of good governance are integrated into the **core rules** of governance and have been developed through the approval of specific **policies**.

Core rules	Policies
Applus+ By-laws	<i>Remuneration Policy of the Directors</i>
Regulations of the Annual Shareholders Meeting	<i>Applus+ Corporate Social Responsibility Policy</i>
Regulations of the Board of Directors	<i>Policy on Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors</i> <i>Applus+ Director's Selection Policy</i>
Internal regulations for conduct in the security markets	<i>Policy on Risk Management</i> <i>Diversity and Equality Policy</i>

As a listed company, Applus+ prepares an **Annual Corporate Governance Report (ACGR)**, an **Annual Report on the Remuneration of Directors**, and this **CSR Report**, all available at the Group's website where comprehensive information is published yearly.

Overall, the **ACGR** shows a good level of performance by the Applus+ Group according to **CNMV recommendations**, with an **effective compliance ratio of 88.89%**. Of the 64 recommendations in total, 10 are not applicable to the Applus+ Group. Out the remaining 54 recommendations applicable to the Group: 48 were complied with; and 6 are explained/partially complied with.

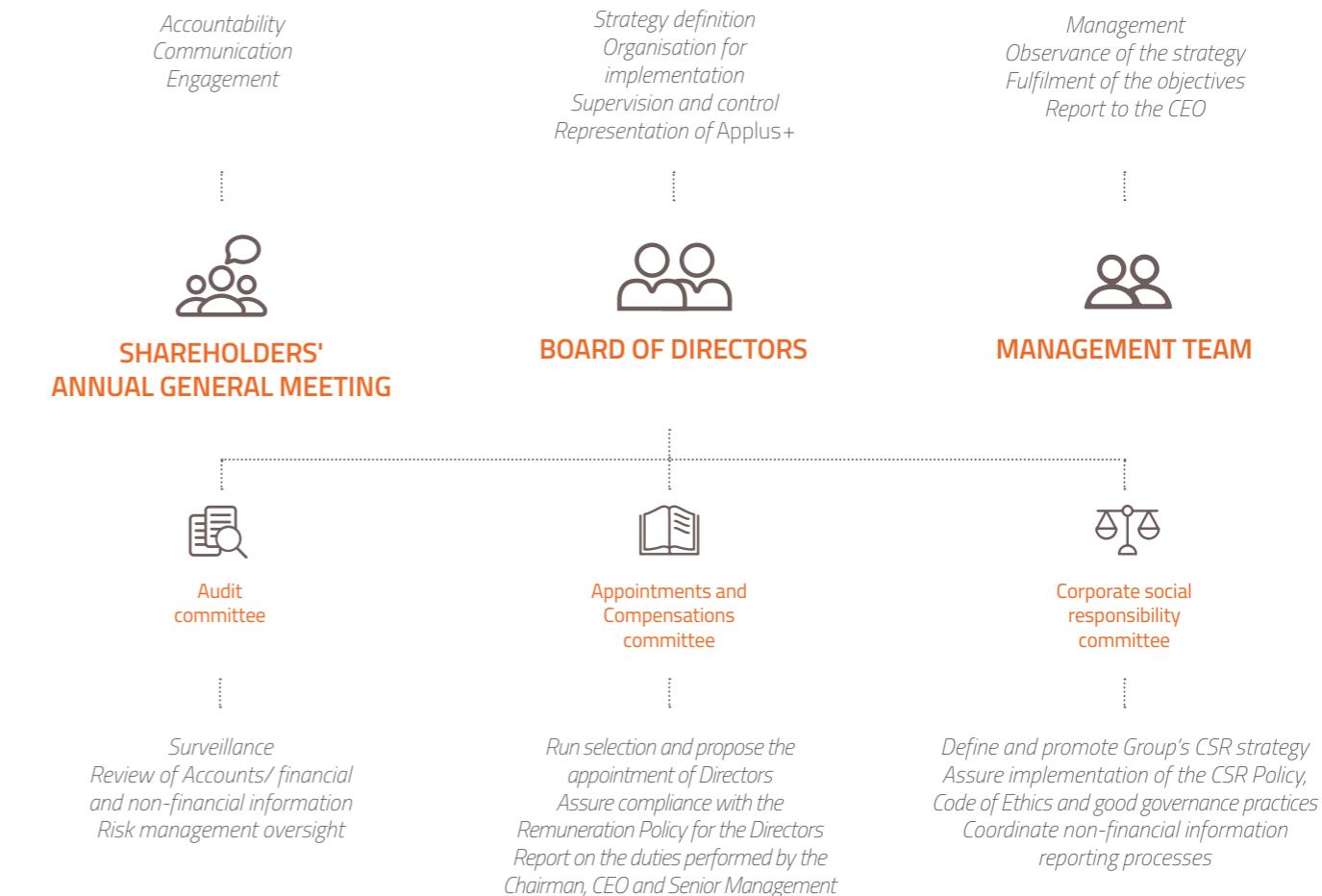
MAIN ACHIEVEMENTS

The main milestones achieved in 2019:

1. Amendment to *By-laws* and *BOD regulations*, approved in May 2019 at the AGM, to set the number of directors at the Board from between nine to twelve.
2. Amendment to the *Regulations of the Board of Directors* approved in May 2019, setting the current number of directors at ten.
3. Amendment to *Director's Selection Policy* expressly stating the goal of 30% women members on the BOD.
4. Appointment of three new directors, increasing the diversity on the BOD, with a high support from shareholders and achieving the referred goal 1-year ahead; increased diversity in the broad sense (skills, gender and age).
5. New *Remuneration Policy of the Directors* for the period 2019–2021, approved in May 2019 to cover appointed CFO's as executive director.
6. Policy on risk management approved by the May Board; sessions on cybersecurity; risk map and action plan followed.

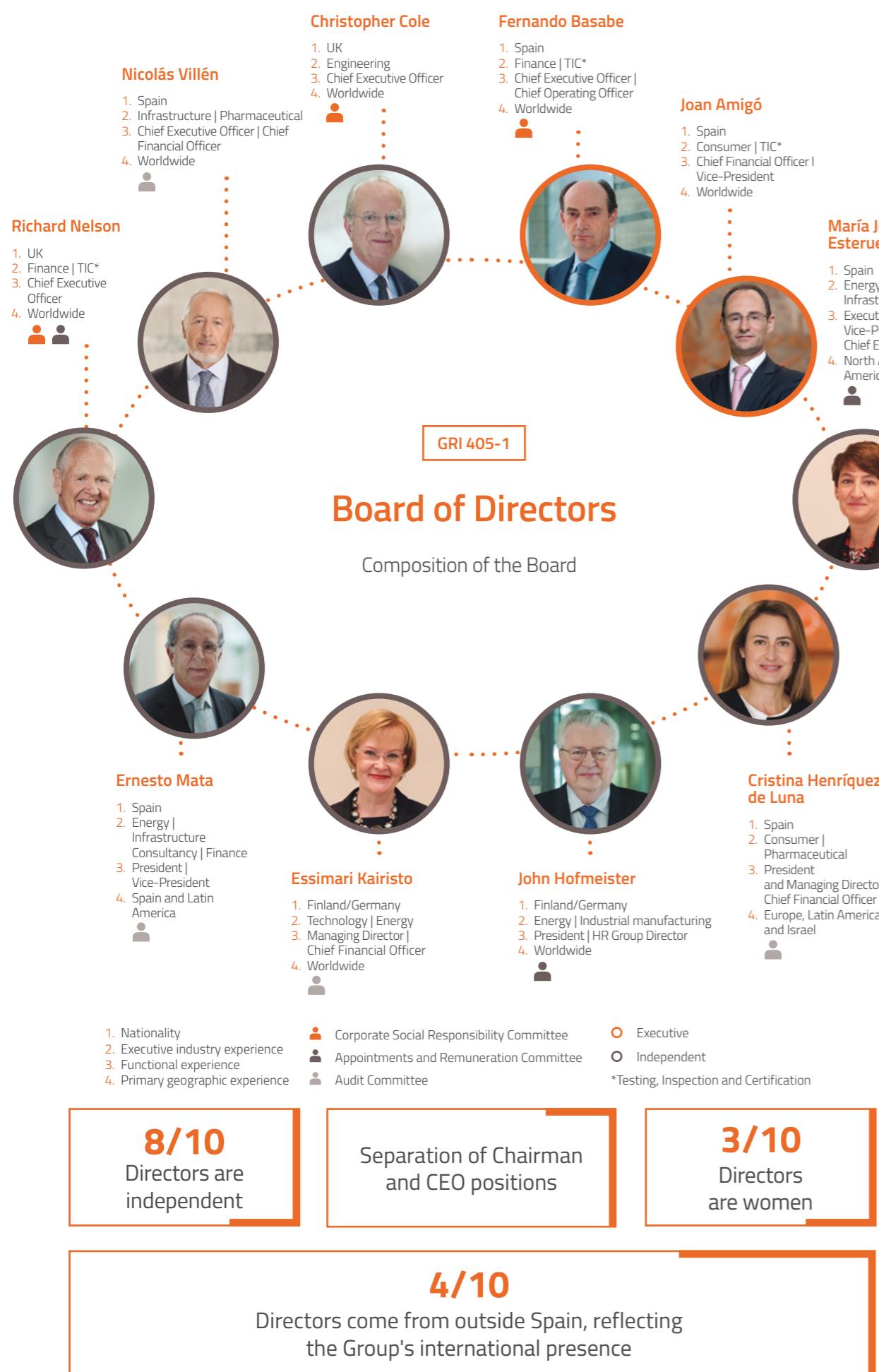
GOVERNING BODIES

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



To lead the integration of the Group's policies on ESG into day-to-day management practice, the Chief Executive Officer is a member of the CSR Committee to set the tone from the Board for the actions that follow throughout the company. The Applus+ Group regularly reviews its CSR strategy and policy, and provides support to internal structures to ensure the **effective deployment** and continuous improvement of performance.

The CSR strategic lines – and the targeted actions deployed from these – are monitored through specific **KPIs**. These indicators provide the Group's management with useful quantitative information on the Group's CSR performance in order to take management and operational decisions for improvements.



In 2019, three **new members** joined the Board of Directors, with 98% of the shareholders supporting their appointments.

- María José Esteruelas was appointed as Director of the Applus+ Group on 20th February 2019, ratified at the Annual General Meeting on 30th May 2019. She has also been a member of the Appointments and Compensations Committee since 30th May 2019.
- Essimari Kairisto was appointed as Director of the Applus+ Group on 10th April 2019, ratified at the Annual General Meeting on 30th May 2019. She has also been a member of Audit Committee since her appointment, and her background as a CFO strengthens the audit function.
- Joan Amigó was appointed Executive Director of the Applus+ Group on 30th May 2019.

KEY FIGURES

10 Directors

30% Women

No proprietary directors

80% Independent Directors

63.4 Average age

INDEPENDENCE OF THE DIRECTORS

The Board's make-up of independent Directors is essential to the good governance of the Applus+ Group:

- Throughout 2019, eight out of ten Directors were independent
- An independent Chairman heads the Board, with separation from the CEO function
- Independent Directors chair all Committees
- All three Committees comprise a majority of independent Directors
- The Audit and the Appointments and Compensations committees comprise only independent Directors

DIVERSITY ON THE BOARD OF DIRECTORS

On 20th February 2019, Applus+ amended the *Directors' Selection Policy*.

The objective of this policy is to define the principles that govern the selection of candidates to achieve an **adequate balance** on the Board of Directors as a whole and, in particular, to reach the commitment of having **at least 30%** of the Board represented by women directors by 2020 as explicitly stated through the amendment.

Thanks to this policy, Applus+ is managing the selection of directors by ensuring that the processes favour **diversity in gender, experience and knowledge** and do not suffer from implicit bias that could imply any type of discrimination due to gender.

The final aim is to promote an increase in the presence of women on the Board in line with best corporate governance practices and the *Policy* has been complied with on the appointment of new members to the Board in 2019. The Board of Directors has now **reached the 30% target** of women Board members **one year ahead of the 2020 recommendation**.

Following this progress, the Applus+ Group continues to be proud of the Board's membership, achieving further diversity in gender and age and adding to the valuable skills and experience as set out in the *Policy*.

REMUNERATION OF THE DIRECTORS

On 30th May 2019, the new **Remuneration Policy of Directors for 2019-2021** was approved at the AGM. This document regulates the remuneration received by the members of the Board of Directors, and the specific remuneration and contractual elements that apply to the directors who perform executive functions, all in line with market practices and best international standards.

Business ethics and Compliance

GRI 102-12 GRI 102-16 GRI 102-17 GRI 103-3
GRI 205-2 GRI 206-1 GRI 412-2

At the Applus+ Group, our practices and services are guided by our ethics and compliance policies and value-driven management practices because these achieve more efficient and competitive results over the long term.

We are firmly committed to strong business ethics, which help us to prevent, identify and stop any behaviour that threatens our principles of conduct.

The Group's commitment to business ethics is managed by the Board of Directors through the **CSR Committee** and the **Chief Compliance Officer**. They ensure ethical behaviour is integrated across all of our business units, geographies and operations through our *Code of Ethics* and associated policies.

The Applus+ *Code of Ethics* is articulated in a framework that establishes a set of principles and ethical values to guide our everyday behaviour, wherever we operate in the world. These principles are **Integrity, Transparency, Impartiality and Independence and Responsibility**.

Our *Code of Ethics* is available in **23 languages** to all of our stakeholders around the world, either at our website or at our Applus+ Global Intranet. The *Code of Ethics* sets forth the **values, principles and rules of conduct** that guide our activities:

Rules of conduct in our *Code of Ethics*:

Integrity

- Respecting dignity at 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

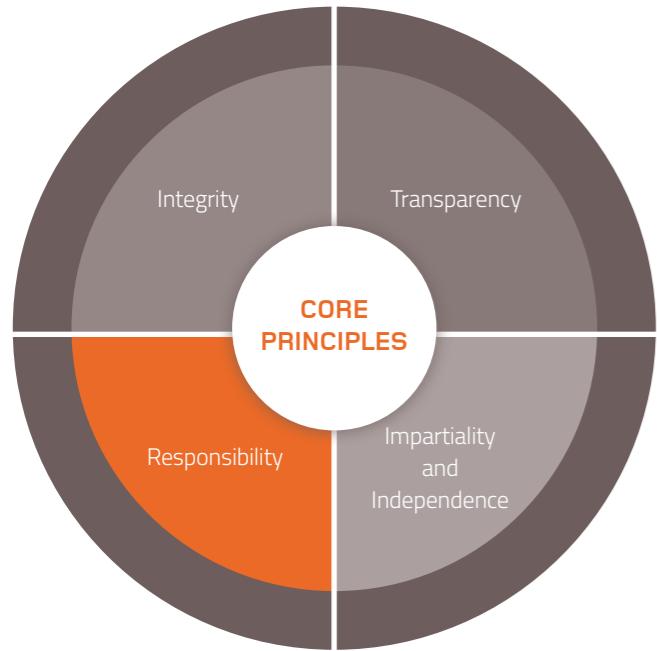
- Market competition and consumers
- Fighting against corruption
- Veracity of information and record keeping

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



Our *Code of Ethics* considers different scenarios, needs, risks and concerns that arise over time. Importantly, the Group's *Code of Ethics* works as a reference guide for the ethical principles that should inspire all of our professional activities.

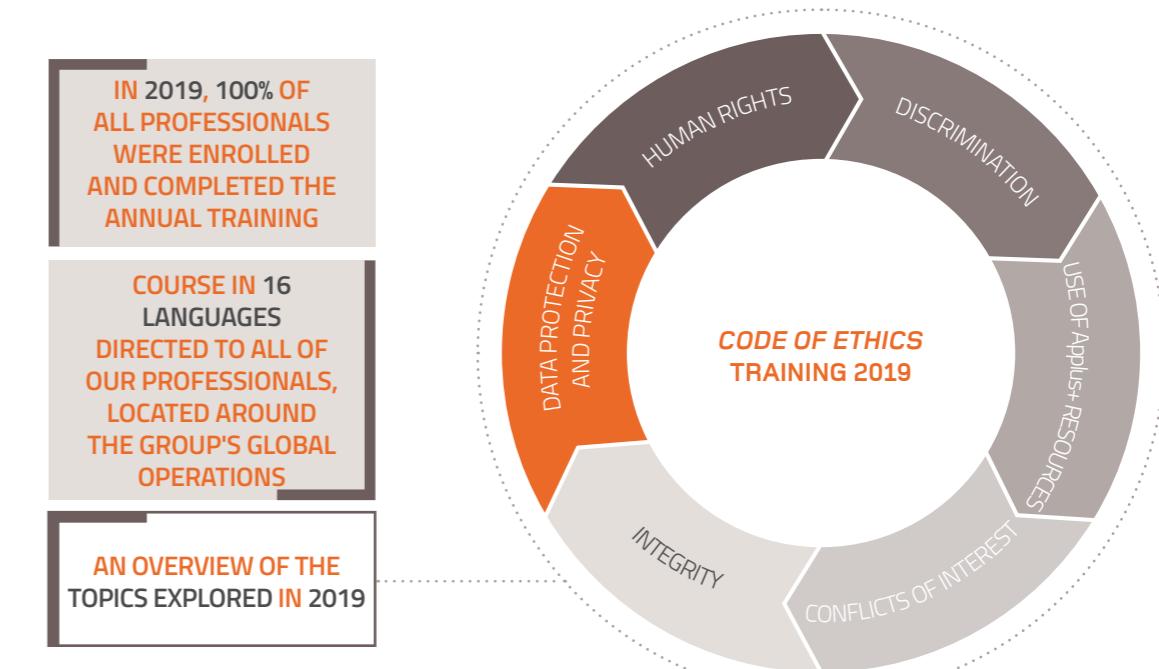
In 2019, the review of the Group's **Code of Ethics** aligned the policy with the requirements under the European General Data Protection Regulation (GDPR) and to new policies and improvements approved throughout 2018.

The main adaptions and changes included: new communication channel access, review of clauses for the privacy policy and an update of the Group's policy on the use of IT resources.

To ensure all professionals understand, align and follow the values and ethical principles set out in our *Code of Ethics* and related policies, every year we deploy an **annual course on the Group's Code of Ethics and Global Anti-corruption Policy and Procedure**, which explores different topics and situations.

This training is **addressed to all professionals** and is part of the induction process of each new recruit. New policies, changes and upgrades in our *Code of Ethics* and related policies are always a special focus in the yearly-training calendar.

Applus+ annual training on **CODE OF ETHICS** and **ANTI-CORRUPTION POLICY**



Each year during the annual training course on the *Code of Ethics*, every professional renews their commitment to the *Code*. Each employee signs an initial commitment to the *Code of Ethics* and related policies when they join the company.

All third parties with whom we work **must know, understand and follow the principles within our *Code of Ethics***. To assure this, we make the *Code* available in various ways, depending on the nature of the relationship. For example, our suppliers always receive a copy of our *Code of Ethics* and our *Global Anti-corruption Policy and Procedure*, and sign a General Compliance certification where they state its commitment to the *Code* and its policies. Our partners in consortiums are asked to sign this same certification, where Applus+ is the managing partner of the consortium.

Those third parties, as agents or joint ventures partners that can perform activities on behalf of Applus+, must follow a strict approval process. This includes, apart from knowing and committing to our *Code of Ethics* and *Global Anti-corruption Policy*, reputational and integrity tests before initiating any type of relationship together.

Ethics and compliance communication channel

The Applus+ Ethics and **Compliance Communication Channel** is a mechanism for Applus+ professionals and third parties (clients, suppliers and business parties) to:

- Raise any doubts or queries regarding the correct interpretation and application of our *Code of Ethics* or any other Applus+ internal regulations (QUESTIONS); or
- Notify any indication or suspicion of any act or breach that may violate the rules of the *Code* and its regulations (COMPLAINTS).

Communication to the Ethics and Compliance Communication Channel may be sent by completing an electronic form available at the Applus+ Global Intranet, as well as at the Applus+ website.



The **channel's** terms of use detail its underlying **principles (good faith, confidentiality, lack of reprisals)** and explains how to submit a query or complaint, as well as outlining the process for managing any complaint. We also have the *A+ Whistleblowing procedure* that regulates the management of the communication channel.

The Chief Compliance Officer (CCO) is responsible for managing this communication channel and directing and coordinating any investigation.

In 2019, there were **107 communications received**, with **91** of these opened for **investigation into potential breaches**. Out of the 91 communications opened for investigation, **sixty-two cases** have been **closed in 2019**, and **twenty-nine continue to be open** and under investigation and management by the CCO.

Out of the 62 cases investigated, there was **evidence found in 24 cases** of irregular behaviour or breaches of the *Code of Ethics* values and/or the *Global Anti-corruption Policy and Procedure*. All of these cases resulted in some type of **correction or disciplinary action**.

Out of the 107 communications, **ninety** came from **internal sources** and **seventeen** came from **people external to the Group**. **Seventy-six percent** of the **cases used the formal communication channels** of the company to send the allegations; nineteen contacted someone from the management team, and the remaining came in via an audit process or other sources.

COMPLIANCE MANAGEMENT SYSTEM

Applus+ has implemented a **Compliance Management System for Criminal Risks (CMS)** to enable the Group to detect possible criminal offences under the *Spanish Criminal Code, UK Bribery Act and the US Foreign Corrupt Practices Act*.

The Group's *CMS* has, at its core, the *Code of Ethics* and *Anti-corruption Policy and Procedure*. However, the *CMS* also comprises a series of other internal policies. The *CMS* is included in the scope of the **periodic controls** carried out by the **Internal Audit Department**.

The Chief Compliance Officer, under the supervision of the CSR Committee, is responsible for the necessary measures to raise awareness of the *CMS* among Applus+ professionals and to monitor adherence to the compliance system.

To strengthen the effective implementation of the Group's *CMS* across our global operations, in 2019 the Group defined the **principle core compliance controls at Applus+ (CORE Compliance document) for Country Managers, Finance Managers and Human Resources teams**. Compliance controls include all of the Applus+ Group's internal policies and procedures comprised within our *CMS*. The *CORE Compliance* document indicates each area of responsibility for the applicable compliance requirements.

Two levels have been established to comply with these requirements:

- **"Understand and Follow"** (9 policies): managers should read, understand and follow compliance requirements; ensure that these are understood and followed by the professionals under their supervision; and ensure the managers take appropriate actions to monitor compliance.

- **"Implement"** (12 requirements arising from the policies and procedures within the *CMS*): in addition to the previous level of requirements, managers should implement applicable compliance procedures. The implementation may be audited.

MAIN CORE COMPLIANCE CONTROLS FOR MANAGERS

UNDERSTAND & FOLLOW	IMPLEMENT
<i>CODE OF ETHICS</i>	<i>CODE OF ETHICS</i>
<i>ANTI-CORRUPTION POLICY & PROCEDURE</i>	<i>ANTI-CORRUPTION POLICY & PROCEDURE</i>
<i>WHISTLEBLOWING PROCEDURE</i>	<i>GLOBAL CONFLICT OF INTEREST POLICY</i>
<i>GROUP'S DECISION LEVEL AUTHORITY POLICY (DLA), CHART OF AUTHORITIES AT Applus+ GROUP, POWERS OF ATTORNEY POLICY</i>	<i>GROUP'S HUMAN RESOURCES POLICY</i>
<i>COMMITMENT & GUARANTEES POLICY</i>	<i>CORPORATE CREDIT CARDS POLICY</i>
<i>CSR POLICY</i>	<i>GROUP'S TREASURY POLICY</i>
<i>POLICY FOR OPERATING IN A NEW COUNTRY</i>	<i>GROUP'S ANTI-MONEY LAUNDERING POLICY</i>
<i>GROUP'S CUSTOMER POLICY</i>	<i>GLOBAL BUSINESS TRAVEL AND EXPENSES POLICY</i>
<i>Applus+ SANCTIONS AND EXPORT CONTROL POLICY</i>	<i>GROUP'S SUPPLIER'S POLICY</i>
	<i>GLOBAL PURCHASING POLICY</i>
	<i>USE OF IT RESOURCES GROUP POLICY</i>
	<i>HSQE POLICY</i>

In **2019**, the Corporate Compliance Department at Applus+ has focused their efforts globally on **ensuring** that the **CMS policies are implemented** across all divisions and regions. To present the country managers with their associated responsibilities, the Compliance Department has communicated how professionals are to comply with the compliance model, with all country managers receiving **training on these CMS policies and related compliance requirements**.

Similarly, **an internal control tool has been designed** to check that all managers meet their applicable compliance requirements. Moreover, a management declaration must be signed to confirm the correct implementation of these requirements. This control model was launched in the last quarter of 2019. From analysing the results of this control model, useful indicators can be defined and applied to monitor the compliance of the requirements within the *CMS* in the upcoming years.

CORRUPTION AND BRIBERY

Applus+ has a **Global Anti-corruption Policy and Procedure** to prevent, detect, investigate and remediate any corrupt act within the Group. The main commitments include:

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

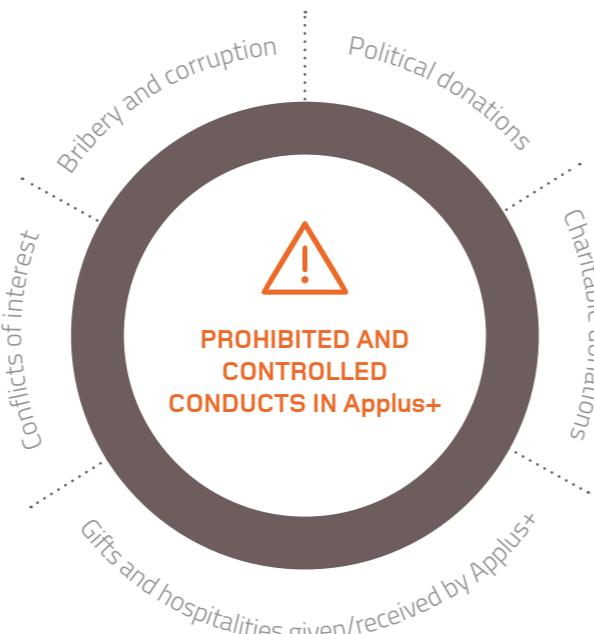
CORRUPTION AND BRIBERY

As stated in the ***Global Anti-corruption Policy and Procedure***, any sponsorship or donation must be legitimised, formalised and authorised. In 2019, we have contributed € 89,998 to foundations and non-profit entities. Following our policies, Applus+ has not given donations to political parties.

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

In the 2019-version for the *Procedure*, the regulations for our consortium partners who act as interested parties on behalf of Applus+ were included, together with other third parties such as the suppliers and venture partners.

In addition to this, policies approved in 2018 (*Policy on Conflicts of Interest* and *Suppliers Policies*) were also covered. Moreover, in this latest revision, some changes were made regarding areas of reputation and integrity, along with other changes related to data protection for compliance with the *GDPR*.



MARKET COMPETITION

Free competition and innovation are the basis for healthy economic growth. Accordingly, **compliance with antitrust and competition laws** is one of the values covered by the Group's ***Code of Ethics***.

The TIC sector, of which the Group belongs, is characterised by an intense competition among organisations, both in private or public tenders.

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

Key actions in 2019 focused on:

- Issuing and publishing the Applus+ ***Competition Policy*** and ***Bids and Tenders Policy***, including training with business teams during 2019 and preparing a global online training tool for launch in 2020.
- Active participation in the TIC Council in the drafting and reviewing the **new *Competition Compliance Policy of the TIC sector Council***.

In 2019, no legal proceeding was initiated against the Applus+ Group, nor has the Group been served with **claims for unfair or monopolistic competition practices**. Furthermore, **no sanction** has been imposed, pecuniary or otherwise, due to the practices described above.

INFORMATION SECURITY MANAGEMENT

Managing any business today requires the **protection** of the **personal data** generated across a vast array of **day-to-day business operations**, which rely on different data-processing activities. Acting on these considerations, the Group will always strive to protect an individual's privacy and their corresponding fundamental rights when processing personal data. Personal data protection and privacy is one of the values upheld within our ***Code of Ethics***. Therefore, all of our professionals must respect the basic rules stated within the *Policy*, and be aware that laws related to **data protection** vary in the **different countries where the Group operates**.

To manage GDPR compliance, Applus+ has the following internal policies and procedures:

- *Applus+ Data Protection Policy*
- *Applus+ Policy and Procedure for Management of Individual Rights*
- *Applus+ Data Breach Policy*

Information security is also safeguarded through the Applus+ **Group's policy on the use of IT resources**, and through the **confidentiality clauses** included in the **contracts** signed by our **employees** and **clients** (confidentiality clauses and non-disclosure agreements) and subsequent internal processes. In the case of the **IDIADA Division**, the specific ***Information Technologies General Policy*** is applied.

In addition, the Applus+ Group appointed a **data protection team** including divisional or country responsible for ensuring the implementation and compliance of *GDPR* and for managing any concerns raised over data protection. The Corporate Legal Department, with whom the team holds periodic follow-up meetings, coordinates these managers and defines action plans where applicable.

The Group provides **training** (online and on-site) regularly to raise awareness about personal-data matters and regulatory compliance. In 2019, following the first anniversary of *GDPR*, we had **face-to-face trainings** in Spain with the employees responsible for *GDPR* to update their knowledge on the recent Spanish law, and to share experiences and doubts. Additionally, the Group will launch online training for EU employees during H1 in 2020.

In **2019**, we have not suffered **any material leakage, theft or loss of information**, and the Group has not received any **claim or complaint** in relation to information security or data protection. However, **during 2019**, Applus+ has answered **approximately 1,200 enquiries on exercising data-privacy rights** through the channels dedicated to these purposes. **These enquiries were** mostly related to our statutory-vehicle-inspection activities in Spain.

In addition, and importantly, in 2019 an update on the status of the *GDPR*'s implementation was shared with the Audit Committee and the Board.

Applus+ Group has implemented a continuous improvement **programme in cybersecurity**, which includes different initiatives related to the four pillars of its strategy:

- | | |
|---|--|
|  PROTECTION

 DETECTION

 RESILIENCE

 GOVERNANCE | <ul style="list-style-type: none"> ▪ Deploy and keep Information Systems free of vulnerabilities ▪ Protect IT assets against threats ▪ Anticipate security incidents through behavioural analysis and correlation of information from internal and external sources ▪ Design the Information Systems to contain any impact in the event of a security incident ▪ Recover the normal situation through appropriate procedures in back-up and restoration ▪ Assess cybersecurity risks in each new business requirement ▪ Define internal cybersecurity policies and ensure compliance ▪ Assess and manage the risks with our critical suppliers ▪ Create recurrent awareness campaigns for all employees |
|---|--|

05 Business excellence

The Applus+ Group is a **trusted partner** to private and public-sector companies and organisations, and our four divisions provide a complete portfolio of Testing, Inspection and Certification (TIC) solutions across the principal industry sectors.

The Group develops its TIC services focused on innovating technology and processes **in all of our business lines**, and our technical teams develop advanced solutions with independent expertise on global regulatory requirements.



The TIC sector

The TIC sector integrates a **wide range of technical professions and specialist procedures**, including laboratory or on-site testing, facility and asset inspections, product-conformity certification, management-process audits, documentation inspection and data-consistency verification and across the entire supply chain.

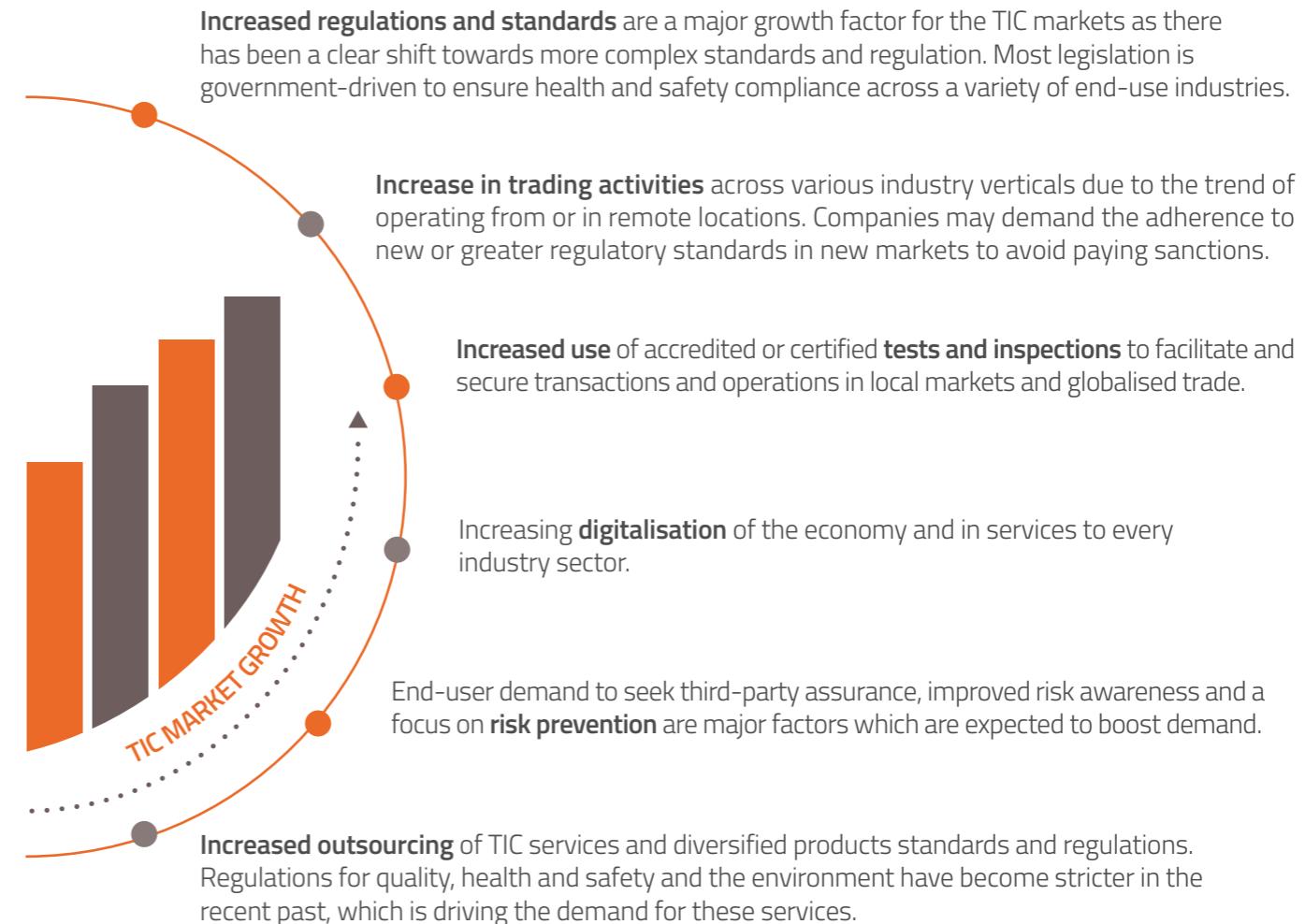
These highly technical services are delivered for private companies, public authorities, governmental departments or on the behalf of the end-user or purchaser. Our divisions' broad portfolio of services supports the development of trust and assurance among our clients, industries, end-users and wider economic relationships.

The TIC sector works in all major industry sectors and markets, spanning FMCG, Oil and Gas, Energy, Automotive, Construction, Aerospace, Chemicals, Transport and Pharmaceutical to name a selection. The international markets for TIC services are growing at a global level, and the requirements are driven by a balance of influences through **government regulation** and the wider **economic changes or technological adaptations in different industry sectors**. Therefore, these aspects of market development determine the growth of the TIC sector in each country.

Developed regions, such as **Europe** and the **USA**, have mature and stringent laws and regulations applicable to consumer products, with a small number of international organisations and agencies central to the standards for safe and quality goods. This provides opportunities for market growth in the TIC sector even in developed nations with convergent legislations. With an increase in world trade, **emerging economies** such as China and India have joined the leading economies to attract the major global companies and the TIC activities which support their activities.

Companies from emerging markets have also drastically increased the volume of goods exported to developed countries in the recent past, and trends suggest western-economy companies are increasingly focused on managing their processes throughout the value chains.

The main **factors governing growth** in the TIC market are:



Services and clients

GRI 102-4

GRI 102-5

GRI 102-6

GRI 102-7

At Applus+, our four divisions provide innovative, wide-ranging TIC services to national and multi-national companies and public bodies all over the world. Our professionals are trained in many engineering, scientific and industry disciplines to become specialist in highly technical testing, inspection and certification processes.

To develop this **technological expertise**, the Divisions at Applus+ collaborate with clients and partners to enhance the **quality and safety** of their assets, infrastructures and products. Our TIC services also assist organisations to comply with the applicable **environmental** requirements and legislation in the markets and jurisdictions where they operate.

The services and activities from the Applus+ Group are developed and deployed by following our commitment to the principles within the **United Nations' Sustainable Development Goals** (SDGs).

These SDGs are related to a wide range of technical services provided by our four divisions to the different industry sectors:

Energy & Industry Division

Core Services:

- Inspection
- Non-destructive testing
- Engineering and consulting
- Certification services
- Supervision, Quality Assurance and Quality Control
- Testing and analysis
- Vendor surveillance

Principal Industries: Oil and gas, power, telecommunications, construction, mining and aerospace.



Automotive Division

Core Services:

- Statutory vehicle inspections for government programmes
- Driver-testing inspections
- Public-service vehicle inspections
- Off-leasing vehicle inspections
- Vehicle condition, emission and registration inspection
- Road-safety education

Principal Industries: Government and public transport agencies.



Idiada Division

Core Services:

- Testing and engineering services
- Worldwide homologation and product certification
- Proving ground
- Design services

Principal Industries: Automotive.



Laboratories Division

Core Services:

- Industrial testing laboratories
- Engineering
- Certification
- Metrology services

Principal Industries: Aerospace, automotive, electronics, construction and information technology.

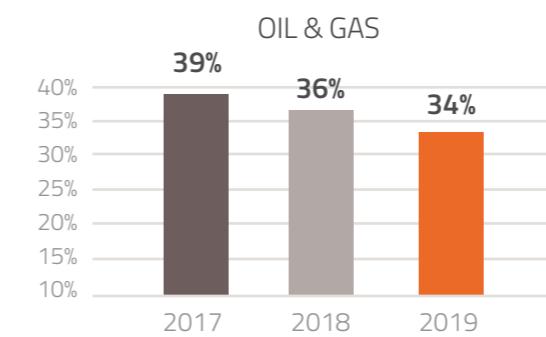


OUR CLIENTS

The Applus+ Group's businesses provide TIC services for a wide range of clients. Our Divisions' principal sectors and supply chains cover the **Oil and Gas and Automotive industries**, including statutory-vehicle-inspection programmes and automotive and OEM testing, homologation and engineering.

BUSINESS DIVERSIFICATION AND SUSTAINABILITY

The Applus+ Group's revenues from the Oil and Gas sector continue to be a less significant percentage of the Group's total revenues as **our services expand their diversification into renewable energies among others**.



In the **Group's contribution to decarbonised the economy** as businesses transform to sustainable energy solutions, the Group has increased its service portfolio for long-term sustainability along two lines of action: to expand the diversification to the Power sector, specifically into the Renewable sector, and to develop technologies that reduce emissions and foster the next generation of electric vehicles.

The Divisions at the Applus+ Group are also harnessing digitalisation for new services and TIC processes, which target new methodologies to conduct remote inspections. These reduce the health and safety risks of our teams' on-site presence, as well as environmental impacts from transport. Other recent service innovations include aerial asset inspections which deploy UAV drones, digital twin modelling to improve quality on pipeline or vessel welding, or virtual simulation in automotive development.

The **renewable energy sector** is a strategic sector for the company. The Group's TIC services for the renewable-energy sector support projects across all phases, starting with inception through to the construction phase and including the operation and maintenance phases.

In the past two years, the main highlights are:



A twenty-six percent **increase in revenue** from the renewable-energy sector, with wind and solar technologies making a significant contribution.



A ten percent increase in revenue from the renewable energy sector.

2017

Created **renewable-energy unit within the Group** to develop business lines for a service portfolio focused on assisting clients throughout all of the phases of a renewable-energy construction and production project.

2018

Developed strategic **plan** for renewable-energy business globally to be implemented consistently all over the world.

2019

Applus+ won major contracts to oversee renewable energy projects, including the provision of engineering services, quality and technical supervision during construction, and on-going technical assistance in countries such as Mexico, Mongolia, Spain and Australia, as well as the Baltic Sea.

The Applus+ Group's services to the automotive sector are following the evolution of the innovative technological solutions for the **electric vehicles** and the tightening of regulatory controls to reduce vehicle emissions. Our Divisions' services to manufacturers and public regulatory agencies add to the sustainable design and use of vehicles by supporting better quality, increased safety, environmental actions and operating efficiency.

New service capabilities for carbon emission reduction in 2019

Applus+ researched and developed solutions for electric-vehicle mobility and for reducing emissions from vehicles. The Group constructed and opened a new test track in Tarragona (Spain) **for electric-vehicle development and testing**; opened facilities to test the new generation of direct injection petrol engines (achieving a 15% reduction in CO₂ emissions); and opened a **new e-motor test laboratory**.



Quality and excellence

GRI 102-12

GRI 103-3

GRI 418-1

The Applus+ Group and our teams across the four divisions commit to the highest levels of service excellence because we understand that our clients' satisfaction is crucial to the long-term sustainability of our business.

QUALITY MANAGEMENT APPROACH

The processes and the services we deliver operate in accordance with the international ISO 9001 standard. The quality management systems are deployed at local-level basis through a global *HSQE Policy*. These systems are accredited or certified and periodically audited by third parties, and our **certificates** have been maintained over long periods. At present, the Applus+ Group has legal entities in over 30 countries which operate certified, or accredited, quality-management systems. The 30 countries are in North and South America, Europe, Africa, the Middle-East and the Asia-Pacific.

To go beyond the expectations of our clients, we deliver operational excellence by focusing on six aspects which underpin client satisfaction and their demands.



- **QUALITY:** We have a systematic approach to developing quality in our services to achieve **client satisfaction**.
- **SERVICE DELIVERY:** We offer knowledgeable advice by means of a **quick and flexible service**.
- **KNOWLEDGE:** Our people are technicians and engineers with **high technical qualifications**.
- **INNOVATION:** Our innovation efforts **add value** to our clients' products, assets and services.
- **STRATEGIC ALLIANCES:** We partner private companies and public bodies to advance **global technology solutions**.
- **ACREDITATIONS AND CERTIFICATIONS:** Our accredited and certificated services confirm our TIC sector **expertise** and create value for clients.

As part of the Group's commitment to quality management, in 2019 we celebrated our third **World Quality Day** (WQD), sharing insights with our employees on how **we are all "Quality Leaders"**. As part of the communication package, we produced a video to show how each individual plays an invaluable role in ensuring the Group's services meet the quality standards and requirements of our clients.

World Quality slogan:

"We are all Quality Leaders"

We can achieve excellence through **procedures, documentation** of the activities and **performance evaluation**.

- Procedures are more than just documents
- Document your activities
- Monitoring means improvement



Contact us at HSQE.quality@applus.com

ACKNOWLEDGEMENTS

Our **accreditations and certifications** confirm our knowledge and expertise with third-party recognitions, and these allow the Group to deliver services with the confidence of our clients. In 2019, the main progress achieved in this area is:

- Applus+ in Uruguay received its accreditation certificate from the OUA, **Uruguay's official accreditation agency**. Applus+ is the only company in Uruguay to hold the **ISO/IEC 17020:2012 accreditation**. The standard sets out the technical requirements required to act as an inspection body, and covers motor and passenger vehicles providing services under the jurisdiction of Uruguay's National Transport Directorate (DNT), and heavy goods vehicles with loads exceeding 3.5 tonnes that are subject to DNT registration.
- In the **USA**, the **Smog DADdy OBD Data Acquisition Device** developed by Applus+ was re-certified by the California Bureau of Automotive Repair (BAR). BAR tests the device annually to ensure it meets the BAR's stringent requirements for a device to test vehicle emissions.
- Applus+ received the **Visa accreditation** for testing VMCPS (Visa Mobile Contactless Payment Specification) v1.4.4 and Broker Interface v1.0 of products VMMPA (Visa Mobile Payment Application). Similarly, the Division achieved accreditation for the new **interoperability testing EMV L1 PCD** to certify contactless terminals, and it also received **EMVCo** accreditation as a laboratory for mobile-payment assessment based on software (SBMP), and SOGIS accreditation to evaluate security on hardware devices with security boxes under the **Common Criteria** methodology.
- Applus+ achieved a new acknowledgement from a **global car manufacturer** to perform electromagnetic compatibility testing of components for its new vehicles.
- The Division has received ISO/IEC 17065 accreditation for the **Applus+ Fire Safety** certification mark.
- In **Mongolia**, Applus+ was acknowledged as a technical inspection body in accordance to **MNS ISO/IEC 17020:2013**, as well as for the inspection services for **non-destructive testing**, according to the rules of the American Society of Mechanical Engineers (ASME), American Welding Society (AWS), Mongolian National Standard (MNS) and other international standards.
- Applus+ achieved the accreditation as an environmental control body by Catalonia's Department for Territory and Sustainability (**Spain**) for **statutory inspections of air emissions**.

- Applus+ in **Asia & Pacific** achieved accreditations according to the **ISO 17025 standard** for non-destructive testing, covering radiographic and ultrasonic testing methods, computed radiography, A-scan, internal rotary inspection system and high-frequency eddy current testing (ECT) at six of its facilities in Australia (Chinchilla, Kwinana, Darwin, Karratha, Melbourne y Perth) and at Port Moresby in Papua New Guinea.
- The Applus+ Group achieved a new accreditation for **stationary inspection of pressure equipment** in **Portugal**.
- In **Spain**, Applus+ was newly accredited to carry out **electromagnetic compatibility (EMC) testing** and evaluations of human exposure to electromagnetic fields under UNE-EN ISO/IEC 17025:2005.
- Applus+ in Spain has achieved new ENAC accreditation for **biological testing** at its chemical and biological testing laboratory in Sada, A Coruña (**Spain**), widening the scope of its accredited services to include the quality control of inland bodies of water (rivers, lakes and reservoirs) under ISO/IEC 17025:2017 standard.
- In **Canada**, Applus+ achieved the designation as **Foreign Certification Body** by the Ministry of Innovation, Science and Economic Development and **as Certification Body** for **radio-electric devices**.
- Applus+ in the **Netherlands** received approval from DNV-GL to provide services for the **classification of offshore objects**.
- In the **United Arab Emirates**, Applus+ received a number of new accreditations.
 - » ISO 17024 - Dubai Accreditation Center (DAC) accreditation for operator certification in lifting equipment in the Construction and Oil and Gas sector;
 - » Pre-qualification for intelligent pigging services with the Abu Dhabi National Oil Company (ADNOC) ADNOC HQ in the Oil and Gas sector;
 - » DAC accreditation for elevators and escalator inspections in the Construction and Building sector;
 - » Abu Dhabi Centre for Vocational and Education Training (ACTVET) approval for training services in the Construction and Oil and Gas sectors; and
 - » IRATA approval for rope access services in the Oil and Gas industry amongst others.
- In the **USA**, Applus+ achieved further approvals from different clients for our NDT services, including X-ray (film & digital), radiographic testing (RT), magnetic testing (MT) and remote digital reading among others.



Ultrasonic Testing (UT) NDT

CLIENT FEEDBACK

The Applus+ Group maintains **regular and continual communication** with its clients at all levels because we believe good client relationships are a key route to improve the company's performance.

We meet **frequently** with our clients to develop our services, and we communicate continually with our clients when developing projects to review progress and results.

To gain feedback and insights through a variety of methods, we organise **open days, road shows, conferences and technical forums** for our clients, and we periodically **survey** our clients **on their satisfaction** and suggestions for improvements.

We also have local systems for **complaint management** to analyse and quickly remedy issues raised from any claim. In 2019, we received 554 customer complaints, of which 421 are already closed and the remaining are in the process of resolution.

In 2019, many clients recognised the business excellence delivered by Applus+, **rewarding our high-quality performance** when delivering different services across the Group's four divisions. Our clients' recognition is critical to us, so we are pleased to highlight the notable **awards and recognitions**:

- Applus+ in Denmark was nominated for the fifth consecutive year as the inspection company of the year at Denmark's annual Automotive Award Show, winning the "Best initiative" category with our national Applus+ GoKart tournament for the Division's B2B customers. In further recognition from the industry, Applus+ were named "Car Inspection Company of the Year" at Denmark's Auto Awards.
- Applus+ in **China** were recognised with the Visa Award for Best Performance for Testing Services of Chip Card Acceptance Device Products.
- In the **Mediterranean region**, Applus+ received a letter of recognition from an important client in the Power sector commanding the work delivered by our structural-inspection team.
- In the **Northern Europe and Asia Pacific** regions, Applus+ received three awards from a multinational power company recognising our work on innovation and technology. In Australia, a major mining company congratulated our team for delivering excellent NDT work and service required during a shutdown of the plant.
- In **Latin America**, for the second consecutive year, Applus+ was awarded with the Productivity Prize by the Industrial Union of Panama (SIP).
- In the **Middle East & Africa** region, Applus+ received awards for the quality of the services provided to an oil and gas major. Our team were recognised for its contribution to different projects developed at different refineries. In Nigeria, Applus+ received congratulations from another oil and gas major for deploying our services at short notice and to a tight schedule.
- In **North America**, the Applus+ Group's operations in Richland, Washington received a letter of recognition for the quality and excellent service when delivering services at the Purex Tunnel 2 Stabilisation Project.

Strategic alliances

GRI 102-13

To further develop the TIC practises in the sectors we operate, we are **members** of various industry **organisations and associations**. This collaboration allows us to participate in permanent working groups for new developments; to foresee new regulatory changes; and to identify and understand expectations and requirements of our stakeholders linked to the activities of the organisations or associations.

TECHNICAL FORUMS

- The Applus+ Group is a member of **CITA (International Motor Vehicle Inspection Committee)**, and we are represented on all of the working groups: WG1 (Safety Systems); WG2 (environmental protection systems assessment); WG3 (training and quality outcomes of inspections); WG4 (continuous compliance); and WG5 (information systems). Our professionals' involvement in CITA's working groups allows the Group to address the main issues in the area of automotive safety and the sector's environmental impact.
- Applus+ participates in **European Strategy on Cooperative Intelligent Transport Systems (C-ITS)** adopted by the European Commission in 2016, which is a milestone initiative to develop cooperative, connected and automated vehicles and mobility. The C-ITS's objective is to facilitate the convergence of investments and regulatory frameworks across the European Union to realise the deployment of mature C-ITS services from 2019 onwards.
- The Applus+ Group is member of the **Spanish Association of Defence, Aerospace and Space Technology Companies (TEDAE)**, representing and promoting its members' interest both nationally and internationally.
- Applus+ participates in **Pipeline Research Council International (PRCI)**, which is a community of the world's leading pipeline companies and their vendors, service providers, equipment manufacturers and other organisations supporting this sector.
- Applus+ participates in the **International Federation of Automotive Engineering Societies (FISITA)**, through the membership of IDIADA and Automotive Division at STA (Society of Automotive Technicians). Moreover, IDIADA holds the presidency of STA. Members of these forums share knowledge on automotive engineering and contribute to the development of new technologies worldwide.
- Experts in cybersecurity at Applus+ are actively involved in the **Spanish Committee on Cybersecurity and Privacy Standardisation (UNE-CTN320)**. The team from the Laboratories Division participate in the SC3 Security evaluation, testing and specification; SC1 Cybersecurity management systems; SC4 Security services; SC5 Data protection, privacy and identity management; and in the SC6 Product security.
- Applus+ is actively involved in the development of new test standards through our membership of the **European Telecommunications Standards Institute (ETSI)**. The organisation is responsible for producing globally applicable standards for information and communication technologies, including fixed, mobile, radio, broadcast, internet and aerospace.
- Applus+ is a member of **ASTM International**, operating over 12,000 ASTM standards globally. ASTM standards enhance performance and bring confidence when purchasing goods or services. ASTM harnesses the expertise of over 30,000 members to create consensus and improve performance in manufacturing and materials, products and processes, and systems and services.
- Applus+ is participating in various committees at the **TIC Council**, a new international association representing independent TIC companies and set up from the merger of the former global TIC-industry organisations, the IFIA and CEOC.

SOCIAL RESPONSIBILITY

- The Applus+ Group joined the **UN Global Compact**, committing to its "Ten Principles" related to human rights, labour, the environment and anti-corruption.
- The Group is a member of **FORÉTICA**, a leading association for CSR, sustainability businesses and professionals in Spain and Latin America.
- Applus+ in Spain is a patron of the **ADCOR Foundation**, which is a non-profit organisation dedicated to supporting equal work opportunities with people of different capabilities in A Coruña, Spain.
- Our technical experts at Applus+ work closely with the **European Standardisation Committee (CEN)**. European Standards (ENs) are based on a consensus, which reflects the economic and social interests of 34 CEN Member countries, channelled through their national standardisation organisations.
- In 2019, the Applus+ Group's rating by CDP achieved a "B". The **CDP** is a non-profit organisation that directs the global disclosure system for investors, companies, cities, states and regions in order to manage their impact on the environment.
- Applus+ included into the **FTSE4Good IBEX index** in June 2019.

Business expansion

As a global leader in the TIC sector, the Applus+ Group develops an investment and growth strategy to offer its clients the **best global service with a local proximity**. As part of these plans in 2019, the Group's expansion reached new milestones in core markets and sectors:

NEW FACILITY INAUGURATED AT WALKERTON IN THE MUNICIPALITY OF BROCKTON

Ontario, Canada

The Energy & Industry Division at Applus+ has developed its operations in Walkerton (Canada) to meet the industry's demands for quality testing and inspection services.

FIRST OFFICE INAUGURATED IN ALGERIA

The Energy & Industry Division at Applus+ has been investigating the **Algerian market** since 2014. The Group's activity started in the country in 2015, and this new office will boost the **development and diversification of the Group's activities**.

NEW OFFICES IN PORTO, PORTUGAL

Applus+ has been working on various projects in **Portugal** since 2014, and the opening of this office constitutes a **further commitment to the development of the company in the country**.

NEW CALIBRATION LABORATORY IN SAN FERNANDO DE HENARES, SPAIN

Applus+ acquired Laboratorios de Ensayos Metrologicos (LEM), a company specialized in legal metrology. LEM's regional offices will be incorporated to the Applus+ network of laboratories in Spain to offer an increasingly local service.



ACQUISITION OF LEM LABORATORIES IN SPAIN

Applus+ acquired Laboratorios de Ensayos Metrologicos (LEM), a company specialized in **legal metrology**. LEM's regional offices will be incorporated to the Applus+ network of laboratories in **Spain** to offer an increasingly local service.

ACQUISITION OF LEM LABORATORIES IN CHILE

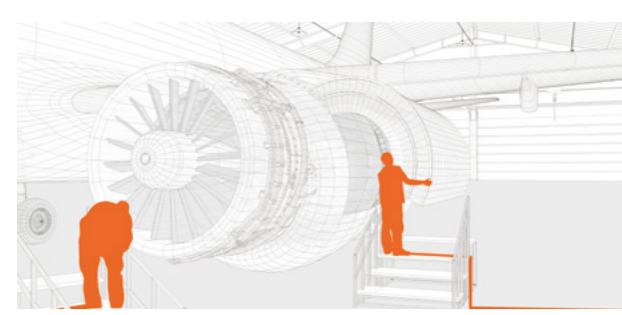


Applus+ has widened its presence in **Chile** with the 100% acquisition of LEM Laboratories, dedicated to testing and inspecting materials for civil engineering projects in **mining, construction and the industrial sector**.

ACQUISITION OF THE LABORATORY A2M INDUSTRIE



The Applus+ Group acquired the **French** laboratory A2M Industrie, specialized in materials testing, strengthening the position of the Laboratories Division as a strategic supplier to the **aerospace sector**.



ACQUISITION OF TALON TEST LABORATORIES

The Applus+ Group acquired US-based Talon Test Laboratories, a specialist in non-destructive testing (NDT) for the **Aerospace sector**. With this acquisition, Energy & Industry Division strengthens its presence in the **North American markets**.

Innovation

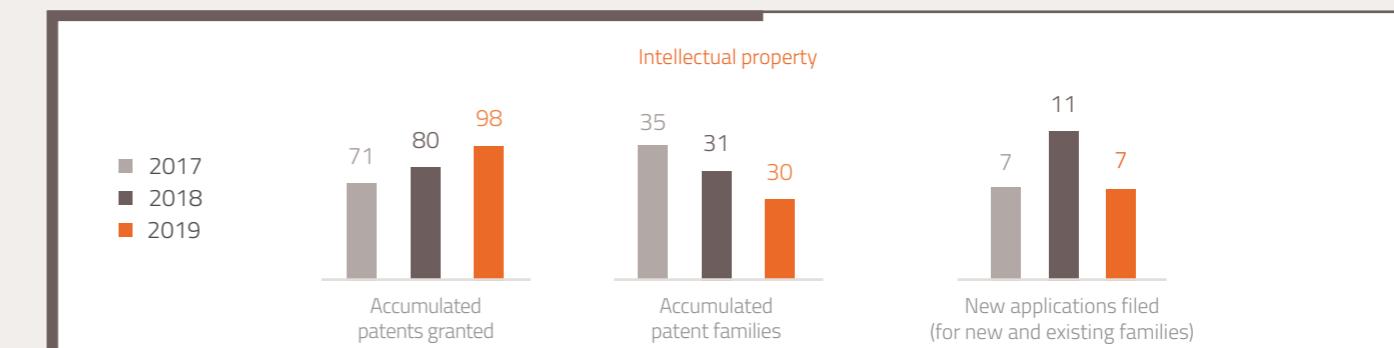
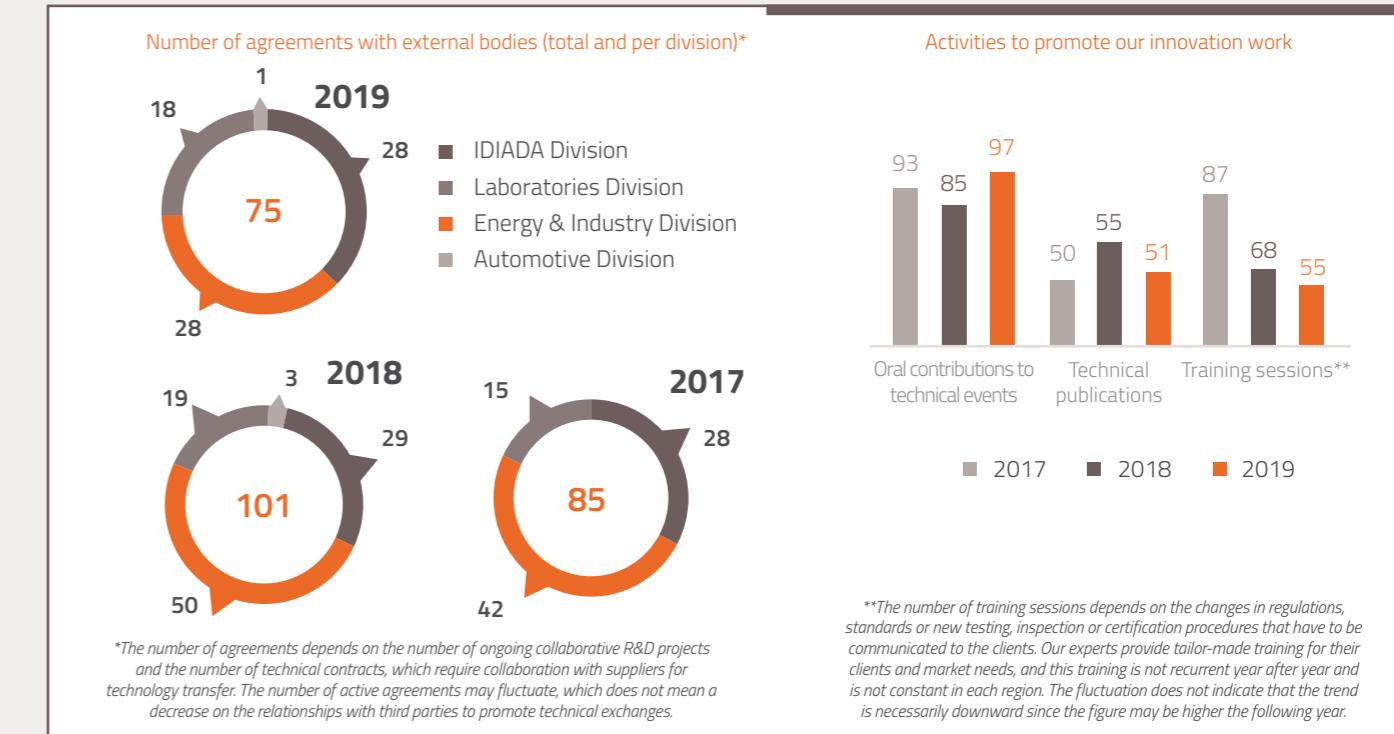
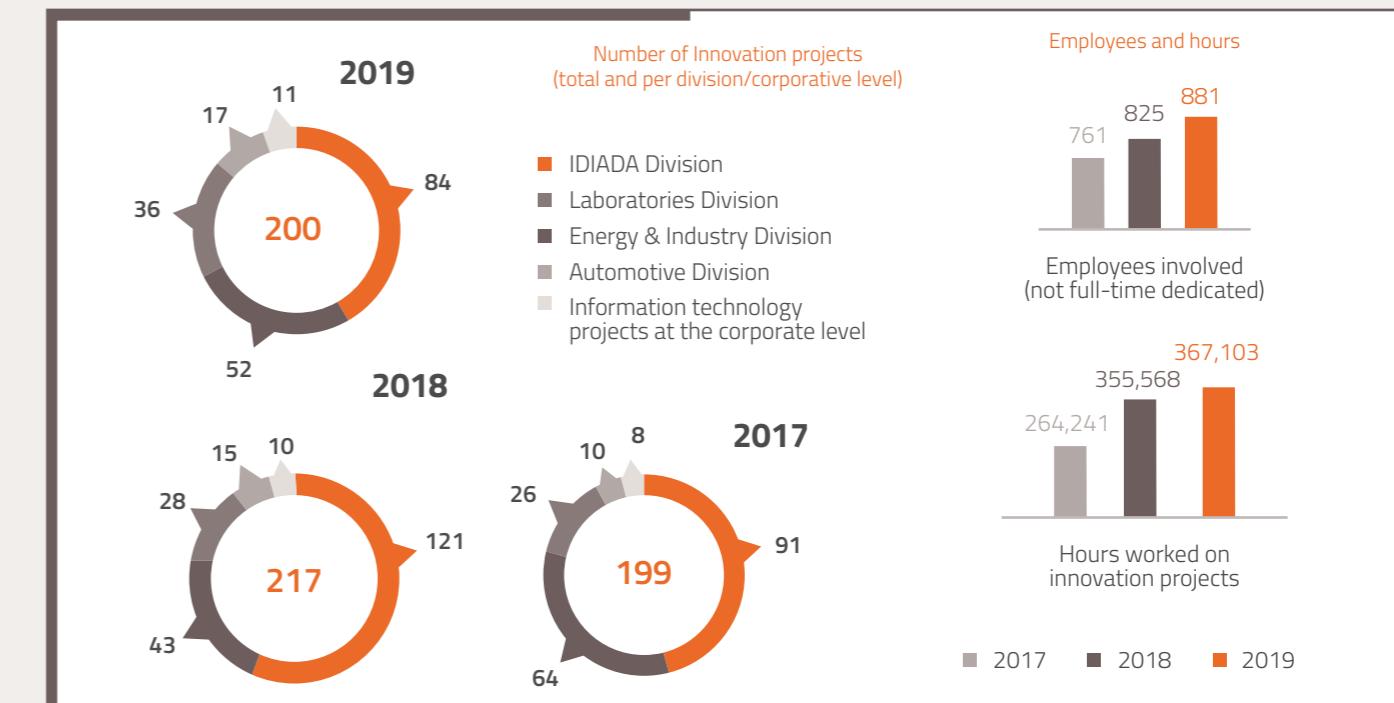
GRI 203-2

The Divisions' teams across Applus+ collaborate with their clients to improve the effectiveness and efficiency of their industrial and manufacturing processes. This **search for solutions** that add value, safety and sustainability for clients is a permanent focus, together with the development of new services to give answers to business needs. We understand innovation as a constant and multidisciplinary effort, in which we invest significant human and financial resources.



Laboratory testing

KEY FIGURES



During 2019, a total of 22 new patents were granted, with an increase of one patent family. To optimise and rationalise the patent portfolio, granted patents decreased by four and patent families by two. As a result, the Group increased the net accumulated patent portfolio by 18 patents to a new total of 98 valid patents, while the number of active patent families has decreased from 31 to 30.

DIGITAL TRANSFORMATION PROJECT

The Digital Transformation Project at Applus+ is a transversal initiative launched at the end of 2018 to coordinate and monitor the evolution of the Group's digital transformation plan. Embracing digitalisation continues the Group's practice of introducing technological invention and advances into our business lines to become a world leader in the TIC industry in the last 20 years.

Digital Transformation Project is a global initiate led by a committee of multi-disciplinary professionals from the Divisions and Corporate centre. The goal of the Digital Transformation Project is to guide the Group in a coordinated response to the eruption of digital technologies across all industries and the TIC sector. This is speeding up the Group's innovation process, while anticipating to the needs of our clients and becoming more competitive and efficient.

The Group's businesses have already introduced new digitalised processes into services over the previous years, with solutions for several industries such as IoT-based solutions for monitoring; machine learning, augmented reality and virtualisation for testing; and digital platforms for client data management.

These innovations have added value to traditional service portfolios and, in some cases, have led to new services or business lines, providing alternative solutions to the clients. In addition, mobility solutions, automation solutions and cloud-based IT infrastructure have contributed to improvements within the Group's operations.

The Digital Transformation Project promotes the development of digital solutions and initiatives across the company based on defined roadmaps. In parallel, a specific communication plan to stakeholders reinforces these initiatives. The project will allow Applus+ to continue adapting to the challenging scenarios as these emerge, and anticipate the future of this business and technological evolution to well-defined strategic goals.

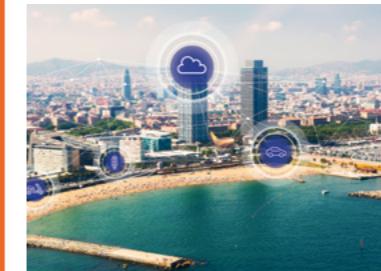
OUR INNOVATION PROJECTS

INDEPENDENT COLLECTION AND ANALYSIS OF HEAVY-DUTY VEHICLE ON-BOARD DIAGNOSTIC DATA

On-board diagnostic (OBD) systems on motor vehicles have become an essential method for monitoring components that can affect the emission performance of a vehicle. OBD systems monitor and ensure the proper state of a vehicle's emission-related components during its entire life.

Most motor vehicle models driving in **California** must be equipped with this self-diagnosis system, and many states currently use the OBD system to check compliance during inspection and maintenance programmes, for example on California's Smog Check programme. For heavy-duty vehicles (HDV) in the future, on-board diagnostic systems will have to be incorporated as part of any inspection and maintenance programme.

The California Bureau of Automotive Repair (BAR), regulator for on-board diagnostics system on vehicles sold in California, certifies the OBD complies with their requirements for OBD systems. The Applus+ proprietary device developed by the Automotive Division, called Smog DADdy OBD Data Acquisition, has been re-certified by BAR as a recognised OBD system for collecting and analysing OBD data for heavy-duty vehicles.



C-MOBILE

C-MOBILE is an innovative project that envisages completely safe and efficient transport on European roads, without casualties and serious injuries, by adopting state-of-the-art technologies in communication, road-side architecture and service-delivery concepts. The project sets out to define a transport architecture that is interoperable cross-border among the sites of deployment and utilises hybrid communication technologies.

C-MOBILE provides the framework for large-scale deployment of Cooperative Intelligent Transport Systems (C-ITS) in **Europe**, elevating pilot sites to deployment locations for sustainable services with the support of local authorities. C-MOBILE will take a common approach to ensure interoperability and seamless availability of C-ITS services, while presenting an acceptable cost for the end-users to enhance the business case for organisations in the supply chain.

The project is intended to accelerate C-ITS Mobility innovation and deployment in Europe, with an open platform provided for C-ITS sources to support deployment of service concepts on commodity devices, which are validated by developer communities. The app is operative in Barcelona and several other European cities.

The project, led by Applus+ IDIADA Division, is a collaborative initiative funded by the European Commission under Horizon 2020 Programme.



INTERSECTION 2020 PROJECT

The IDIADA Division, with the support of the Bundesanstalt für Straßenwesen (BASt), is **leading a private research initiative to study the anatomy of vehicle accidents** at different types of road crossings in **Europe**. Members of the automotive industry drive the project to develop a methodology for testing the Autonomous Emergency Braking (AEB) systems at crossroads, which present a new and more challenging scenario for these systems.

Research in the first stage of the project focused on the study of accidents at different types of road crossings found in Europe. From this study, the most common accidents were selected as the main test cases. To develop an appropriate test methodology, data on accidents was contrasted with statistical analysis of the data recorded through a Naturalistic Driving Study (NDS).

The project was aligned with the Euro NCAP 2025 roadmap that aims to deliver improved passenger safety. The methodology developed during the project was presented to Euro NCAP at the AEB working group, and the results have been included in the Euro NCAP 2020 AEB Car-to-Car protocol: the Car-to-Car Front turn-across-path (CCFtap) test scenario.

Through industry discussions, the project was also aligned with other R&D initiatives at the Applus+ Group, such as the EU-funded PROSPECT project. This alignment also helped to define the road layout where AEB Vulnerable Road-Users and AEB Car-to-Car were tested.

As a result of the knowledge resulting from the cooperation with 17 partners over the project's two years, a derivative project, EVADE 2022, has begun to continue the work for the AEB tests at crossroads. This spin-off project sets out to understand and develop a methodology to test emergency management systems, and understand and define ways to mitigate the gravity or even avoid head-on collisions.



DIGITAL TWIN CAPTURE OF LARGE VESSELS ON AN OIL & GAS MAJOR'S LNG PROJECT

The Energy & Industry Division at Applus+ in **Australia** supplied their expertise to develop NDT and remote visual inspection (RVI) methods at a large Liquefied Natural Gas (LNG) project in October 2019.

Using LiDAR (Laser point cloud) and photography equipment, the technicians at Applus+ were tasked, as part of a RVI-scope exercise, to baseline the internals of 10 large vessels, typically of four metres diameter and twelve metres long. The agreed baseline-strategy for the vessels was to develop high-fidelity visual digital twins using a combination of LIDAR and photogrammetry. The camera equipment included bespoke arrays developed specifically for this project to assist with capture speed and photographic overlap accuracy.

Prior to the shutdown, the vessels were ported from two-dimensional drawings to 3D CAD assimilated in a virtual reality (VR) environment to assist with developing a capture strategy. These models will also assist in creating low-poly digital twins.



PAV-DT PROJECT: INNOVATING THE REAL-TIME MONITORING OF ROAD PAVEMENTS

The Energy & Industry Division in **Spain** participates on the European funded Project PAV-DT, aimed at creating an economical and easy-to-install real-time measuring device and system for road pavement monitoring.

Thanks to this disruptive technology and new system, vehicles travelling on the roads will be able to gather information regarding the pavement condition, from where the data will be sent to a server for clients to access the latest information on the condition of the pavements. Furthermore, our client's engineers will receive information, which will allow them to take the necessary actions to repair the pavement. Through this project, the clients' vehicles will be converted into very low-cost real-time pavement inspection equipment.

Applus+ is responsible for testing and validating the previously developed prototype. On approval, Applus+ will carry out the tests in collaboration with the company who are developing the technology to demonstrate the device to clients in the field.



CIMSA ADOPTION: CASE INSPECTION MANAGEMENT SYSTEM AT Applus+

To introduce new technology into inspection services and provide a more efficient service to our clients, the Energy & Industry Division in the LATAM region has implemented different systems to improve in-field or on-site mobility.

In **Colombia**, the CIMSA mobility tool developed by Applus+ has been adopted into inspection services as a Field Service Management tool to support multiple-process operations more efficiently on four business lines. In addition, the SGApplus tool created by Applus+ in Colombia for the Power sector service line has also been implemented in collaboration with our clients.



INTELLIGENT INTERACTION BETWEEN HUMAN AND ARTIFICIAL INTELLIGENCE

Applus+ in **Germany** will be the application partner for radiographic testing (RT) on the Visual Digital Project, supporting the German government's initiatives to shift to the future "Industry 4.0" and the Internet of Things (IoT).

The overall goal of the project is to explore Augmented Intelligence Systems for non-destructive testing, which will increase the reliability of inspection processes by expanding human capabilities through Artificial Intelligence (AI). The project explores how meaningful human-machine interaction in NDT can combine the skills and abilities of human and AI to achieve a better and safer test result.

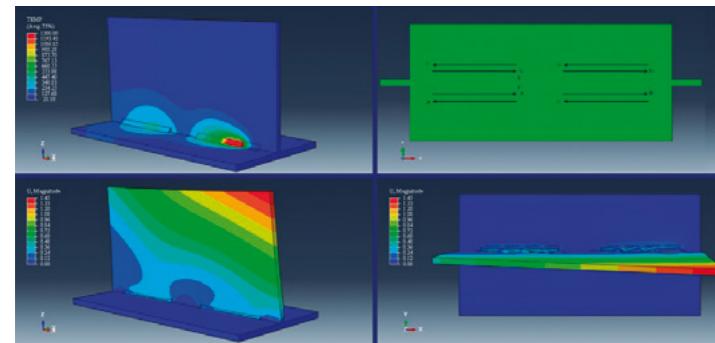
DISCOVERING DRIVING PATTERNS IN INDIA

Extreme traffic and driving conditions can present significant challenges to the overall durability of a vehicle. Within the Automotive sector, **India** is recognised as one of the most severe environments for driving conditions, which can result in a deterioration of braking systems on vehicles.

To overcome this, the IDIADA Division at Applus+ has investigated the durability patterns of the brakes in Delhi (urban landscape) and Pune (countryside). The results were compared with other major programmes in Shanghai (China), Los Angeles (USA), Barcelona and Mojácar (Spain).

This research to identify local driving patterns and conditions has assisted our teams to support the needs of the Indian automotive sector by tailoring specific high-quality products and services.





Applus+ CREATES HYBRID DIGITAL TWINS FOR WELDING ENGINEERING APPLICATIONS

Applus+ in **Canada** is offering hybrid digital twins for welding engineering applications, which combine simulation tools with machine learning algorithms for data-driven prediction using limited amount of data, which is in contrast to typical big data analysis. These hybrid digital twins can assist welding engineers to improve weld integrity and quality for complex processes in which CPU (Central Processing Unit) time is a bottleneck in decision-making.

An example of application based on this approach, funded through the Industrial Research Assistant Program (IRAP) from the Canadian Government, is the **digital twin for active exploration of different welding scenarios**. Weld engineers can quickly evaluate the distortion profile for any overlay welding pattern. Additionally, this new system allows automating recommendations for the best weld pattern. The system can also help to find the best weld sequence in structures comprising multiple welds, helping clients to improve the integrity and safety of welded structures.

EUROPEAN PROJECTS FOR IMPROVING THE PERFORMANCE OF COMPOSITE AEROSPACE COMPONENTS

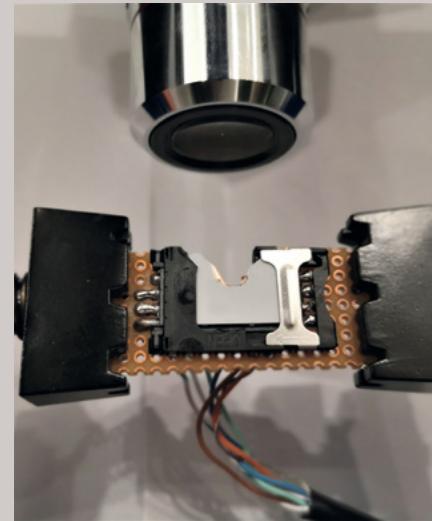
In contribution to improve sustainability within the aerospace sector, Applus+ is participating in several European projects to improve both the performance and the manufacturing processes of composite materials used to manufacture aerospace components.

The projects aim to reduce the weight of the aircrafts and therefore reduce fuel consumption and CO₂ emissions. Applus+ participates in several EU projects such as TABASCO, ADDAPTA SEALS and NHYTE to help design more efficient parts with the application of innovative materials, and in the FORMIT project, focused on developing continuous forming processes for thermoplastic carbon-fibre materials.

INNOVATION THROUGH COLLABORATION

PARTICIPATING ON THE SPANISH COMMITTEE ON CYBERSECURITY AND PRIVACY STANDARDISATION

Experts in cybersecurity at the Laboratories Division are actively involved in the **Spanish Committee on Cybersecurity and Privacy Standardisation (UNE-CTN320)**, where Applus+ has held the presidency since 2018. Applus+ participates in the SC1 Cybersecurity management systems; SC3 Security evaluation, testing and specification; SC4 Security services and SC5 Data protection, privacy and identity management; and in the SC6 Products security.



R&D PROJECTS IN CYBERSECURITY DEVELOPED BY THE LABORATORIES DIVISION

The cybersecurity laboratories at Applus+ have developed a new methodology to attack secure chips using laser technology. The new "Lateral Laser Fault Injection" attack was presented publicly at the Conference Fault Diagnosis and Tolerance in Cryptography in Atlanta, United States. Our technicians developed the attack method as part of the laboratory's R&D projects, specialised in conducting security evaluations of hardware and software products by using the most advanced methods to detect vulnerabilities in IT products.

Additionally, our experts have developed capabilities to carry out new cyberattacks on mobile devices to improve the security of the data storage.



Applus+ PARTICIPATED IN THE 26TH EDITION OF THE WORLD ROAD CONGRESS

At the World Road Congress (WRC), the Energy & Industry Division from **Spain and the Middle East** presented a paper entitled "Towards Digital Roads" and showed the Division's latest technologies applied in the field of road infrastructures. The event was organised by the Abu Dhabi Department of Transportation, the United Arab Emirates Ministry of Infrastructure Development and the World Road Association.

FINAL EVENT OF THE PROJECT ADAS&Me DEVELOPED BY IDIADA

The IDIADA Division has been collaborating on **ADAS&Me** project, within the EU European Union's Horizon 2020 Research and Innovation programme, to develop Advanced Driver Assistant Systems (ADAS). The ADAS project aims to develop driver assistant systems with adaptive interaction to automatically transfer control between vehicle and driver/rider to avoid collisions and ensure safer and more efficient road use.

In December 2019, the project's final event was held at the IDIADA Division's facilities in Spain to an audience of 80 stakeholders from academia, industry and public administrations. A total of five cases have been developed for different vehicle types (car, truck, bus and motorcycle) to test systems to make road-use safer and more efficient at different levels of automation.

WELD-ENGINEERING PRESENTATION AT THE 72ND IIW ASSEMBLY AND INTERNATIONAL CONFERENCE

Applus+ participated at the 72nd IIW Assembly and International Conference in July 2019 in Bratislava, Slovakia with the presentation "Effect of the spot welding simulation strategy on analysis of performance in automotive parts". The talk was given by our Canadian expert in applications of simulation techniques and digital twin in welding engineering.

SEMINAR PROMOTED BY THE INSTITUTE OF MATERIALS ENGINEERING AUSTRALASIA

This one-day course was designed to provide knowledge that bridges the gap between theory and practice on the wear of materials. The training session was conducted by one of our senior scientist and manager at the Applus+ Materials Centre, who combined technical explanations on the structure and properties of materials, knowledge of wear mechanisms, many case histories of worn parts and options for minimising wear. The training activities are a further demonstration of the high levels of expertise at the Applus+ Group, and show the commitment of our teams to collaborate with other companies for synergies to emerge.

INTERNATIONAL SYMPOSIUM ORGANISED BY THE DUTCH SOCIETY OF INSPECTION AND NON-DESTRUCTIVE TESTING (KINT) IN AMSTERDAM

Applus+ in the Netherlands participated in the International KINT Symposium 2019, speaking on the topic entitled "Phased Array Ultrasonic Testing (PAUT) of welds in thin-walled materials". The symposium shared results of the KINT SKOP project "Development of Acceptance Criteria for the mechanised UT Phased Array Technique on welds in thin walled ferritic steel". The event offered participants the opportunity to exchange knowledge with similar programmes elsewhere.

SPRINT ROBOTICS ROADSHOW CELEBRATED IN PERTH, AUSTRALIA

Applus+ is member of the worldwide SPRINT robotics, a worldwide non-profit foundation that promotes the development, availability, application and marketing of robotic techniques in technical inspections and maintenance projects. Experts from Applus+ attended the organisation's roadshow events and seminar. These events showcased at major client sites, and brought together multiple stakeholders to discuss current and future robotic solutions for the inspection and maintenance of oil and gas facilities.

The Divisions at Applus+ are involved in many similar projects from digitisation of assets to delivery of remote inspection techniques.



THE IDIADA DIVISION PRESENTED RESULTS FROM TWO EUROPEAN PROJECTS

IDIADA participated actively in two EU research initiatives PEMS4NANO and PaREGEN, which finished in December 2019. The projects closed with a final event in November 2019 organised at the IDIADA headquarters, where results of both projects were presented to a wide audience of automotive manufacturers, policy makers and research partners.

- **PEMS4NANO** (Nano Particle Emission Measurement System) is a European project that has developed equipment and measurement procedures down to 10nm particles produced in emissions. The research contributes to the future regulation on particle emissions, in particular in real-driving conditions. The results of this project are contributing to the automotive industry's drive to provide suitable solutions for vehicle-emission technologies to reduce particle emissions.
- **PaREGEN** (Particle Reduced Efficient Gasoline Engines) is a European Project aimed to demonstrate a new generation of petrol direct-injection engines can achieve a $\geq 15\%$ reduction in CO₂ emissions, through the optimal combination of advanced engine technologies and robust after-treatment technologies.

AWARDS AND RECOGNITIONS



THE IDIADA DIVISION RECOGNISED AT THE ITS WORLD CONGRESS OF SINGAPORE

Our experts at the IDIADA Division were recognised with the Best Paper Award at the ITS World Congress in Singapore, on 25th October 2019, for their technical paper "Improving safety of Vulnerable Road Users by addressing barriers of current Autonomous Emergency Braking (AEB) Systems", which presented the results of the collaborative research **European project PROSPECT**, PROactive Safety for PEdestrians and CyclisTs.

Many technologies were developed under the PROSPECT project, funded by the European Commission and coordinated by IDIADA, which set out to significantly improve the effectiveness of active safety-systems for vulnerable road users compared to those currently on the market.



THE LABORATORIES DIVISION RECEIVES TECHNOLOGICAL EXCELLENCE AWARDS IN VARIOUS FIELDS

The Nadcap accreditation organisation for Aerospace has awarded the Group's laboratory in Illescas in **Spain** with their 'Merit' rating for the laboratory's services in composite materials testing. In addition, a major aerospace manufacturer also awarded the Division with a "Merit" rating to acknowledge the laboratory's competence and technical expertise, as well as the quality of its processes and customer service.

At the Division's IT Laboratory in Shanghai, our team received the Visa Award for "Best Performance for Testing Services of Chip Card Acceptance Device Products", for the third consecutive year, recognising the Division's **quality, integrity and customer-oriented services**.



LABORATORIES DIVISION FINALIST FOR THE JEC INNOVATION AWARD 2019

A+ Glide Forming is an innovative technology developed and patented by Applus+ for the forming of stringers with complex curves. This new technology is aimed at supplying the aerospace industry with a new automated forming process for carbon-fibre reinforcements. The A+ Glide Forming provides a flexible, low investment, high productivity method of forming extremely complex stringers on aircraft. This new manufacturing process was nominated as finalist for the JEC Innovation Award 2019.

The new technology reduces recurring and non-recurring costs and provides better quality compared to other existing production methods. A+ Glide Forming has been developed through various R&D projects, such as ROLLFLEXFORM and DRYFORMING, and was carried out in collaboration with EURECAT Technological Centre through partial funding by ACCIÓ (Catalan regional development agency) and with the support of manufacturers. New thermoplastic processes for A+ Glide Forming have also been developed within the European Clean Sky project FORMIT.

Our suppliers

GRI 102-9

GRI 204-1

GRI 308-1

GRI 414-1

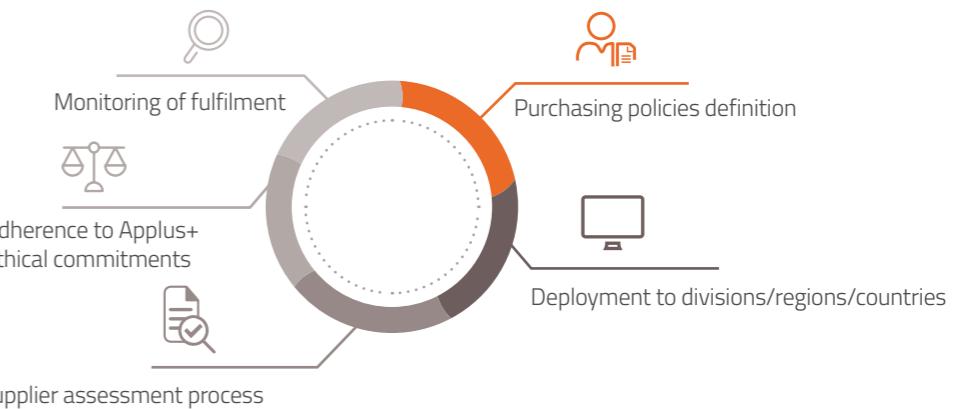
PURCHASE MANAGEMENT APPROACH

Our Corporate Purchasing Department is responsible for the Group's procurement practices, leading the whole process from the definition of **purchasing policies and procedures for suppliers** to their precise implementation along the entire value chain. The Group's purchasing policies set the minimum requirements for our businesses to develop local policies and provide the main guidelines for implementation.

The Department ensures the successful **deployment** of our policies **in every country** where we operate. The corporate team **leads and monitors** the performance of the divisional/regional/country teams responsible for **fulfilling the policy's directives at a local level**.

Impartiality and independence, responsibility, integrity and transparency are key concepts in our procurement process, as well as the supplier's commitment in our **social and environmental standards**.

All of the Applus+ Group's suppliers undergo an objective **vetting process** prior to working with the Applus+ Group or companies, which includes assurance of the supplier's fiscal, environmental, labour and human rights compliance; the revision of anti-corruption procedures; data protection practices; and current PPE legislation for each country.



OUR PURCHASE PRINCIPLES

The Applus+ Group's **principles** for supplier relations are set out in the *Global Procurement Policy*.

EQUAL OPPORTUNITY	All companies have the opportunity to compete for goods and services acquired by the Applus+ Group.
ETHICS	Any purchasing processes shall respect the <i>Code of Ethics</i> of the Applus+ Group.
CONFIDENTIALITY	The information provided by the suppliers is treated as confidential information and is not allowed to be submitted to third parties.
NO INTEREST	No employee who takes part in the selection or approval of products or the sources of supply can have any kind of interest in the company selected as the supplier of the products/services.
NO RECIPROCITY	The Applus+ Group does not operate the practice of reciprocity for any of our purchases.
OBJECTIVE ASSESSMENT	The purchasing department evaluates and recommends those sources that can be used for the interests of the company, as well as to meet the requested requirements.
FAIR PROCESS	The Applus+ Group is obliged to ensure during tender processes that there is a fair and equitable consideration of all qualified and known sources.
NO CONFLICT OF INTERESTS	The personnel at the Applus+ Group should avoid any situation that they believe can lead to a conflict of interest.
EFFICIENCY	The Applus+ Group follows a process of standardisation for purchasing certain products, with the objective of getting a more efficient process of supply and establishing programmes of continuous improvement.

SOCIAL AND ENVIRONMENTAL INVOLVEMENT OF SUPPLIERS

The percentage of new suppliers screened using environmental and social criteria is 78%. The scope of these figures is limited to countries covered in SAP (47%).

The Group has not identified any operations or suppliers in which the rights to freedom of association and collective bargaining may be at risk.

SUPPLY CHAIN

Efficient supply-chain management is a crucial issue for the Applus+ Group because our procurement involves a significant amount of the Group's spend. In 2019, the total spend with suppliers was €378 million, and the total number of suppliers to Applus+ all over the world was 193,644.

The purchasing policy of the Applus+ Group covers operational needs and requirements within the Group. The *Purchasing Policy* for suppliers is developed by constructing a **solid base of suppliers and collaborators** that offer goods and services in procurement with the best possible conditions for all of the Group's companies, with the purpose of maximising the efficiency within the procurement process.

To become a supplier to the Applus+ Group of companies, the supplier must be **approved to enter the Group's supplier catalogue**. Applus+ uses an online portal to communicate with its suppliers, and, following the extension of a procurement project to the countries covered in SAP, suppliers must access to this portal to become part of catalogue.

The Applus+ Group objectively assesses suppliers' offers by considering **objective criteria** such as price, quality, delivery time, communication and collaboration, level of service, geographical national and international coverage, financial responsibility, technical and productive capacity, and synergies within the Group.

On approval, suppliers are required to adhere to **our commitments** related to Ethics, Compliance, the Environment and Health and Safety.

Our purchasing practices in each country reinforce the selection of local suppliers. The Applus+ Group, as a multinational company, has a key role to play in fostering the economic development in many countries around the world where we operate. Selecting **locally-based suppliers** is part of our sustainable practice linked to the supply chain, while offering our clients a closer service and reducing the impact of transport.

In 2019, the percentage of products and services purchased locally (at country level) was 90%.

To report any incident, **communication channels** are available for our suppliers, in which they may express any grievance either by using a specific email address or through the **Ethics and Compliance Communication Channel at the Applus+ Group**.

In 2019, Applus+ implemented a **Supplier Diversity Policy** within its US businesses. This policy consists of a business strategy that ensures a diverse supplier base for procuring goods and services by emphasising the creation of a supply chain that works to secure the inclusion of diverse groups, such as women or minorities, in the procurement plans. The Group implemented a tool to measure and report compliance with this policy by issuing a corresponding certificate. From this date, the mechanism is an additional tool to boost the application of diversity principles when an Applus+ company uses a supplier in the USA.

MONITORING

The Applus+ Group maintains different channels to ensure the fulfilment of purchasing policies. In 2019, **new tools** completed the ongoing mechanisms in place to improve control and avoid deviations from our policies.

Frequent meetings	The Corporate Purchasing Department at the Applus+ Group holds frequent meetings with regional/country teams to monitor the fulfilment of the policies at a local level. These meetings reinforce the importance that suppliers comply with the purchasing standards, and control the day-to-day deployment of the applicable policies in each geographic area.
Internal audit	The Internal Audit Department at Applus+ monitors the fulfilment of the procurement policies and procedures. Each year, a monitoring plan is developed to conduct a deep control of the local deployment of our purchasing policies in the Applus+ businesses all over the world. In 2019, the compliance of 23 legal entities were monitored according to this plan.
Fraud control	Applus+ is working to guarantee the correct deployment of its purchasing policies in each country by means of a new fraud control application . This applies mathematical models that learn from the data and suggest potential fraud cases, based on known fraud patterns or unknown patterns discovered by the tool.
Irregularities with suppliers	Currently, this application is under development in Spain to fine-tune the model, with an implementation plan foreseen to extend its use to all of the Applus+ Group's companies in the coming years.



Aerospace quality-control testing

06 Economic performance

Economic management approach

GRI 102-12 GRI 103-3

The financial results at the Applus+ Group are managed by the Board of Directors, the Group's Chief Executive Officer, the Chief Financial Officer and the Executive Vice-Presidents of the Group's divisions.

Every quarter at the **Executive Committee meetings**, the Group's executive members and the directors of the corporate functional areas analyse and review the financial information and results disclosed by the Divisions.

INTERNAL CONTROL SYSTEM

As a listed company, the Applus+ Group's **consolidated financial statements** are prepared in accordance with **International Financial Reporting Standards**, as adopted by the European Union (EU-IFRSs), and in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the European Council.

In this respect, the Group has an **IFRS Manual and a unique reporting package** with homogenous charts of accounts applicable to all dependent companies to make estimates when recording transactions and ultimately when preparing the financial reporting package.

In addition, to mitigate the risk of any relevant errors occurring during the preparation of financial information, the Applus+ Group has designed an **Internal Control System over Financial Information (ICFR)**. The system established the processes for the Board of Directors, the Auditing Committee, the Management and the Group's personnel to ensure a reasonable level of security in relation to the reliability of the published financial information.

The **Board of Directors** is ultimately **responsible** for the existence and maintenance of the ICFR, with the function **delegated** to the **Audit Committee**. The model implemented by the Applus+ Group is fully described in Section F of the *Annual Corporate Governance Report*.

ICFR implementation is **reviewed annually** by an **external auditor**, with favourable outcomes since the company was listed in 2014.

In response to the Spanish law 11/2018 on non-financial information, Applus+ is **working on expanding the reporting package's content** to be used by all the companies in the Group, with the **inclusion of non-financial information** (related to social, environmental, governance topics and others). Overall, and in line with the above, the Applus+ Group is improving the guidelines for reporting non-financial information.

Economic Value Added (EVA)

GRI 201-1

In 2019, almost eighty-seven per cent out of the EVA generated by Applus+ was distributed and just over thirteen percent was retained by the company.



	2019	2018	2017
EVA consolidated (thousands of Euros)	1,782,620	1,676,234	1,586,272
Economic value generated (thousands of Euros)			
Revenue	1,777,944	1,675,942	1,583,094
Revenues equity method	0	13	647
Financial income	1,638	2,510	1,339
Results on disposals of non-current assets	3,038	(2,231)	1,192
Economic value distributed (thousands of Euros)	1,547,604	1,509,706	1,446,285
Procurements	156,517	159,242	180,926
Staff costs	979,371	919,205	861,574
Other operating expenses	345,561	379,524	356,986
Other costs	10,244	4,646	8,264
Financial costs	25,535	23,739	22,807
Corporate income tax	30,376	23,350	15,728
Economic value retained (thousands of Euros)	158,487	106,334	94,381
Depreciation and amortization charge	158,487	106,334	94,381

Tax contribution

The main non-compliance of laws and regulations that could lead the Group to be **exposed to sanctions** are **tax or fiscal breaches**. To prevent this, the Applus+ Group's **fiscal strategy**, approved by the Board and Directors, is focused on:

- Ensuring responsible **compliance** with prevailing tax laws, while safeguarding the corporate interests;
- Following the **business strategy and values** of the Applus+ Group, which require strict observance to the law and the criteria set by regulatory agencies in the conduct of our business;
- Developing and implementing **best practices** in areas of tax governance; and
- Combining compliance with tax obligations with a commitment to **create value for our shareholders**.

The Group monitors compliance with our fiscal and tax obligations in all the countries where we operate through a tool called Applus+ GRC.

The Applus+ Group operates according to defined internal procedures, which set out how the Corporate Fiscal Department must be informed and involved to minimise any possible sanctions in the event of inspection notifications. The Group is pleased to confirm that in the financial year ending on 31st December 2019, the Group received **no significant fiscal sanctions**.

A key priority for the Applus + Group is to fulfil our obligations for paying the taxes due in accordance with the applicable regulatory requirements in each territory. Income tax paid by the Group amounted to €44 million in 2019.

The following table shows the breakdown of the individual profit and tax and the income actually paid by the Applus+ Group per region:

REGION	Thousands of Euros			
	PROFIT PER REGION BEFORE TAX (*)		INCOME TAX PAID	
	2018	2019	2018	2019
Spain	66,491	62,170	15,673	6,745
Rest of Europe	19,235	25,633	5,711	6,580
Middle East and Africa	22,945	12,164	2,388	3,142
US and Canada	10,946	137,000	5,459	76,000
Latin America	22,064	24,137	10,382	5,651
Asia Pacific	12,335	6,854	1,732	1,759
Total	154,016	267,958	41,346	23,952

(*) The individual profit before tax per region is net of dividends 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 in business combinations.

07 Our people

At Applus+, **human capital** is the Group's **greatest asset**. The people who are part of the Applus+ Group are **key to the company's growth and development**, and they form the centre of our essential corporate principles. Thanks to the work of our people and their professionalism, proficiency, enthusiasm and commitment, we can innovate, respond to the needs of our customers and maintain the prestige of our service excellence.

To put this into practice, we are strongly committed to our employees' professional development by:

- **Sharing the values of respect, equal opportunities and diversity among our workforce**, in full compliance with international treaties and conventions relating to employment conditions.
- **Being committed to attracting talented people and earning their loyalty** by employing and developing local talent; and offering our employees support, training, flexibility and mobility throughout their careers within the Applus+ Group.
- **Encouraging a close and transparent relationship with our employees** to understand their needs and expectations, based on honest and fluent communication.
- **Promoting health and safety, welfare and a safe environment** for our employees and collaborators by developing action plans under a target "zero" vision and the principle that all accidents are preventable.
- **Implementing new actions and practices throughout the company** to respond to the challenges of a constantly evolving environment.

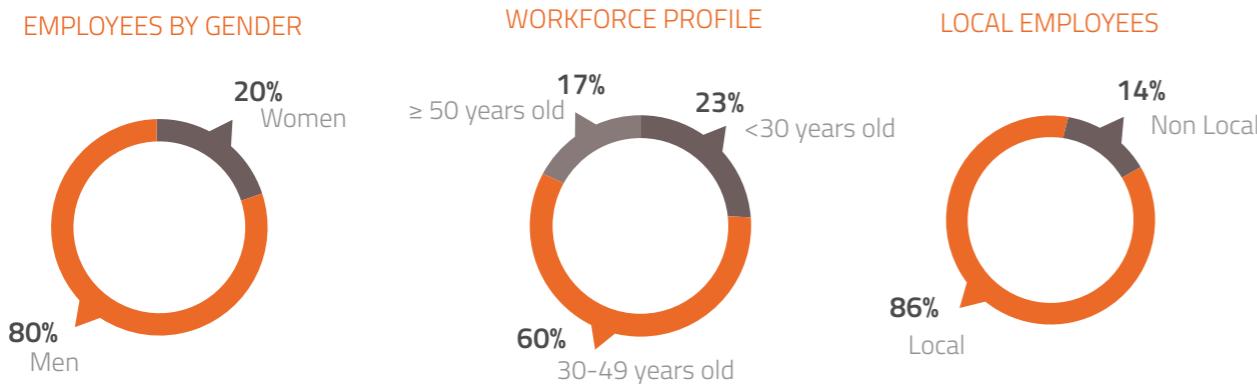
Our people in figures

GRI 102-8

NUMBER OF EMPLOYEES IN 2019 AND EVOLUTION



WORKFORCE PROFILE 2019



The figures cover 99% of Applus+ employees

Human Resource policies

GRI 102-12

GRI 102-41

GRI 402-1

In 2019, we **published** and disseminated the Applus+ Group's **Diversity and Equality Policy** among our employees.

- The *Policy* describes the general principles of action for Diversity, Inclusion and Equality, and establishes the framework assumed by the Group for these areas.
- The *Policy* is addressed to all of the professionals within the Applus+ Group.

Moreover, the Applus+ Group endeavours to comply with, and promote, the international fundamental conventions and treaties in all the countries in which the company operates.

WORKFORCE RELATIONS PRACTICE

In every country where Applus+ has a presence, the Group tries **to negotiate and adapt working conditions to our employees' needs**, and respect and protect the fundamental right to join a union and to freedom of association. This position is set out and operates in accordance with the approved local regulations, our policies and procedures and the Group's *Code of Ethics*.

We respect our employees' right to have collective representation, and we foster freedom-of-association by working in conjunction with our employees' representatives, who are elected freely in accordance with the labour legislation in force in each country. And we nurture these commitments to motivate a committed workforce who our clients can rely on.

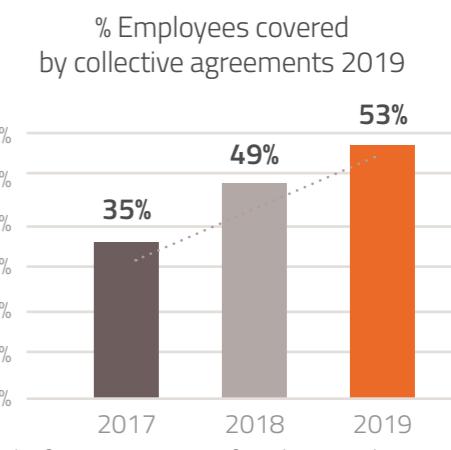
We also actively encourage a culture of dialogue and negotiation with our employees' representatives and social agents, promoting and maintaining permanent channels of communication as an active part of our corporate policies.

We have **employee information and consultation mechanisms**, taking into account the existing labour legislation in each location. For example, **we respect statutory minimum-notice periods** and give reasonable notice of any significant operational changes in line with local practices and labour markets.

ORGANISATION OF WORK

Corporate and local handbooks, which contain information related to the company and the general work conditions (annual working hours, rest breaks, paid leaves of absence, etc.), are delivered to our employees to keep them informed and updated so they are consistent with the effective legislation of each country, the applicable collective agreements and the policies and procedures of the Group.

In addition to these employment standards, we try to adapt our employees' work to their personal needs, when possible.



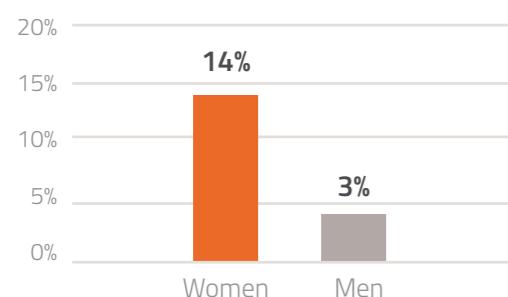
The figures cover 99% of Applus+ employees

Currently, there are **16 countries** where the Group has collective-bargaining agreements.

The majority of these agreements include **Health and Safety issues**

In 2019, we signed or renewed **9 collective agreements**.

Part-time hours 2019



The figures cover 99% of Applus+ employees

- At Applus+, we are **committed** to the **work-life balance** of our people, and we provide flexibility strategies to ensure the balance between work and personal life.
 - » Legal entitlements and collective agreements to reduce the number of hours worked daily; or to adapt schedules for working hours, as far as possible, to assist employees to more easily care for and attend children or other dependent relatives.
 - » In addition, where possible, employees use remote IT connections, together with tele-conferencing facilities, to work from home and reduce commuting for meetings.
- We facilitate **geographical and functional mobility**, which ensures we have highly motivated employees who are committed to developing their potential and who endeavour to contribute to the Group's success every day.
- We also adapt work conditions for personnel with disabilities, women during pregnancy, mothers breastfeeding, or other special conditions or requirements, in accordance with current legislation, collective agreements and best-practice programmes.

And finally, we can report **absenteeism** was **1.9%** of hours worked, out of the Group's total headcount in **2019**.

WORKFORCE REMUNERATION POLICIES

Remuneration policy is developed from the criteria of objectivity, external competitiveness and internal equity.

REMUNERATION SYSTEM

The **remuneration-setting** process follows at all times the applicable legal provisions in each country where the Group operates. In those countries where this is required by law or cultural practice, the process includes the cooperation and opinion of workers' representatives.

At Applus+, we strive to foster and guarantee **equal remuneration between the women and men** who belong to our organisation. Our efforts to meet these equality and non-discrimination commitments are also set out in our *Code of Ethics* and the *Global Anti-Discrimination Policy and Procedure*.

EMPLOYEE RIGHTS AND BENEFITS

Applus+ provides **well-being initiatives** tailored to the needs and resources of our employees.

The social and economic **benefit programmes** provided by the Group vary inherently from place to place.

In November 2019, Applus+ launched a campaign for a **flexible remuneration system** in Spain. This plan enables employees to design the composition of their remuneration package by acquiring a number of products (benefits) through tax reductions in their annual gross salary.

The main benefits included in this scheme are:

- Healthcare insurance
- Luncheon vouchers
- Monthly childcare voucher for children from 0 to 3 years
- Transport card



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

- » Legal entitlements and collective agreements to reduce the number of hours worked daily; or to adapt schedules for working hours, as far as possible, to assist employees to more easily care for and attend children or other dependent relatives.
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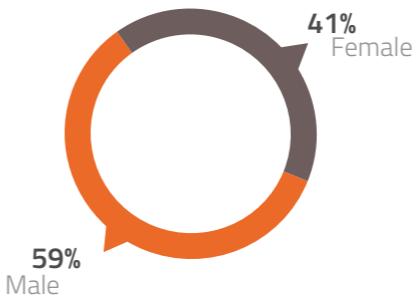


The **Applus+ Sports Club** initiative provides support to promote sports activities among employees at Applus+ in Spain.

Benefits include contributions for technical sports equipment for our employees to participate in official competitions, help to organise sports activities such as leagues or tournaments between co-workers, financing of the first 100 registrations for the Business Race. Employees also enjoy discounts on memberships for more than 2,000 gyms, yoga studios and sports clubs in Spain, where our employees can exercise for a healthier lifestyle and enjoy a regular physical activity.

For the right to **maternity and paternity leave**, 655 employees benefited from this leave with their families in 2019, with 57.3% returning at the end of the leave period.

Employees taking parental leave in 2019



The figures cover 99% of Applus+ employees

The Applus+ Group complies with the provisions included in the applicable collective agreements and local regulations set out in the area of the **right to labour disconnection**

GRI 202-1

Employment and human capital management

GRI 401-2 GRI 405-1 GRI 103-3

Applus+ creates opportunities for the development and mobility of our employees, as well as opportunities in a diverse, equal and inclusive environment that promotes the wellbeing of our employees.

In 2017, Applus+ launched a strategy for **human capital management**, built on **four main pillars**, which continued to be implemented in 2019:



OUR PEOPLE AT THE CENTRE



Under each pillar, we have a wide number of programme areas and projects to promote professional growth and opportunities. Over the past 12 months, the Human Resource strategy has focused predominantly on the development and implementation of these programmes.

TALENT MANAGEMENT: DEVELOPING OUR TALENT

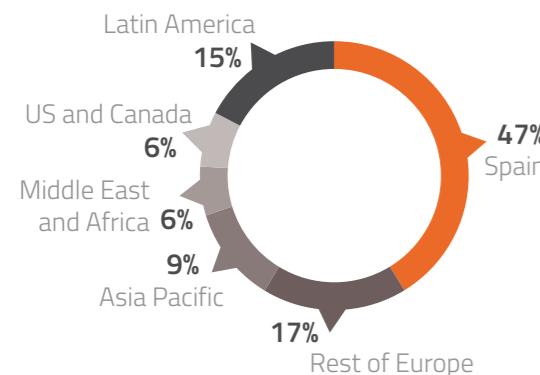
The conviction that **talent** is the key to long-term sustainability and competitiveness has made this area a **priority** on the agenda for the Appointments and Compensations Committee of the Board of Directors at Applus+.

Undoubtedly, placing people and talent as a management priority has enabled Applus+ to become a notable success story in Spain for internationalisation, innovation and sustainability.

In 2019, we have continued with the implementation of the 137 individual **talent development plans**, with personalised actions developed for the Group's high-potential managers from 26 countries and across the company's divisions and regions.

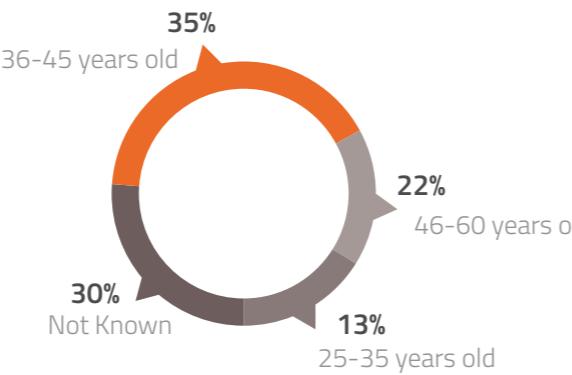
The managers were selected for the talent development programme based on their capacity and performance in the company, their growth potential, as well as their personal characteristics, such as enthusiasm, commitment and responsibility at work.

REGION WHERE EMPLOYEES ARE ENROLLED ON DEVELOPMENT PLANS



The figures cover 99% of Applus+ employees

AGE OF EMPLOYEES ENROLLED ON DEVELOPMENT PLANS



Each plan is tailor-made for the selected high-potential manager, with individually set timelines and actions. The goals within each plan are aligned with the objectives of the business, and the scope considers all of the requirements needed by the employee to succeed in the role, including technical and leadership training skills.

137 - **406**
Plans Actions

PROGRESS OF CURRENT ACTIONS

Completed: 164 out of 406 (41%)
In progress: 62 out of 406 (15%)
Not started: 180 out of 406 (44%)

GLOBAL MANAGEMENT DEVELOPMENT PROGRAMME (GMDP)

The programme is designed exclusively for Applus+ in collaboration with one of the most renowned international business schools - the *Business Institute*. The programme combines training by our Management Team and academic lectures provided by the business school's professors.

The programme's content focuses on supporting the development and growth of our people's capabilities and management skills, while ensuring the future success and sustainability of the Group.



In 2019, the Group celebrated the first graduations from our first **Global Management Development Programme (GMDP)**, launched in 2018.

- With a learning format combining face-to-face and online training, this edition brought together 30 Applus+ managers from 17 countries. This one-year programme contributed to the development of the participants' exchange of ideas and experiences, as well as fostering synergies between various divisional teams within the Group and promoting a shared global culture.
- In March 2019, the first intake of students for the programme ended their graduation with a presentation of their final projects to the Group's management. Their projects were focused on proposing innovative projects and developing new products or markets, which are currently in the implementation phase.
- Following the success of our inaugural programme, in **September 2019** we launched the **Applus+ Global Management Development Programme** for the **second wave** of 29 managers from 13 countries across the divisions at Applus+. In this edition, the percentage of women managers participating increased from 20% in the first programme to 34% in the second.

TRAINING FOR MENTORSHIP

In 2019, Applus+ ran courses to train the company's **managers** to develop their capacities as **mentors**, so they can improve the support to their teams and the high-potential employees in development plans

In May 2019, we conducted **mentoring courses** with **executives and senior managers**

40 people identified as **mentors attended**

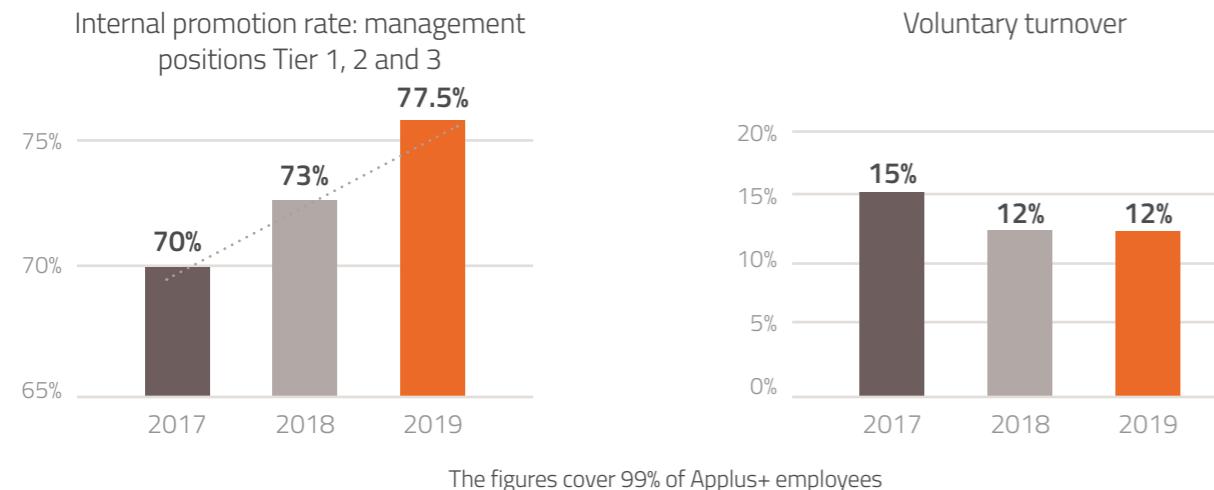
PERFORMANCE APPRAISAL SYSTEM

Throughout 2019, Applus+ has continued to implement the Performance Appraisal System across all of the Divisions at an international level, reaching the following countries:

Countries	
IDIADA	All
Energy & Industry	
Up to Department Head level	Colombia, México, Nigeria
All employees (except for unions in the US and Canada)	Saudi Arabia, US, Netherlands, Qatar, Australia, Oman, Indonesia, Canada, Papua New Guinea, Malaysia, Czech Republic, Norway, UK, Singapore, Italy, Korea and Mongolia
Automotive	All except Chile
Laboratories	Spain

Main **indicators** related to talent management include:

- The **voluntary turnover rate** of employees remained stable at **12%** in 2019
- Internal promotion for vacancies in management** represented **77.5%** in 2019



EMPLOYEE ENGAGEMENT: FOSTERING EMPLOYEE SATISFACTION

Welfare protection at work and gaining commitment from employees are key factors in the success of any business. Ensuring that employees, who are one of our key stakeholders, are motivated and engaged in their roles is an essential part of building loyalty and managing the natural turnover of our people across the Group.

Based on the results of the last **Global Satisfaction Survey**, we have defined action plans in **34 countries**, for which implementation has continued in 2019. Following the conclusions of the survey's analysis, we defined different **action plans**:

645 measures addressing the different dimensions from within the survey model

Actions distributed in **34 countries**

In **2019**, we implemented 584 of these measures, amounting to **90.5%** out of the total within the established time for the yearly plan. The remaining measures will be implemented throughout the first quarter of 2020 to launch the subsequent Global Satisfaction Survey.



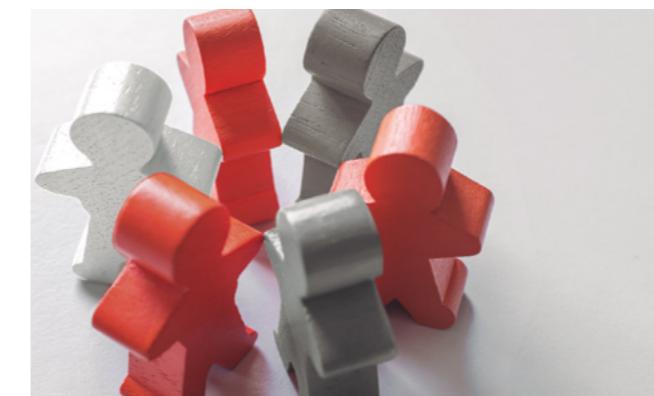
PROJECTS TO FOSTER EMPLOYEE ENGAGEMENT

To **strengthen workforce relations**, we took part in a number of **activities with our employees at our offices in 2019**.

We held **Open Family Days** for our employees and their families in different Applus+ offices, with many activities for family members, such as guided tours around our offices and our facilities, workshops or fun activities for children. In addition to these events, we ran several **team-building activities**.

For example, Family Day events took place at the Energy and Industry Division in Italy, November 2019; at the Laboratories Division in Spain, October 2019; and at the IDIADA Division in Spain, December 2019.

DIVERSITY AND EQUALITY: ENCOURAGING AN INCLUSIVE ENVIRONMENT



We ensure that our workforce grows and remains diverse in skills, gender, age and capacity because **Applus+ values difference**

At Applus+, we believe in a **diverse, inclusive and equal work environment**, where each person can grow personally and professionally.

The human capital at Applus+ is distributed across more than 70 countries and includes a large number of nationalities, cultures and religions. Together with gender and age diversity, we feel this identity makes a very positive contribution to the success of our business.

The **values of diversity, inclusion and equal opportunities are integral to the company's day-to-day operations**.

In October 2019, the Group went a step further in its commitment to these values by approving the **Diversity and Equality Policy** for the company, which is based on the following **principles of action**:

Reject any discrimination based on race, age, sex, marital status, nationality, beliefs or any other physical or social condition among our employees. To consider diversity as a value that allows us to take in different points of view and provides greater opportunities for creativity and innovation.

Consolidate a **culture of respect for people** and promote behaviours that are favourable and open to the diversity within the company's interest groups.

Guarantee the right to effective **equality of opportunities and treatment** of all people within the organisation.

Avoid any type of workforce discrimination in the areas of employment, training, promotion and/or any other working conditions.

Recognise that human rights are fundamental and universal, which should be based on international conventions, treaties and initiatives.

Promote the use of an **inclusive, non-sexist and non-discriminatory language** with the objective of favouring relations of respect and gender equality. **Make diversity visible, and prevent violence and discrimination** against anyone, ensuring a work environment free from all forms of harassment.

Applus+ DIVERSITY AND INCLUSION PROGRAMME



Everyone who is part of the Applus+ Group is unique, and we want them to contribute the best of their capabilities. We are committed to being a reflection of a diverse society, and we raise awareness and promote a change in the attitude towards stereotypes of all types.

To put this into action, in 2019 we have launched a **Diversity and Inclusion programme** to ensure that our workforce grows and maintains a diversity of gender, capacities and culture.

The Diversity and Inclusion programme is based on the following **values**:

DIVERSITY AND INCLUSION PROGRAMME



Commitment to creating an inclusive environment. We have the commitment of the management and of the entire Applus+ staff because together we exceed the market standards, allowing us to improve every day.

Inspiration to continue improving, innovating and collaborating with those around us. Our leaders drive inclusive behaviour by their example and engagement.

Our Diversity and Inclusion programme is governed by the principles of clarity, simplicity, naturalness and inclusiveness. Based on these values, in 2019 the **following projects** were developed in alignment with gender equality, people with different capacities and ethnic groups.

Applus+ Gender Equality Programme

Applus+ makes a solid commitment in favour of the **equal rights and opportunities between women and men**. This commitment to **gender equality** has materialised over time with the development of new measures within the company.

In 2019, Applus+ has developed **an equality model** to generate and implement measures for integration into the Group's organisational culture.



CROSS-BORDER AWARDS 2019

- Applus+ has **won** two "Premios Transfronterizos" (**Cross-Border Awards**) in 2019; one as the best company in Equal Opportunities, and another as best company in Work-life Balance.
- **These awards cover** initiatives taking place in the European region of Spain-Portugal, which includes the Spanish communities of Galicia, Extremadura and Castilla y León, as well as northern Portugal. The recognitions reward Applus+ for our work on **equal opportunities** and **work-life balance initiatives**.

The main measures supporting our Group's equality model are:

Protocol for harassment or gender-based violence

The Applus+ *Global Non-discrimination Policy* contains the commitments made by the company to foster equal treatment and opportunities within the organisation. One of these commitments is to promote a working environment where people are treated with respect and dignity, and where no form of intimidation, bullying or harassment is ever tolerated.

The *Policy* defines the mechanisms that can be used to report a complaint or incident by any Applus+ professional who believe to have suffered any form of discrimination, harassment, bullying or grievance.

In further support, the Group has established specific **protocols in all of our divisions**, with steps to be followed **for preventing and managing harassment**.

Inclusive Communication policy

The Group is implementing **inclusive communication** practices by using language and images as a driver for equality and visibility of women working at Applus+.

RULES: Clarity, simplicity, naturalness and inclusiveness



Councils for Work-life balance and Equality

The Councils work as forums to express interests, concerns, needs and barriers affecting work-life balance and equality, and develop action plans and proposals for improvements.

- Since 2019, separate councils have been set up in the Corporate area of Applus+, as well as, at the Energy & Industry, Laboratories and Automotive divisions. By 2020, a council is expected to be extended to the IDIADA division.
- For each Council, a representative is appointed, and both the Human Resources Department and the Group Management are informed of the measures for required improvements.

Shadowing and Mentoring programmes with female managers to promote experiential learning, and encourage, strengthen and support the role of women-leaders in the Group.

Shadowing is a scheme to develop talent through a proactive learning process, in which the women selected for the programme "shadow" a senior executive for a day within the Group and observes her routine and acquires some experiential learning.

Mentoring projects with **female managers** are also being implemented to **transfer expertise** in business and technical areas, and **pass on personal competencies** along with the skills acquired. Currently, Applus+ has **three women managers** acting as mentors.

- To promote access for women to corporate decision-making positions, we include **equality monitoring within the main decision-making bodies**. In 2019, **women** made up **30%** of the Applus+ Group's **Board of Directors**.



At Applus+ in Spain, we are adhering to the "**More women, better companies**" initiative promoted by the Ministry of the Presidency, Relations with the Courts and Equality (MPR) in Spain.

We are also adopting the **Women's Empowerment Principles** defined by the United Nations. These principles aim to continue promoting equal opportunities, integration and non-discrimination within the organisation.

Diversity and inclusion projects

To support the integration of people with disabilities into the workforce, the Applus+ Group has social inclusion mechanisms in place. In 2019, three hundred and ninety-three employees (1.72% of global workforce) have some kind of disability; forty-one out of these employees are people with intellectual disabilities. We ran different initiatives to promote inclusive work:

▪ "No limits" project

The "**No Limits**" project at Applus+ in Spain incorporates people with intellectual disabilities into our workforce through agreements with partner foundations. This partnership sets out to create a more inclusive work-environment and allow the company to actively participate in social-inclusion programmes.

Launched in Spain in 2019, "No limits" is a continuity of our "Son Capaces" social-inclusion programme ("They are capable"), first developed in Galicia and running since 2001. The programme has been growing and evolving during its implementation within the Group's divisions in Spain, and we plan to extend the initiative to other regions over the next years.

The main actions of the "No limits" project include:

- » Supported employment: individualised accompaniment by job coaches and on-site trainers to familiarise the new recruit with the tasks to be performed.
- » Staff awareness: create greater awareness in the company about people and intellectual disabilities. We run awareness meetings for the employees at Applus+ before a person with a disability joins the team, as well as talks with department managers to continue motivating further recruitment in this area.

This initiative has the total support and commitment of the senior management at the Group; we believe that integrating people with different capacities offers mutual benefits, as well as continuous learning opportunities within the businesses.

Currently, **forty-one people** with intellectual disabilities are **part of our team in Spain** at different locations and business areas.

The **United Nations Global Compact in Spain** has recently **recognised** the social-inclusion work by Applus+ for favouring the integration of people with disabilities through our "**No Limits**" project. The project was considered an example of **best practice in Diversity and Inclusion** to be disseminated on **a company's social media in celebration of International Day of Disabled Persons 2019**.

▪ Awareness campaigns promoting employees with different capacities

In 2019, Applus+ also carried out different awareness campaigns on diversity and inclusion covering potential employees with different capacities:

The guide "**No Limits**" was published in November 2019 as a tool to facilitate better communication with people with different capacities and to continue strengthening our inclusive culture. The guide outlines the different types of disabilities and provides employees at the Group with recommendations on how to address people with disabilities naturally.

On 3rd December, Applus+ launched a communication campaign to celebrate **International Day of People with Disabilities**.

These actions were supported with diversity-awareness training in work-centres where employees with different capacities are recruited and work.

PROJECTS AROUND THE WORLD FOSTERING DIVERSITY, INCLUSION AND EQUAL OPPORTUNITIES

Diversity, inclusion and equality are key elements of our strategy at Applus+, so we carry out a variety of initiatives to promote these values throughout the Group and at a local level in the countries we operate. In 2019, the most relevant activities included:

In the Energy & Industry Division in the **USA**, we are currently part of the **Buffalo Niagara Diversity and Inclusion Council**, where we attend quarterly meetings which work to promote opportunities and awareness about diversity based on nationality, disability and other areas.

We also regularly attend the **Women in Energy Conferences in the United States**.

We have a team of female professionals that represent Applus+ at these conferences and learn about opportunities and challenges for women within the energy industry.

We continue collaborating with the **BBBE-E's (Broad Based Black Economic Empowerment)** initiative. The BBBE-E is an initiative by the **South African** government to redress the apartheid-era legacy of the social and economic exclusion. Applus+ achieved Level IV BBBE-E certification.

The Energy & Industry Division in LATAM (México, Panamá, Colombia, Chile), Asia Pacific and North America celebrated **International Women's Day 2019**. This year's slogan was "**Balance for Better**", which sets the course for promoting gender equality and fostering dialogue on the importance of diversity.



COMMUNICATION STRATEGY: BUILDING A STRONG EMPLOYER BRAND



A key line of the Group's human capital management's strategy in 2019 was to **maintain a strong and attractive brand image**.

The aims of the strategy are to **attract talented candidates while enhancing the Group's image** to our markets **around the world**. The brand's values also seek to **encourage commitment** from our employees and **foster pride and respect** for the company **they work**. To achieve this, powerful internal **communication campaigns are key**.

In 2019, the Group has continued to reinforce its **presence on social media** by developing an active global profile and regularly reporting on its activities and news on LinkedIn, Facebook and Twitter.

We also contribute to different initiatives for attracting talent through our participation in employment forums or informative workshops.

At an internal level, the Global Intranet at Applus+ for employees and the Group's websites have been increasing and updating the content for employee engagement.

During 2019, Applus+ has worked to strengthen the brand around the world. We have drawn up a new **Applus+ Brand Identity Manual** to define a narrative for the Applus+ brand and **provide employees with easy access to solid and consistent messages and images for the Applus+ Group's brands**.



Applus+ IN SPAIN NAMED TOP EMPLOYER

At Applus+, we work hard every day to offer our employees the very best working environment. This commitment by the Applus+ Group has been recognised in 2018 and 2019 with a **Top Employer** certification in Spain.

Awarded by Top Employers Institute Certification Programme, the certification compares the company's people-management practices with the world's very best employers. This means that Applus+ in Spain has successfully met the Institute's demanding standards covering: talent strategy; workforce planning; talent acquisition, incorporation, learning and development; performance management, leadership development; career and succession management; compensation and benefits; and culture.

In 2019, the Top Employers Institute conducted an audit at Applus+ in Spain to assess our performance, which we are proud to announce resulted with the **Top Employer** certification for Applus+ in Spain for the second consecutive year.

This certification demonstrates the company's determination to both offer the highest-quality working environment and improve on this day-by-day, so all of our employees feel a personal connection with our claim '*Together Beyond Standards*'.



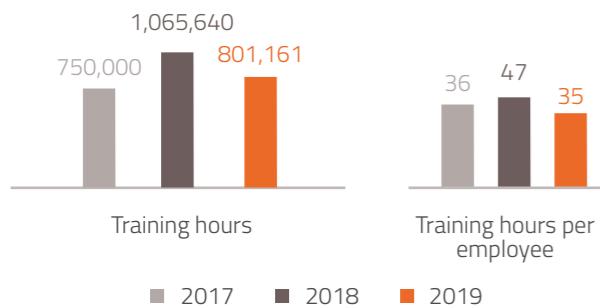
Training and communication

GRI 404-1

TRAINING FOR EMPLOYEES

Developing and training the expertise of our professionals is the core goals of the Group's Human Resources strategy.

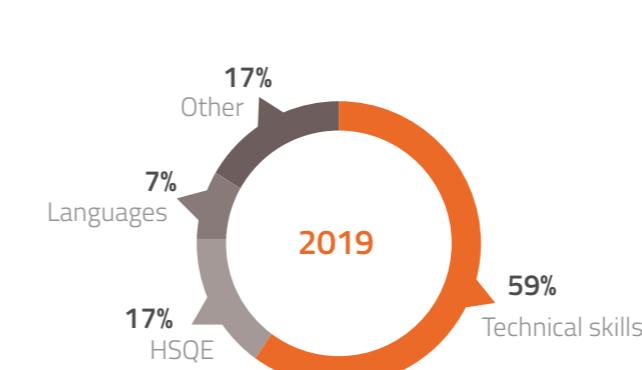
In 2019, our professionals completed over 801,161 hours on vocational training (an average of 35 hours per employee).



The figures cover 99% of Applus+ employees

801,161 HOURS OF TRAINING
COMPLETED BY Applus+ EMPLOYEES
AROUND THE WORLD IN 2019

TRAINING HOURS



Las cifras abarcan el 99% de los empleados de Applus+

TRAINING 2019

Organisation Level	Training hours	% Training hours
Tier 1, 2 and 3	8,758	1.1%
Tier 4	20,776	2.6%
Operational Employees and others	771,627	96.3%
Total	801,161	100%

The figures cover 99% of Applus+ employees

necessary training for employees to carry out their functions safely, with the requisite technical knowledge and practice in the appropriate management skills.

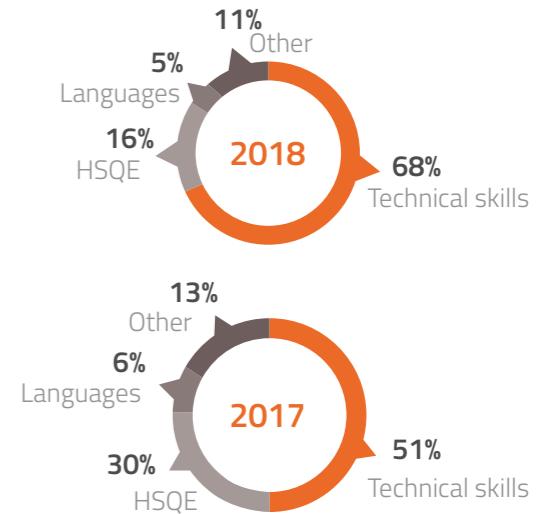
Every year, we endeavour to maintain the necessary certifications and accreditations at a local level, and keep specialisations aligned with our high-quality standards, by deploying specific training and development programmes. This training is managed locally to guarantee satisfaction for our clients' needs and service expectations.

The Group's online **tool, ApplusNet**, allows us to reach all of the locations where we provide services, and enables the Group to increase our capability to deliver our training programmes locally all around the world. The tool facilitates assessments and control globally, and allows the Group to maximise the economic investment required to keep our teams suitably trained.

The Applus+ Group provides all new employees with a professional and efficient welcome to allow them a comfortable start at Applus+ and rapidly assume their new duties. The new-employee induction training includes, among others: Corporate Induction (Corporate presentation and Global Policies), *Code of Ethics* and Compliance, and Health and Safety.

To optimise the **initial training** process for all new employees in 2019, this training began to be conducted through our **Global eLearning platform**.

At the Applus+ Group, our teams' professional and ethical integrity is fundamental to the services we deliver, so every year we reinforce the Group's *Code of Ethics* policy with all of our employees through annual training.



Retaining and developing the best professionals is crucial in the TIC sector businesses, so we provide our employees with real opportunities to develop, both personally and professionally, through specific training initiatives, coaching, mentoring and similar.

For the Group, it is vital to ensure that the services provided are performed with the greatest excellence and satisfaction, and we owe this reputation to our highly qualified personnel. Therefore, we provide the

INTERNAL COMMUNICATION TOOLS

Communication and constant dialogue are vital to the relationship between Applus+ and our people.

The Group manages information and dialogue with employees through **strong internal communication channels**. These enhance the strategic and operational dissemination of information internally with a multi-channel and multi-directional approach.

Our main channels and tools through which we communicate with employees include:

Employee Magazine



Apppeople: online and offline quarterly internal magazine to inform all employees about the latest news from around the Group.

E-mail campaigns

Communications from Applus+ regarding:

- Core and key areas updates: *Code of Ethics*, Health and Safety, Quality, Environment, Cybersecurity, *Diversity and Equality* policy, etc.
- Applus+ News: Employee benefits and advantages, Safety Day campaigns, World Quality Day, *Diversity and Equality Policy*, internal job vacancies, etc.
- Quick surveys and quizzes: Health and Safety, Quality, knowledge of the company, etc.
- Participation and collaboration in public events.

Screensaver messages

Regular screensaver updates related to core and key areas or Applus+ News

In addition to these channels, we have the **Applus+ Global Intranet** through which we communicate the Group's policies, news, company benefits for employees, newsletters, etc., and we blog about services and technology or report news related to the TIC sector.

Applus+ also encourages exchanges of ideas and opinions gathered via suggestion channels.

Internal communication awards for Applus+ 2019

- Applus+ has been awarded with the first prize by the European Association of Internal Communication (**FEIEA**), as the company with the "**Best Multinational Internal Communication Strategy**"
- The American organisation **MARCOM Awards** has given Applus+ the highest rating, the "**Platinum**" award, for our global internal communication strategy



Respect for human rights

GRI 404-1

The fulfilment of human rights is part of our corporate culture, and we believe that business can only prosper in societies where human rights are protected and respected.

We recognise that **human rights are fundamental and universal**, and should be **based on conventions, treaties and international initiatives such** as the United Nations' Universal Declaration of Human Rights and the International Labour Organization and the Global Compact.

As part of our commitment to the UNs Global Compact's ten principles, the Applus+ Group works hard to support and respect the protection of internationally proclaimed human rights (Principle 1); and to make sure that we are not complicit in human rights abuses (Principle 2).

The **Applus+ Group's commitment** to respecting human rights **is reflected within the policies and procedures followed by the Group**. These include our *Diversity and Equality Policy*, as well as, our *CSR Policy*, *Code of Ethics*, *Non-Discrimination Policy*, *Suppliers Policy*, *Global Anti-corruption Policy and Procedure* and *HSQE Policy*.

In respect to human rights, among other rights, the **content of the policies cover**:

Equity and non-discrimination

Favourable conditions of work; Equal pay for equal work

Dignity

Education and training

Health and safety

Children's rights

Indigenous people's rights

These policies establish mechanisms to ensure the fulfilment of these commitments by our employees, and, in the case any of their provisions are broken, enforce disciplinary and corrective measures through appropriate channels.

In addition to these, the **Modern Slavery and Child Labour regulations govern our activities** in all of the countries where we operate. All of our offices must comply with local legislation relating to minimum working/school-leaving age. A non-compliance procedure has been established for our management at all levels to pursue in the event of any potential issues or breaches.

To safeguard personal rights, the Group has also defined **practices to prohibit actions that restrict personal freedom**, such as the withholding of passports, visas or work permits. Therefore, any perceived notion of such activities occurring would be rejected quickly and comprehensively remedied.

Moreover, the Energy & Industry Division has a specific **Human Protection Policy** to reinforce our commitment to protect human rights. This policy sets guidelines regarding **four fundamental rights** of the division's employees: acceptable wage; minimum working/school-leaving age; working hours in compliance with contractual and local legislative requirements; and elimination of modern slavery and human trafficking. Although the rest of the Group's divisions also deploy the Applus+ commitment to protecting human rights at a divisional level, this is not currently formalised with a policy, as it has been already done in the Energy & Industry Division. However, in the near future, a specific Human Protection Policy will be extended to all of the Group's divisions.

In addition, in accordance with the UN Guiding Principles on Business and Human Rights, where business enterprises identify that they have caused or contributed to adverse impacts on human rights, entities should provide or cooperate in their remediation through legitimate processes.

To facilitate this requirement, the Applus+ Group operates an Ethics and Compliance communication channel. In 2019, the Group **did not receive any complaints** regarding human rights violations of human rights.

Occupational health and safety

GRI 403-2

Applus+ strives to achieve **zero injuries** in the workplace and make work practices sustainable. Therefore, we develop policies and **encourage practices** to build a company culture **that prioritises** our employees' **health and safety**. These commitments go beyond legal compliance, establishing policies and procedures in the Group which implement effective risk-control processes and involve our people by raising awareness and providing effective training.

The **protection of employees from hazards** is therefore an essential behaviour across the operations of the Group.

The Group aims to build our capacity to add value in the communities where we operate through different mechanisms and learnings. These include focusing on prevention instead of correction; fostering a proactive behaviour to health and safety issues; supporting people to speak-up without fear; and using case experience to learn from across the organisation and protect our employees' welfare.

Ultimately, these actions positively contribute to the Group's success as we **promote healthy, safe and ergonomic workplaces**.

MANAGEMENT PILLARS

Our Group has implemented **five internal documents** that form the basis of our Health and Safety management:



GOLDEN SAFETY RULES AT Applus+

Within the "FOUNDATIONS – THE FUNDAMENTALS" section of *Golden Safety Rules* of the Group, Applus+ **values the right to stop work when employees considered it unsafe to continue**. This written directive shows our commitment to support everyone in their right to exercise their stop-work authority.



11 GOLDEN SAFETY RULES

HAZARD IDENTIFICATION AND RISK ASSESSMENT

We deploy hazard identifications and OHS risk assessments, which are provided for our workforce **prior to** starting **work** in the company, **and the assessments are reviewed on an ongoing basis to include** any relevant changes in working conditions.

In addition to these procedures, employees are required to perform their own last-updated risk assessment process before starting their tasks.

These risk-assessment requirements apply to **all of our offices, sites**, as well as all of the **services** and activities that we provide, encompassing:

Hazard identification and risk assessment

Legal requirements; recognised codes of practice; manufacturers recommendations; and third-party requirements.

A risk-ranking matrix method, or other assessment methods, considering the possible results of someone being exposed to a hazard and the likelihood of this event occurring.

Use of the hierarchy of control as a systematic approach to select control measures for the actions required as a result of the risk assessments.

Applus+ **has internal controls implemented at a local level** to ensure that these requirements are met. These include internal and external audits conducted by customers or other third parties, such as certification control bodies.

The **outcomes** of these controls, together with incident investigations, incident reports, lessons learned, hazardous observations and field inspections, **help the Group to continuously improve our** Health and Safety management and performance.

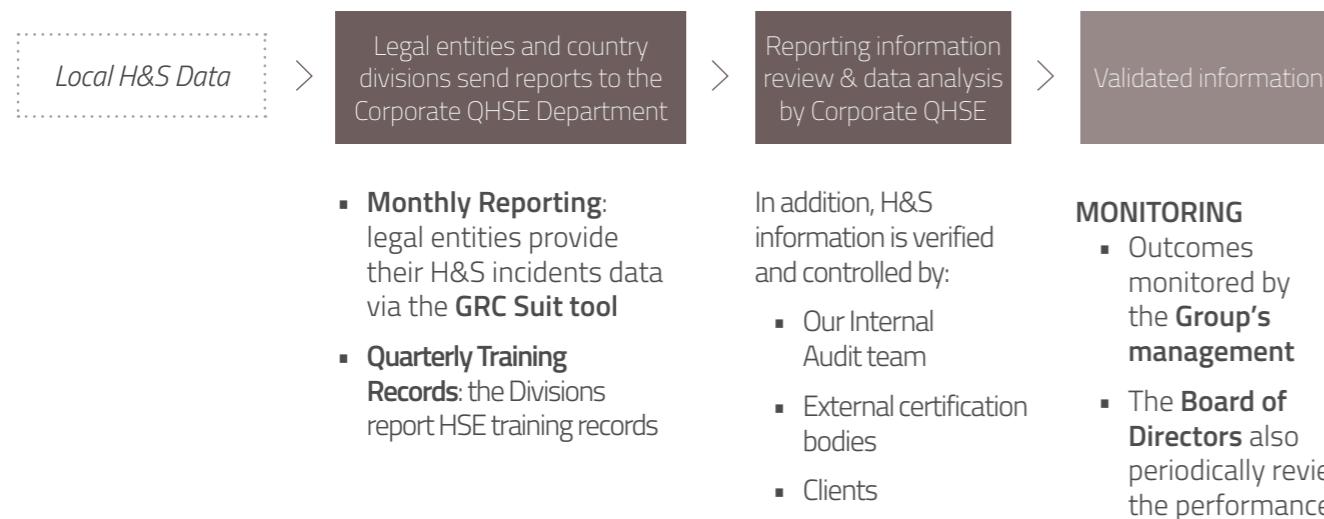
INCIDENTS INVESTIGATION

The Group has established **procedures**, at divisional or local/country level, to regulate **incident reporting and incident investigations**. Our incident evaluation and corrective-action process provides a systematic approach to **investigation, analysis and review of all incidents** within the company.

- The aim of this process is to determine the root cause of the incident; to define the appropriate action plans; and to ensure we are able to avoid reoccurrences. In those cases where the potential and consequences are significant, we draft "Lessons learned" to share throughout the organisation.
- To conduct investigations, we use different methodologies according to the criticality or complexity of each incident.
- We monitor and control all incidents and non-conformities so we can establish the corresponding action plan, including corrective and/or preventive actions.

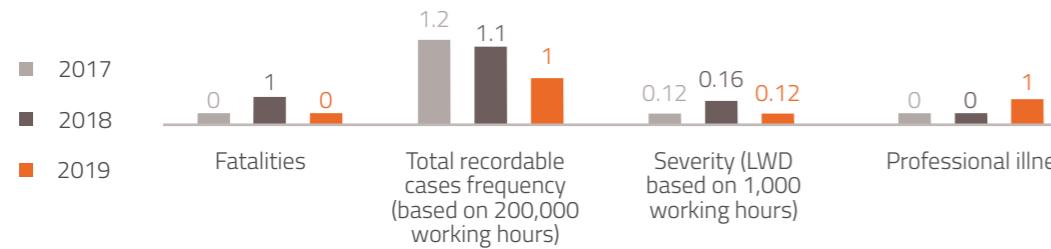
REPORTING SYSTEM

Our reporting system includes the Group's worldwide activities, and must be followed by the Group's entire management. This process includes leading and lagging **indicators**, which are recorded and monitored monthly.



The following graphs show the evolution of the trends for the Occupational Health and Safety over the last three years.

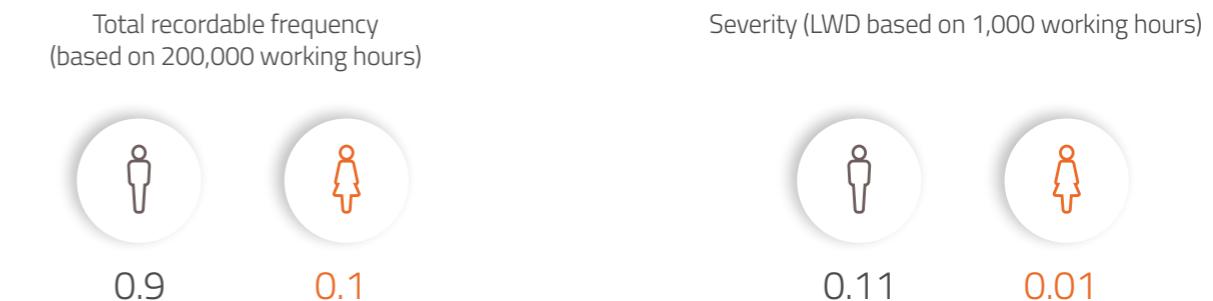
HEALTH AND SAFETY INDICATORS



*Carpal tunnel syndrome with 10 lost workdays

In 2019, there were not any fatalities at work within the Group. We reduced our accidents rate almost by 10% and the severity rate by 26%. The main causes of accidents in the Group were slips and falls (at the same level), as well as over-exertion in the course of working.

CONTRIBUTION BY GENDER TO ACCIDENTS RATES IN 2019



COMMUNICATION RELATED TO INCIDENTS AND HAZARDOUS SITUATIONS

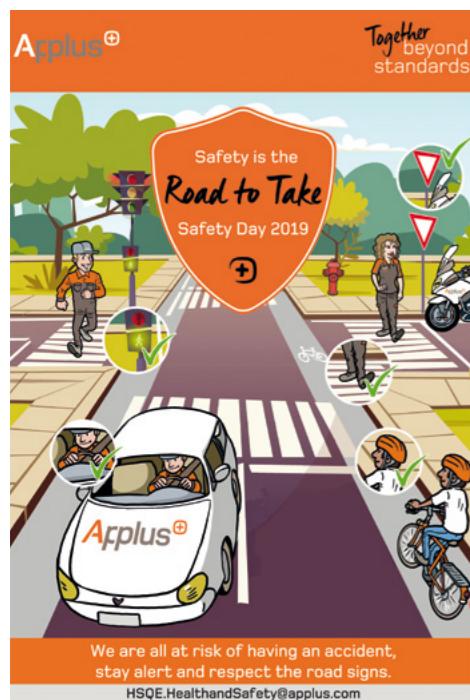
The Applus+ Group is a learning organisation that promotes good attitudes and lessons learned within the Group. Therefore, our Group's management actively encourages the communication of incidents and any other issues related to hazardous observations, as well as suggestions for improvements. This perspective aims to instil a preventive approach instead of a corrective approach.

Moreover, preventing health and safety risks and respecting employees' rights is one of our *Code of Ethics'* rules of conduct; and for any questions related to health and safety, doubts or suggestions, employees must communicate them to our HSQE Communication Channel.

TRAINING AND AWARENESS

Occupational Health and Safety training is an essential aspect in our Group's **induction training for all of our new employees, either face-to-face or online training**. We ensure that everyone is familiar with the Group's and divisional Health and Safety programmes, understands the Group's procedures and acts or behaves in accordance with this training. Additionally, specific training is performed on a timely basis to ensure topics are refreshed.

AWARENESS AND MOTIVATION TOOLS AND INITIATIVES



To reinforce our best practices in Health and Safety, we conduct several types of activities to raise awareness through communications campaigns, games and contests. The Group celebrates a global *Safety Day* across the company, where contractors and customers are all invited to join our employees.

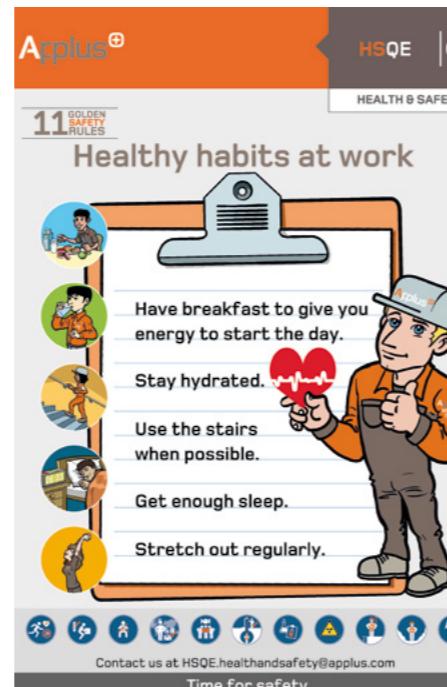
In October 2019, we held our **sixth Safety Day** under the slogan "**Safety is the Road to Take**". For the second consecutive year, we held a highly successful *Safety Day* slogan competition to choose the winning slogan for the campaign, which received more than 750 proposals.

Again this year, the *Safety Day* took place across all of the Divisions at Applus+ worldwide, and our management and employees participated to engage in presentations, debates, workshops and games on the key themes for better health and safety.

In this **2019 edition**, we **focused on the prevention of traffic accidents**. In the event, we shared experiences and knowledge to help all us build awareness for a preventive attitude towards road accidents of any kind, either as vehicle driver or as a pedestrian.

In other areas, in 2019 we have continued with the Health and Safety **awareness campaigns** under the slogan "Time for safety". The campaigns included:

- Published **bulletins to reinforce** the Applus+ *Golden Safety Rules* and additional issues such as, "Protect yourself from extreme cold"; "Work safely by following the Applus+ Golden Safety Rules"; "Protect yourself from extreme heat"; "Looking after your wellbeing"; and "Awkward postures".
- Shared more than 200 "**Lessons learned**" across the Group to avoid reoccurrences of incidents or accidents.
- Promoted and targeted **specific banners** on the Applus+ Global Intranet.
- Specific section in the Group's internal employee magazine *Appeople*.
- **Safety Awards** at local level to value the employees' ideas or actions which safeguard health and safety.
- The *Safety Awards* started several years ago, and recognise the efforts made by our employees in the area of Health and Safety, such as:
 - » Applus+ ACE Award programme, on a monthly basis in UAE and USA.
 - » "Valoramos Tu + en Seguridad" ("Beyond the Call of Safety") in Spain.
- Locally, other initiatives promote and help to improve the awareness of health and safety issues for our teams.



ROAD SAFETY

In 2019, our Group's divisions ran several initiatives to promote road safety among our employees:

Defensive-driving training

Applus+ ran courses on training for road safety and defensive driving in Middle East & Africa, Spain and LATAM. The training targeted employees assigned to activities that require driving to improve their road safety knowledge and practice.

In Spain, the road-safety course was instructed by using driving simulators. In total, one hundred and twenty-three groups were trained at different Applus+ locations, with 462 employees from the Energy & Industry, Laboratories and Corporate Divisions trained in 2019.

Driving monitoring systems (UK, Canada, Colombia, Chile, Panama, Colombia, USA, Saudi Arabia and Australia) These systems allow our teams to identify high-risk drivers and provide additional training in safe driving and monitor their improvements.

Speed limiters (Oman)

Vehicles are fitted with speed limiters to restrict the fuel supply when the vehicle exceeds 100 km/h on main roads and 80km/h on secondary roads. This initiative aims to minimise vehicle incidents by reinforcing safe-driving behaviour and speeds.



BREAST CANCER AND PROSTATE AWARENESS SESSION (THE ENERGY & INDUSTRY DIVISION – MIDDLE EAST & AFRICA)

To raise awareness and promote *Breast Cancer Awareness* among our employees, we organised a free session for our employees on the awareness of breast cancer and prostate cancer in November 2019. Employees were able to clarify any doubts related to these areas of personal health and benefit from free health screening.

OTHER NOTABLE LOCAL INITIATIVES IN HEALTH AND SAFETY CONDUCTED IN 2019:

- The Energy & Industry Division in Peru carried out vaccination campaigns for their employees.
- The Energy & Industry Division in Australia provides tables called "stand up - sit down desks" for their employees to perform work at a comfortable standing height.

Accreditations, awards and acknowledgements

Currently, we implement occupational health and safety **management systems** at the local level, **certified** and periodically audited **in accordance with international standards** (OHSAS 18001 / ISO 45001/ IRATA) **in nearly 30 countries**.

Our clients, partners and other interested **third parties have recognised our efforts** to prevent occupational risks and protect health. Notable examples are:

- Recognition of **Safety Performance** at a refinery in **Australia** for our services for Non-Destructive Testing (NDT). The award acknowledged the employee's courage for stopping the work while carrying out radiography on a hot steam leak.
- Acknowledgement on **Safety Performance** for our services for NDT and Inspection. The award recognised our employee in the **Asia Pacific** region for a continuous effort in reporting hazards and rectifying hazards to make the workplace safer.
- The *Chilean Security Association* recognised Applus+ in **Chile**, when conducting Technical Inspection Services, for its **advances in health and safety measures within its operations** and for reaching three consecutive years without any lost time through accidents.
- Recognition to Applus+ in Colombia from the Colombian Security Council for **implementing** the occupational safety and health **system for contractors** (RUC system).
- On 9th May 2019, coinciding with the "World Day for Health and Safety at Work", Applus+ in Spain (Castilla La Mancha) was distinguished in the **Prever Awards for our good practices** and excellent management **in occupational health and safety**.



08 Caring for the environment

Environmental management approach

GRI 102-11

GRI 102-12

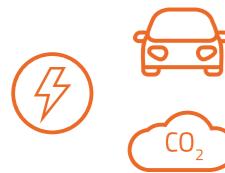
GRI 103-3

GRI 308-1

ENVIRONMENTAL ASPECTS OF OUR ACTIVITIES

The **direct environmental impact** of the activities at Applus+ is mainly related our **offices, facilities and transport to client's facilities**. **Energy consumption**, including electricity and fuel, **GHG emissions and water consumption** are the main environmental aspects from the businesses within the Applus+ Group. Therefore, we focus on **reducing impacts on the environment by controlling the causes of these impacts within our activities**.

Applus+ GLOBAL ASPECTS



Energy consumption associated with the use of lighting, heating/air-conditioning and equipment, as well as transport use to undertake work at the clients' facilities.

GHG emissions from energy consumption through our vehicle fleet, business travel, commuting and heating and electricity use.



Water consumption associated with sanitation facilities, irrigation and vehicle tests at the IDIADA Division's proving ground.

We extend our management framework to the **waste generated from** the activities mainly developed at the **IDIADA and Laboratories Divisions** because these facilities generate waste that, by its characteristics, require specific storage and management conditions. Consequently, we focus our efforts on the control and improvement of its management.

The activities of the Applus+ Group **do not generate direct impacts on biodiversity**; and the locations of our facilities do not represent any risk for the natural areas in the countries where the Group operates.

ENVIRONMENTAL POLICY

The **Global Policy of HSQE** integrates the **Group's Environmental Policy** with the **Quality and Health and Safety** policies. This **Policy** applies to all of the employees at Applus+ or those associated with the business of the Applus+ Group and its legal entities.

The **Policy** represents the Applus+ Group management's **commitment** to provide the company with suitable human and financial **resources** to continuously improve the activities that impact on the environment, giving priority to a preventive approach as opposed to the corrective approach when developing QHSE processes.

The main **principles** included in the *Environmental Policy* are as follows:

Promotion of continuous improvement for a safe and sustainable environment

Adoption of measures to reduce any environmental damage and pollution

Adoption of measures to efficiently use resources within our activities and those of our suppliers and contractors

Efficiency and excellence in the company's internal management of environmental protection

Implementation of a systematic approach to ensure compliance with legislation

ENVIRONMENTAL MANAGEMENT SYSTEMS

To deploy the *Policy*, we implement **Environmental Management Systems (EMS)** at the local level, based on the cycle of continuous improvement and developed in accordance with the international standard **ISO 14001**.

Our EMS are periodically audited and our **certificates** are maintained over time. **Almost thirty countries** have legal entities with certified environmental-management systems, including as Middle East and Africa, Spain and Rest of Europe, the US and Canada, Asia Pacific and Latin America.

ENVIRONMENTAL DATA MANAGEMENT

Applus+ has **two applications at a global level to manage**, control and verify **energy and water indicators** from our facilities in the countries where we operate. The applications allow us to monitor the most relevant environmental aspects arising from our activities:

- **Applus+ Site Management (ASM)** is a tool for recording data on the environmental indicators of each region and associated evidence.
- **QlikView** is a tool for the detailed evolution-analysis of the indicators and consolidating global data.

OUR SUPPLIERS' COMMITMENT TO THE ENVIRONMENT

When selecting and incorporating our suppliers, the Corporate Purchasing Department integrates the Group's **mandatory HSQE requirements** **within its supplier management process**. The supplier, within the **approval process**, must **know and adhere** to the Group's **HSQE Policy**. The Internal Audit Department at Applus+ monitors the fulfilment of the procurement policies and procedures.

Additionally, in the **initial evaluation** of our suppliers, we **positively value** those who have implemented and certified an Environmental Management System according to **ISO 14001** or the European regulation **EMAS**.

The **adherence** to our **HSQE Policy**, and the consideration of the **environmental management systems** implementation in their selection and qualification, currently cover about 60% of our **total suppliers**.

Energy and emissions

GRI 302-1

GRI 302-3

GRI 305-1

GRI 305-2

GRI 305-3

GRI 305-4

ENERGY AND EMISSIONS MANAGEMENT

The consumption of energy, as well as its corresponding GHG emissions, are the **relevant impacts** arising from the Group's activities.

The Applus+ *Guide of Best Environmental Practices* establishes the main guidelines to be followed by every employee to **minimise energy consumption** at our facilities **and to reduce fuel consumption** from vehicle use, both in fleet vehicles and private cars.

GUIDELINES TO REDUCE ENERGY CONSUMPTION AT OUR FACILITIES

- Only turn on the lights of the occupied working areas
- Turn off the lights and extractors when leaving a meeting room
- Keep thermostats set at between 20 and 22°C in winter, and at between 22 and 25°C in summer
- Make sure all office doors and windows are closed while air-conditioning or heating system are on
- Turn off computer equipment at the end of the day or when not in use
- Always be sure to switch off printers, thermal bookbinders, photocopiers and other electrical equipments at the end of the day
- The last person to leave a particular working area should turn off the lights

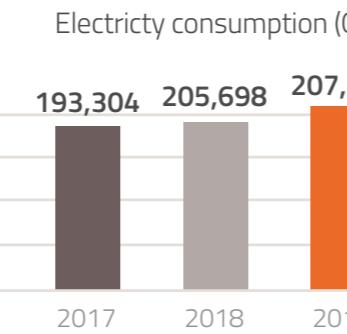
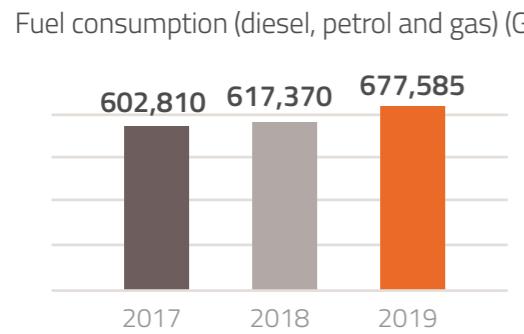
GUIDELINES TO REDUCE FUEL CONSUMPTION FROM VEHICLES

- For short journeys, alternatives such as walking, cycling or public transport are more environmentally friendly
- Plan a route by choosing the least congested way
- Avoid opening car windows while driving; instead, use the vehicle's air vents to let in air
- Use the fuel-octane that provides cost-effective driveability and performance, as recommended by vehicle manufacturers
- Check your tyre pressures and keep all the tyres properly inflated; wheel alignment should be checked and corrected too.
- Change filters, oil and spark plugs on a timely basis; keep your car engine well-tuned
- Select high gears and low revs; maintain speed as constant as possible; and avoid braking or accelerating unnecessarily

KEY CONSUMPTION FIGURES

Fuel is the most significant source of energy consumption at Applus+. Fuel consumption is directly related to our business activities at the clients' sites and in the heating of our facilities. The Group's operations run on diesel, petrol and gas, coming from non-renewable sources, and biodiesel from renewable sources.

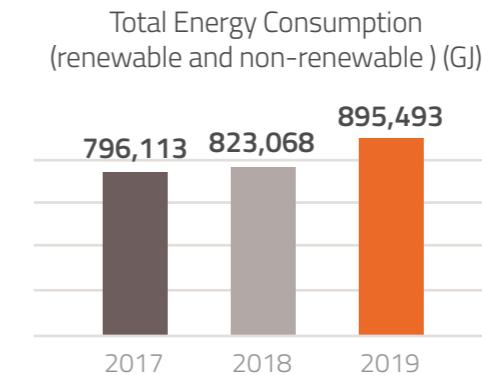
ENERGY CONSUMPTION FROM NON-RENEWABLE SOURCES



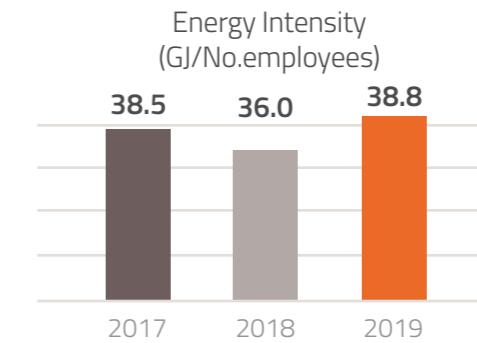
Electricity consumption, considered within the same scope as in 2018, decreased (3%) in 2019. Fuel consumption – mainly vehicle consumption – increased slightly due to two main factors: scope extension in Chile and UAE and also an increase in operational activity. For example, in Canada, the Division deployed more than 100 people for one specific project in the nuclear sector; and in Saudi Arabia, more than 126 people were moved from projects in different sites to projects involving further distances (200-400Km).

The Applus+ businesses do not have steam or cooling consumption. The amount of heating used in 2019 was 4,406 GJ. In 2018, the gaseous fuel was reported as heating consumption because most of the gaseous fuel consumed was by heating boilers. However, in 2019 this gaseous fuel was included in the non-renewable fuel consumption, whereas the heating-consumption calculation is derived from countries where district heating is consumed, such as in Finland. This approach is more in line with GRI 302-1 and GRI definition of heating.

The consumption from renewable sources was 6,150 GJ and came from the biodiesel, mainly consumed in Colombia and Peru.



To calculate the **energy-intensity per employee ratio**, we selected December 31st for the date on which to calculate **number of employees for the metric**. All sources of consumption within the organisation (fuel, electricity, heating, etc.) are included in the intensity ratio. The value for energy intensity was 38.8 GJ/Employee (7.9% more than 2018). During the year, there were projects that required additional staff for specific periods, therefore while the consumption increased due to these projects, the metric used has been not affected (e.g. Saudi Arabia).



The Group uses the platform **ASM** to obtain reliable energy data, and all of this data is reported covering the premises from which the Applus+ businesses operate.

To measure the GRI indicators for the organisational boundaries, we calculate the intensity of emissions from the legal entities reporting their financial statements, against the entity's number of employees.

The assumptions made are mainly based on the **ownership and accountability for the metering system**; in meters shared with other companies, or the owner of the facility assumes the accountability for consumption, then this data will not be included in our total-usage calculations.

Calculations have been made for **12 months**; since the receipt of the energy invoices has a time lag after the consumption period, the reported data correspond to the period November 1st 2018 until October 31st 2019.

The 2006 *IPCC Guidelines for National GHG Inventories* is the main source for the **Net Calorific Value (NCV)** of the fuels to calculate the Group's energy consumption.

EMISSIONS

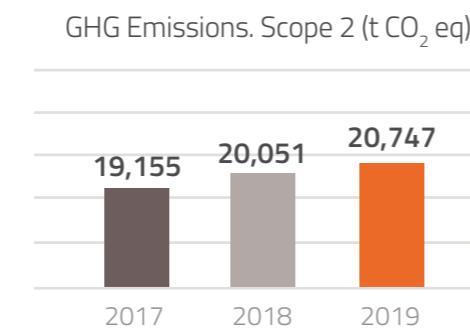
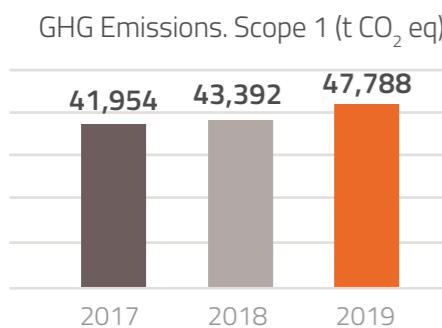
The **Scope 1 emissions** are due to fuel combustion. Fuel is the most significant GHG emissions source from the businesses at Applus+, and its consumption is directly related to vehicle transport when we carry out services at the clients' sites, heating boilers and testing.

The **Scope 2 emissions** came from the electricity and heating consumption.

The Group has made significant effort to reduce both types of these emissions. In 2019, the Group added 90 eco-efficient vehicles to its homologation matrix in some countries, including Spain, UK, Netherlands, Czech Republic, Kuwait, Colombia, Chile and Brazil. Among this eco-efficient fleet, we have electric, hybrid, plug-in hybrid, bio-fuel, ethanol, CNG and LPG vehicles. At the end of 2019, these types of vehicles represented 2% of our fleet. This year, the average of CO₂ emissions of our fleet decreased by 4%¹.

In addition, the Group completed different actions to improve energy efficiency at numerous facilities.

The main indicators related to Scope 1 and 2 GHG emissions are:



(1)This applies to 50% of our fleet

During 2019, the increasing of long-distance travel on relevant projects and the scope extension (Chile and UAE) caused an increase of 10.1% in the Scope 1. The Scope 2 value, referring to the same scope in 2018, decreased 1.4%, and the global figure increased by 3.4%.

Applus+ has also selected **Employees** at December 31st as the metric to calculate the **intensity** of GHG emissions. The value for 2019 was 2,97t CO₂/employee (including Scope 1 and Scope 2). During the year, there were projects that required extra employees for specific periods, therefore while the consumption increased due to these projects, the metric used was unaffected.

To obtain the information on the emissions, Applus+ uses the **Greenhouse Gas Protocol** as a guide. The 2006 **IPCC Guidelines for National GHG Inventories** provide the sources of the emission factors corresponding to fuel emissions; the *Fourth Assessment Report* (AR4) of the UN IPCC is the source of the Global Warming Potential (GWP) rates; and the **International Energy Agency (IEA)** provides the data to calculate GHG emissions from the electricity consumption.

The gases included in the calculation are CO₂, CH₄ and N₂O; Applus+ does not have any biogenic CO₂ emissions.

In 2019, Applus+ started to measure some **Scope 3 emissions**, which are other indirect GHG emissions, related to business trips by plane, train, taxi, commuting and the power-distribution network.

The emissions related to **business trips** are applicable to the trips **by train and plane**, taken by Applus+ professionals from Spain, Colombia, Angola, México, the USA, Australia, Panama, Netherlands and the UK. This cohort represents 61% of the Group's staff.

With respect to business flights, we offset part of these emissions through an agreement signed with different airlines by the Applus+ Group in Spain. These airlines offset 100% of the CO₂ emitted during these flights by investing in the project "CO2ZERO", which is contributing to Panama's rainforest reforestation with Gold Standard certification.

Travel agencies provide the CO₂ emission data, which are calculated per passenger from the kilometres travelled, the plane occupation (weight) and the type of aeroplane. The calculations are integrated at Group level.

With travel agencies operating from Spain, Colombia, México, Australia and part of the USA, the calculation method is determined in accordance with the rules set out by the Department for Environment Food & Rural Affairs (DEFRA) of the British Government, which are updated every summer and come into force the following January 1st.

For travel agencies operating from Panama, Netherlands, UK and part of the USA, the calculations are conducted using CO₂ emissions calculators that take into account the number of seats in the different cabin sections, real amount of passengers and cargo, fuel consumption and distance covered.

Business trips by plane and train	GHG Emissions (t CO ₂ eq)	Offset Emissions (t CO ₂ eq)	Net Emissions (t CO ₂ eq)
	8,257	673	7,584

With respect to the emissions from **taxi journeys**, thanks to an application for taxi management, Applus+ can calculate the emissions from our employees' trips when using this application.

The mobile app allows Spanish employees to call a taxi in many cities in Spain and abroad with distinct advantages. The fleet has a high number of hybrid and electric vehicles available, which reduces CO₂ emissions during these trips. Taxis from over 150 cities, mainly in Spain, but also in the UK, France, Germany, Belgium, Portugal, Italy and the Netherlands participate in this initiative. In 2019, the app allowed Applus+ to avoid 1 tCO₂ of emissions.

The emissions data for the taxi use through their application is calculated from the distance travelled and a fleet-emissions ratio, which is measured by the percentage of hybrid and electric cars operated in its fleet. The emissions coming from this business trips by taxi were 5.6 tCO₂eq of emissions.

The emissions from our **employees commuting** are related to the split in the staff's mode of transport, taking into account the transport used (car/train/etc.) by our employees for the daily trips to and from their workplace.

In 2019, the Group launched a global survey to understand the mobility habits of our employees. The results showed a split between different modes of transport at every location where we operate, covering 68% of our staff and generating 55,602 tCO₂eq of emissions.

The emissions from **employee commutes** are calculated on the basis of the split in their mode of transport, distances per journey and the number of journeys per year. This data is gathered through the Group's first mobility survey, applying emission factors per transport-mode from acknowledged sources.

The emissions from the **power-distribution network** are related to the energy losses involved in the transport and distribution of electricity and to the emissions from the value chain of fuel and electricity. Our emissions in this field were 66,269 tCO₂eq of emissions. We calculate these emissions from the data of electricity consumption, as well as fuel and the identification of the countries involved, by using the emission and conversion factors from acknowledged sources, such as 2006 **IPCC Guidelines for National GHG Inventories**, International Energy Agency (IEA) and the Department for Environment Food & Rural Affairs (DEFRA) of the British Government.

Waste, water and effluents

GRI 303-3

GRI 306-1

WASTE MANAGEMENT

Our activities generate mainly **urban waste** and **other types similar to urban waste**, such as paper, plastic packaging, toners or office equipment.

The guidelines established in the Applus+ **Guide of Best Environmental Practices**, as well as the local regulations covering waste management, define the rules of our actions to limit waste. To pursue this, employees who provide services at client's facilities must apply these best practices for managing the waste generated through our services.

According to the Guide, Applus+ employees must observe the following directions:

GUIDELINES TO REDUCE AND MANAGE WASTE

- Apply the 3 Rs formula: Reduce, Reuse and Recycle
- Reserve a place to collect copy paper used on one side and reuse it for printing drafts on the blank side
- Sort waste products properly for recycling
- Present waste products which might be still be usable or subject to special conditions separately
- Place waste products in the containers specifically designated for disposal
- Follow the established guidelines for waste subject to special collection services
- Protect warehouses from inclement weather to prevent damage to products

At Applus+ facilities, the segregation of waste is mandatory when the country has a public or private infrastructure for selective recycling and treatment. The office and centre managers are responsible for providing the necessary resources to comply with these management guidelines, as well as for monitoring their application.

In addition, the *Guide of Best Environmental Practices* establishes some action guidelines to **reduce paper, toner and ink consumption**, and as a consequence, waste production.

GUIDELINES TO REDUCE CONSUMPTION OF PAPER, TONER AND INK

- Optimise paper consumption by using both sides of the page
- Use electronic mail for internal communications
- Maximise the use of documents in digital version and the use of electronic signature
- Use both sides of the paper when printing or photocopying documents for internal use
- Restrict the number of copies of the documents to be filed, giving priority to the storage of electronic files
- Restrict the amount of printed drafts; documents should always be revised on screen
- Check documents using the 'print preview', introducing any necessary improvements before printing

In more specialised areas, the **IDIADA and Laboratories Divisions** generate **hazardous waste and other types of waste requiring specific management due to their characteristics**, for example, the tyres produced by IDIADA Division or the waste from fire-resistance tests at the Laboratories Division.

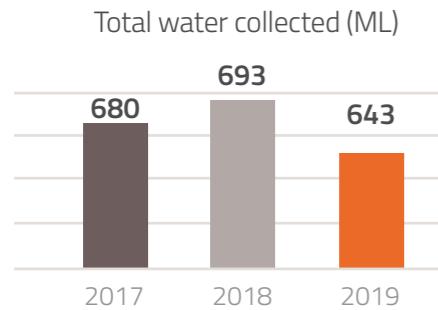
The activities at the IDIADA and Laboratories Divisions which generate **these types of wastes** are concentrated in **Spain**. The management control of this hazardous or specific waste is **focused on ensuring strict compliance** with the regulations applicable. As a general rule, the hazardous or specific waste generated in both Divisions is managed throughout by **duly-authorised companies**.

For compliance with the applicable legislation, the centres and facilities of these Divisions **record the type and quantity of hazardous waste** generated, and keep the **documentary evidence** to verify traceability.

WATER CONSUMPTION

The fresh **water consumption** is reported covering the period from November 1st 2018 until October 31st 2019 because the invoice period has a time lag after the consumption period.

In 2019, water consumption significantly reduced by 7%, mainly due to the actions taken by the IDIADA Division to reduce usage and to recycle the water used for the test tracks in Spain.



The water withdrawal for the activities at Applus+ comes from **groundwater** (379 ML) and **third-party water suppliers** (264 ML). With the exception of IDIADA Division, the rest of divisions use clean drinking and sanitation water.

The IDIADA Division is the **only division** in the Group that **uses water in the development of its activities at the facilities in Tarragona (Spain)**. At these facilities, the Division consumed in 2019 about 439 ML of water. Of this use, forty percent is used to irrigate green areas and hedgerows, and the remaining to perform tests on **four tracks**: two braking-tracks, one wet-handling track and one fatigue-testing track.

IDIADA has three main tanks, one for each of the subsystems that are supplied with water (tracks, irrigation, buildings and workshops). The tank used for the track subsystem provides water to two tanks. Each of these tanks supplies water to a track. The subsystem tank for the buildings and workshops supplies the fire network tank.

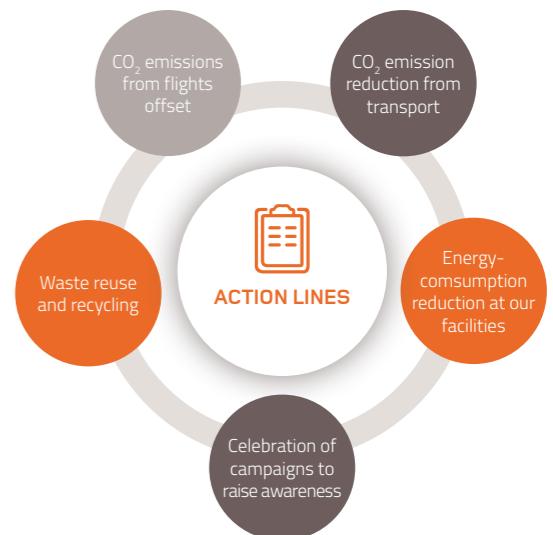
The type of water-spill generated on the tracks does not require the installation of grease-hydrocarbon separators. In fact, the recirculated water only requires a filtering treatment before being returned to the main tank. In this process, the water loss is between 7-11%.

Chlorine is controlled in the subsystem tank for the tracks and the buildings and workshops' subsystem. In the tank for the tracks, there is also an osmosis treatment to analyse the conductivity. Organic and chemical parameters controls are only required in the water within the subsystem tank for the buildings and workshops once a month.

Environmental action

MAIN LINES

In 2019, Applus+ focused our environmental action on the following lines:



ACTIONS TO REDUCE IMPACTS

REDUCTION OF ENERGY CONSUMPTION AT OUR FACILITIES

Renewal of conventional lights for LED

At some Applus+ offices in Spain, the facilities are in a process of changing conventional lights to more efficient LED luminaires to reduce the electricity consumption from lighting the buildings.

Our offices in Barcelona, Ciudad Real, Madrid, Santander, Asturias, Lugo, Ourense, A Coruña and Vigo are participating in this initiative, which will reduce our facilities' carbon footprint. At the Barcelona facilities, the saving from the initiative was calculated at 226 t CO₂ eq of emissions.

Insulation of facilities to increase energy-efficiency

At the Applus+ offices in Mongolia, the windows were sealed to provide thermal insulation for reducing the energy consumption at the facilities.

Similarly, the Spanish office located in A Coruña installed windows with thermal-bridge breaking to improve energy-efficiency at the facilities and reduce energy consumption.

REDUCTION OF THE CO₂ EMISSIONS FROM TRANSPORT

As described in *Energy and emissions*, some new initiatives have been implemented in 2019 to reduce our emissions from transport.

We introduced 90 hybrid and electric vehicles into our fleet, with the aim of progressively reducing emissions linked to our activities. In addition, charging points for electric vehicles are planned to be installed at the Applus+ offices in Madrid and Bellaterra (Barcelona), as well as a statutory-vehicle-inspection station in Madrid next year.

The use of the application for taxi-travel management represents a reduction of emissions comparing to other alternatives in taxi travel, since a high percentage of vehicles in the app company's fleet are hybrid and electric cars.

OFFSETTING CO₂ EMISSIONS FROM FLIGHTS

In 2019, Applus+ signed an agreement with several airlines to offset the CO₂ emissions produced by Spanish employees taking business trips by plane with these companies. Applus+ is committed to collaborating on these types of circular-economy initiatives to neutralise our CO₂ emissions related to transport by investing in natural preservation projects along with sustainable development in vulnerable countries.



WASTE REUSE AND RECYCLING

New compost machine for organic waste

The IDIADA division in **Spain** is developing a new compost machine for organic waste. The initiative sets out to reduce the amount of organic waste sent to landfill, transforming it into compost for use to fertilize the green areas at the IDIADA Division. The composting is carried out through natural processes.

Recycling of equipment and toners

The Energy & Industry Division in **Chile** carries out a monthly activity, which consists of recycling any obsolete technological equipment by sending them to an environmentally-friendly final destination.

In addition, we also disposed of the used toners in all divisional offices each month to contribute to the same aim.

Reuse of plastic containers

Some initiatives implemented by the employees at Applus+ are framed within the circular-economy concept applied to the waste production.

The Spanish offices implemented a system to avoid single-use plastic water bottles, replacing them with 20 litre containers provided by the water supplier. These new containers are made of reusable plastic, which can withstand multiple uses, reducing plastic waste considerably.

In September 2019, all of the Applus+ employees at Karratha Gas Plant (Australia) were given an Applus+ branded, reusable lunch container and cutlery, replacing up to two reusable containers per person, per day. This initiative is the result of employees raising the issue of single-use plastics and requesting an alternative, and this awareness has reduced approximately 35,000 waste containers per year.

Environmental clean-up campaign

Applus+ participated in a campaign to clear up at the facilities of a gas pipeline in the Kingdom of Saudi Arabia, collaborating with our client's initiative. The campaign aimed to raise awareness of the environmental impacts from dumping waste and reinforces the Group's commitment to avoid pollution for better environment protection.

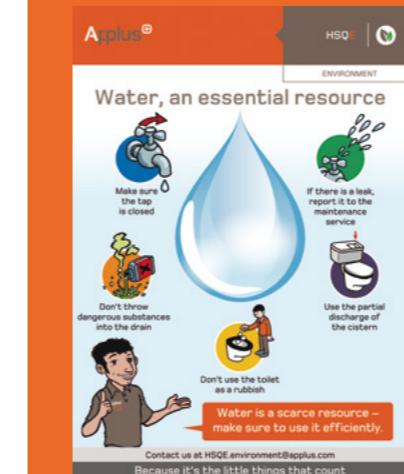
Different companies worked together with a common objective: set an example to society for the preservation of nature. Almost 70 volunteers, including Durma City Council, were kitted out with bags, gloves and tools to collaborate in collecting rubbish for the clean-up.

Best practices in paper use

A set of actions are in place at our Spanish facilities in relation to the use of paper. Paper from certified forests have been selected to ensure its sustainable origin (FSC seal), as well as a slightly lower weight; a centralised printing system designed to use black ink by default; and specific containers to collect paper waste to facilitate recycling.

As a general rule for our environmental principles, wherever the infrastructure for recycling exists, Applus+ facilities have suitable containers for recycling paper.

CELEBRATION OF CAMPAIGNS TO RAISE AWARENESS



Applus+ runs **campaigns** to raise awareness with employees of the importance of contributing to environmental preservation. In 2019, we continue with the campaign "Because it's the little things that count", started in 2018, and launched two **new campaigns**.

- "Play your part in a more sustainable Applus+": addressed to reduce the impact of our activities through responsible behaviour when using energy and by driving efficiently.
- "Water: an essential resource": aimed at raising awareness for using this scarce resource responsibly as a necessity for life.

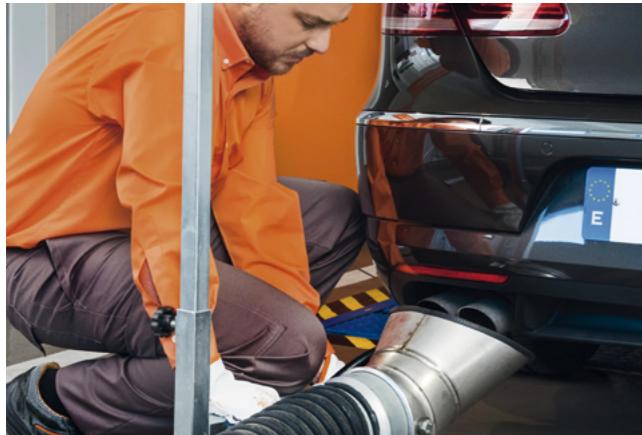
Earth Day/Earth hour celebrations

The employees at Applus+ in the USA donated \$1,540 for "Earth Day", which equates to planting 1,540 trees through collaboration with the Arbor Day Foundation. In April 2019, trees were planted in Chicago and cared for through this programme to remove carbon and other pollutants from the air.

To raise environmental awareness, our offices in the UAE, Qatar and Kingdom of Saudi Arabia participated in the "Earth hour" initiative by disconnecting different electrical appliances during one hour of the day to reduce the carbon footprint.

Our environmental contribution by TIC services

THE ROLE OF OUR SERVICES



REDUCTION AND EMISSION CONTROL

STATUTORY VEHICLE INSPECTION

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

AEROSPACE

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

INDUSTRY, ENERGY, OIL & GAS AND PUBLIC ADMINISTRATIONS

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

TESTING AND AUTOMOTIVE ENGINEERING

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



PREVENTION OF SOIL CONTAMINATION AND POLLUTION DISCHARGES

CONSTRUCTION AND CIVIL INFRASTRUCTURE

- Improvement of the machinery in park management

COMPANIES OF ANY SECTOR AND PUBLIC ADMINISTRATIONS

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

INDUSTRY, OIL & GAS AND MINING

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



BIODIVERSITY AND ECOSYSTEMS PROTECTION

ENERGY AND TELECOMMUNICATIONS

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

ORGANISATIONS AND PUBLIC ADMINISTRATIONS

- Strategic Environmental Assessments

INDUSTRY AND OIL & GAS

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

CIVIL INFRASTRUCTURE AND MINING

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



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



OPTIMISATION OF ENERGY AND WATER CONSUMPTION

COMPANIES OF ANY SECTOR AND PUBLIC ADMINISTRATIONS

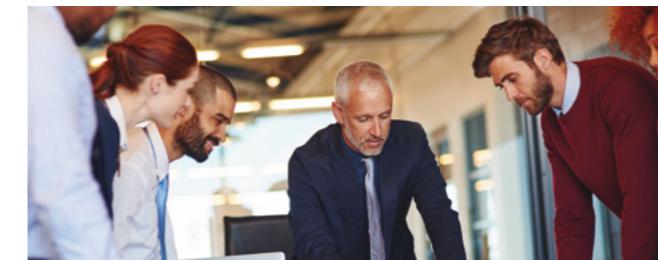
- Energy audits
- ESE (Energy Services Company) design and proposal of measures for energy saving
- Energy-efficiency solutions
- Water footprint design
- Technologies for efficient non-destructive testing (NDT)

ELECTRICAL AND ELECTRONIC EQUIPMENT

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

CONSTRUCTION

- Sustainable certifications: BREEAM, LEED and GREENLIGHT



CERTIFICATION AND VERIFICATION OF MANAGEMENT MODELS

COMPANIES IN ANY SECTOR

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

ORGANISATIONS AND PUBLIC ADMINISTRATIONS

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

OUR PROJECTS' CONTRIBUTIONS TO SUSTAINABILITY



SUPERVISION OF SOLAR AND WIND ENERGY PROJECTS IN MEXICO

Applus+ has signed a 60-month contract with the main mining company in **Mexico** to oversee the management of operations and maintenance of the solar parks in Tuli and Helios, producing 300MW of energy, and the San Matías wind farm project, producing 30.4MW of energy. Our technicians delivered Quality Control and Quality Assurance inspections to monitor and report through real-time analysis at the sites.

Applus+ also provided NDT inspections and audits at the construction of the Delaro wind farm, which has a nominal capacity of 117MW delivered by 4.0MW turbines. Applus+ ensured compliance with standards covering quality, OHS services, environment, cost and expected time to assist and advise the client throughout the construction phase.

At the 285MW wind farm in Fenicias, our technical team carried a range of services in engineering reviews, construction management, OHS coordination, inspection services and commissioning supervision. In addition, Applus+ developed a complete management-engineering contract at the 250MW wind farm in Mezquite.



MONITORING CONSTRUCTION AND OPERATIONS AT AN OFFSHORE WIND FARM IN THE BALTIC SEA

Applus+ monitored the construction and start-up of a large offshore wind farm for a leading energy company operating in the Baltic Sea. The technical specialists at Applus+ combined their expertise in renewable energy, technological innovation, global resources and development to support the project for this new energy resource.

The monitoring work was carried out by a technical team drawn from a range of companies and countries. Key phases of the project included the installation of 280 pillars in the seabed to support the foundations; the installation of the offshore substation; the installation and power up of more than 80 km of underwater cables; and the installation of 70 wind turbines.

ACHIEVEMENTS FOR SERVICES ON PHOTOVOLTAIC-SOLAR TECHNOLOGY PROJECTS

Applus+ won significant contracts last year to support various solar energy projects around the world, totalling more than 700MW in photovoltaic solar technology. The projects included site engineering, supervision during construction, and technical support and supervision during the commissioning stage.

The contracts saw our teams working in countries ranging from Spain, Egypt, Mexico and Malawi. In addition, Applus+ was awarded contracts for technical supervision in Russia, Australia, Oman and Zambia. These join countries within the Group's global presence in renewables, such as in Mongolia, Brazil and Panama.

The new Malawi project demonstrated the Group's use of global resources to meet local challenges as our teams delivered a new range of services in a different geography. Bringing together different types of knowledge and disciplines, this service was the most comprehensive to date for a new construction project, which combined technical supervision skills for the construction and start-up of such a large photovoltaic plant and renewable MW output.

NEW BUSINESS FOR WIND AND SOLAR RENEWABLES IN AUSTRALIA AND SUB-SAHARAN AFRICA

Applus+ signed a framework agreement to deliver supervision services during the construction of both wind and solar power plants. Our teams will provide a range of services related to civil, electrical, mechanical, OHS services, environmental and quality-control monitoring to several facilities located in **Australia**, as well as **Ethiopia, Zambia and other countries of Sub-Saharan Africa**.

On other renewable projects, Applus+ won a new contract for supervision services at other construction projects, including the provision of technical experts for the Site Manager and Civil Engineer roles in Berrinank Wind Farm (Australia), generating 212 MW of wind energy.

NEW SOLAR ENERGY PROJECTS IN SPAIN

Applus+ won a new engineering contract for photovoltaic solar plants in **Spain** for the period 2019-2022. The services include quality control and supervision during the construction and commissioning stages of the renewable plant, in addition to a range of services in mechanical, electrical, OHS services and environmental supervision.

With this contract, we have increased the inspection services delivered to the solar energy industry in Spain, consolidating the services Applus+ already delivered in this renewable power during 2018.

DETAILING ENERGY-EFFICIENCY GAINS FOR BRAZILIAN INDUSTRY



On a World Bank funded project, Applus+ studied various industrial segments, such as aluminium, paper or food, in Brazil to produce a detailed analysis of the basic data of the energy used in different sectors.

The information collected measurements for the use of both electrical and thermal energy by conducting field visits. The resulting analysis revealed many opportunities to improve energy efficiency, and outlined the available technologies that could be viable for each sector.

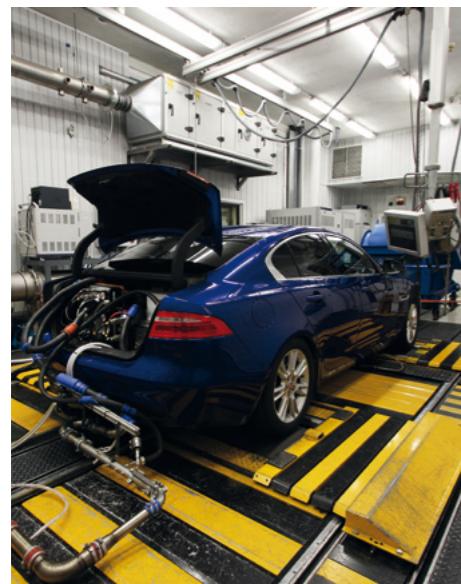
The project is assisting in the introduction of greater energy-efficiency across the major industry sectors in Brazil, and the resulting actions will bring efficiency benefits to production across the Brazilian economy as a whole.

ON-BOARD EMISSION TESTS FOR PUBLIC TRANSPORT

In **Denmark**, Applus+ is delivering a four-year contract to conduct environmental tests for the country's largest bus company, which aims to measure and control the amount of CO₂ and noise emissions released by buses in Denmark.

Our technicians from Applus+ have developed new technology to test emissions on the public transport buses while the vehicles are in operation on their routes. The team from Applus+ in Denmark has been involved in the R&D process since its inception, developing software and testing-equipment with assistance from our IT and Technical department in Spain.

The initial testing in Copenhagen delivered very positive results, and the Danish government will now expand the bus-testing activities across the whole country, where Applus+ has also been selected to partner the authorities to test and control the emissions from buses nationwide.



REAL DRIVING EMISSIONS: CHALLENGES FOR THE AUTOMOTIVE INDUSTRY

Testing car emissions has become a crucial element of production for original equipment manufacturers (OEM) in the automotive sector, and consumers are increasingly conscious of the level and impact of emissions when buying a vehicle. According to the new EU regulations, in addition to completing laboratory tests (WLTP), vehicles must complete road tests in a Real Driving Emissions (RDE) test.

Under RDE conditions, the vehicles driven on public roads are exposed to different conditions of altitude, temperature, payload, etc. to verify that the legal limits for different pollutants from the vehicles are not exceeded.

The combination of experience and knowledge allows the technicians at Applus+ to offer a complete integrated and independent service that meets the latest requirements of the RDE regulations. The work at Applus+ ensures that customers in the automotive sector have access to independent technical support to ensure compliance with legislation for safe levels of vehicle emissions.

ELECTRIC MOBILITY SERVICES AT NEW E-MOTOR TEST LABORATORY



Applus+ in Spain has inaugurated a new electronic-engine testing laboratory which can test electric traction units and motors on electric vehicles through the latest technologies and test techniques. The new facilities offer full-service tests on vehicle-development projects on the latest generation of electric and hybrid powered vehicles.

With this new technology at our leading-edge testing laboratories, Applus+ IDIADA continues to innovate and improve its test circuit facilities to offer first-class design, engineering, testing and approval services for the automotive industry to develop more environmentally friendly vehicles.

ENVIRONMENTAL MANAGEMENT MODERNISATION IN URUGUAY

Applus+ has developed a project for a major energy company in Uruguay to update and improve its environmental management systems. The programme began with a comprehensive environmental diagnosis to design an action plan needed to reach international standards, and, with management and performance indicators through a new IT system, Applus+ has assisted in digitally transforming the company's environmental management.

Thanks to this project, our client has established itself as a leading company for environmental management in its sector, and our client is the first company to achieve reductions in greenhouse emissions in Uruguay.



09 Building a better society

Our responsibility towards society takes two lines of approach:

- Social engagement by promoting of our **social action** initiatives
- **Contribution of our services to local social and economic development**

In the communities where the Group is present, our services and activities make positive impacts in a number of ways. As well as expanding the social and human capital within societies, our companies' presence make economic contributions for sustainable local development and provide equal employment opportunities for local people. The Group's services and products also add value to the societies' resources and infrastructures. As a global company with local expertise, we therefore promote the importance of recognising our social responsibilities where we operate to all of our stakeholders.

To support this awareness, the Applus+ Group encourages our professionals to play an active role in their areas, supporting local development and educational projects within many communities around the world.

Social action

The Applus+ Group deploys its social commitment locally, with our social initiatives managed by local employees. This offers our people the insights to identify and really understand the human issues as they affect communities locally, and support effective social actions that ensure targeted social benefits.

We also give our teams the autonomy to make the most suitable decisions in each region to facilitate the most appropriately-designed social programmes.

SOCIAL ACTION FOCUS

In 2019, Applus+ focused our social action on the following lines, which **follow on from** the social actions already implemented in the past years by the Group.



RELEVANT ACTIONS BY Applus+ AND OUR PEOPLE

SOCIAL SPONSORSHIPS OR DIRECT FINANCIAL CONTRIBUTIONS

EMPLOYEES FROM Applus+ IN IRELAND DONATED OVER €4,000 TO THE HOMELESS

With people struggling to meet their housing needs in **Ireland**, our team from Applus+ fostered an initiative to raise money for some of the immediate needs accompanying the hardship of this social disadvantage.

During 2019, our employees participated in a series of fundraising activities and donated more than €4,000 to a charity that is helping people without homes in Ireland. This charity known as "The Capuchin Centre" offers lunch and dinner, totalling around 5,000 meals per week, where recipients can also take showers and pick up clean clothes. All the money raised by our people at Applus+ in Ireland went to provide food and shelter.

This dedication to their local people sees Applus+ in Ireland committed to continue raising funds for the homeless in Ireland annually.

"GIVING BACK" AT Applus+



"Giving Back" is a monthly activity that Applus+ runs in **Indonesia** as part of their social benefit initiatives. In one of their activities in September 2019, our staff visited a local orphanage in Pondok Pinang, Jakarta and shared some donations and happiness with 100 orphans.

Through this initiative, we offer support for the social needs of the community's children, contributing to operational support of the orphanage, mainly by donations covering nutrition, health and daily needs.

"Giving Back" contributes to the environment and social welfare, and the programme also harmonises local support from employees with global corporate citizenship to give back to communities where we operate.

ENHANCING LIFE-OPPORTUNITIES FOR PEOPLE WITH DIFFERENT CAPACITIES IN SPAIN



Applus+ in Spain runs several activities that support foundations and associations working with people who have different intellectual capacities.

▪ **Charitable Markets.** In May 2019 Applus+ organised a solidarity market with the Prodis Special Employment Centre Foundation in Madrid's offices, which raised funds to finance training projects for the organisation. The market event sold products made by the association's young people with different intellectual capacities.

In December 2019, teams from Applus+ also sponsored other similar charity markets at different locations in Spain, including Sevilla, Sada, Madrid or Bellaterra. In Bellaterra in Spain, for example, the Robin Hood association sold food made by people with different intellectual capacities.

The total collected in these five markets in 2019 arrived to approximately €7,000. These benefits went entirely to foundations dedicated to people with different intellectual capacities

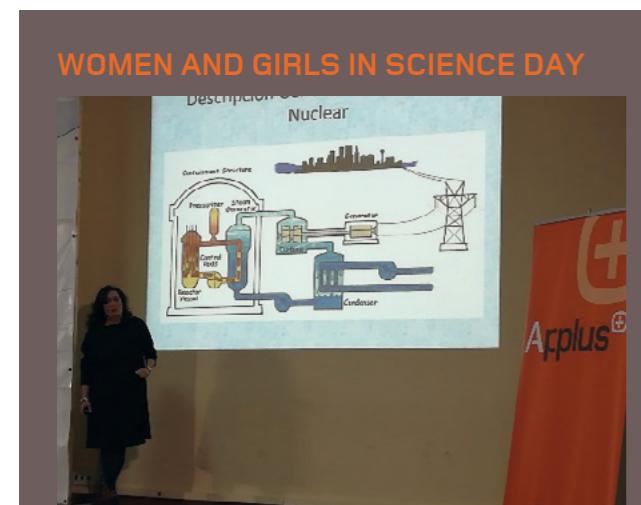
▪ **Merchandising.** We have included corporate merchandise made by the people from the Prodis Foundation, which supports social inclusion for people with different capacities. Their products are now part of the Division's purchasing catalogue for lanyards, webcam covers, bottles and cases for corporate mobile phones.

▪ **Christmas hampers.** The Automotive Division in Spain orders their Christmas hamper gifts for their employees from the Cares Foundation.

▪ **Leadership and team-building for people with disabilities.** Our personnel assist people with disabilities at the foundation to led team-building activities delivered to the Applus+ employees.

▪ **Direct economic donations.** Donations in financial support: €3,000 to Prodis Foundation and €30,000 to ADCOR, NGOs in Spain supporting people with disabilities through day centres and employment services.

EDUCATING YOUNG PEOPLE TO CAPITALISE FROM NEW TECHNOLOGY



On the *International Day of Women and Girls in Science*, the Energy & Industry Division in **Spain** participated in a **conference for young schoolchildren about the role of women in science** and how their presence improves inclusivity.

VULCANUS PROGRAMME

The VULCANUS programme **brings together Japanese engineering students and companies based in European Union** to fulfil industrial placements for overseas work experience. During 2019, the students work within the IDIADA team under the supervision of key project managers.

During their time with Applus+, the students are given the opportunity to contribute to several cross-departmental projects. Prior to starting with Applus+, they attend a seminar in Brussels to increase their familiarity with the EU and undertake a 15-week language course to support their stay.

Applus+ has hosted 30 Japanese students over the 12 years participating in the programme.

The scheme has enabled the visitors to **gain** an understanding of **European approaches to team-working and decision-making**, as well as explore how to manage **cross-cultural issues**.



COLLABORATION WITH THE PROFESSIONAL TRAINING FORMULA STUDENT PROGRAMME AND KART ACADEMY AT THE IDIADA DIVISION

The IDIADA Division **co-sponsors a number of vehicle-engineering related events in Spain**, collaborating with advice and answering technical questions from the participating students.

- **Formula Student** is a training project that involves the design, development and construction of a single-seater racing car. The project climaxes with a competitive race among the students from universities all over the world at the Circuit of Catalunya.
- **Kart Academy** is an educational project aimed at designing, building and competing in a go-kart, developed by students from institutes and schools for automotive training.



The Division promotes voluntary participation in these events among its professionals, with the aim of promoting the company and capturing the attention of the students as potential talent for Applus+ in the future.

SUPPORTING DISADVANTAGED GROUPS

Applus+ WITH THE "HEROES OF COLOMBIA"

In 2017, Applus+ in **Colombia** signed an **alliance** with the Matamoros Corporation to support work and social **inclusion opportunities for people with disabilities**. The programme helps integrate these employees into different projects and administrative areas of Applus+ in Colombia.

Our work-support programme encourages these personnel to develop their personal and professional skills, and also generates new life projects away from disability, as well as support their social, economic and emotional rehabilitation.

In February 2018, the partnership began by linking 11 people with disabilities to roles within Applus+. In **2019**, there were **nine collaborators** with physical disabilities, caused by injuries in combat and/or in activities related to their work in military or police services, working at several business areas in Colombia.

ENERGY-EFFICIENT LIGHT BULBS DONATION TO LOW-INCOME COMMUNITIES

The Energy & Industry Division at Applus+ in **Colombia** donated energy-efficient lightbulbs to **contribute to** better energy use in **communities with extreme poverty**, who have just accessed electricity through a project developed by the National Risk Management Unit.

"KILO-ROPA": DONATION OF ONE KILOGRAM OF FOOD FOR EVERY TEN KILOGRAMS OF CLOTHES

Colabora con la campaña



por cada diez kilos de ropa
se donará un kilo de comida
a una entidad social de nuestro entorno

The Automotive Division in **Spain** organised this initiative, which had a dual objective:

- Recycle garments of old Applus+ uniforms responsibly, collaborating with a Galician company focused on workforce integration.
- Donate one kilogram of food to a local organisation for social causes, for every ten kilos of clothes collected. The collection containers were located in some of our statutory-vehicle-inspection stations to receive the clothes donated by both our customers and staff.

AGREEMENT WITH THE SAN JOSÉ FOUNDATION FOR CHILDREN TO RECYCLE PAPER

Through an **agreement with** the San José Foundation for the adoption of children, the Energy & Industry Division at Applus+ in **Chile** participates in an initiative to reduce administrative waste through the better recycling of paper waste. In addition, with the money collected by the recycling, this initiative contributes to the foundation, **supporting its work** to welcome women with unwanted pregnancy, newborns, children and future adoptive parents.

There are already more than 20,000 companies that have committed to recycling their white paper, photocopies and other types, promoting both sustainability among its employees and also solidarity with children. In the participating companies, waste-collection boxes are distributed by a waste-recycling company, who issue a donation certificate to companies gathering more than 100 kilograms of paper annually.

Through the initiative, paper consumption has been reduced by 6% compared to 2018, with 680 kg of paper being recycled - equivalent to approximately 12 trees.

ECOEMBES PROJECT "RECYCLE TO CHANGE LIVES"

Applus+ in **Spain** has developed a collaboration with Ecoembes to promote the social inclusion of people at risk of exclusion. The project connects the employment needs of Applus+ with people in vulnerable situations seeking work in the sector.

CARING FOR LIFE-THREATENING ILLNESS

DKMS FOUNDATION CAMPAIGN: "TOGETHER AGAINST BLOOD CANCER"

Applus+ in Chile conducts **campaigns** towards all of its personnel to help find compatible **donors for people with blood cancer or to facilitate access to treatment**, no matter where they are in the world.

The Human Resources department in Chile encourages its employees to donate blood stem cells. Through this awareness initiative, Applus+ is supporting the growth of an international community of blood stem-cell donors, with the goal that every day more people have a second chance to live and recover from blood cancer.

CHARITY RACE FOR THE FIGHT AGAINST MINORITY DISEASES

For the second year, the Laboratories Division in **Spain** sponsored the "Cursa solidaria" (Solidarity Run) organised by the Autonomous University of Barcelona.

This was the eighth edition of the race, which was held in Barcelona on 15th December in support of the "La Marató" Foundation of TV3. This year the funds from the participants' registration contributed to research into rare diseases.

BLOOD DONATION CAMPAIGNS

Applus+ Velosi from the Energy & Industry Division in the **United Arab Emirates** organised an event to blood donation and to support the local blood bank, with donation campaigns also being held in Spain (Bellaterra y Madrid).



"RIDE 4 THE ROSES" CYCLING COURSE



Applus+ in the Netherlands entered a cycling event called "Ride 4 the Roses" to help raise money for research into the control of cancer. The event collected a total of €852,709, and all the money raised was invested completely into new techniques for the global fight against cancer. A team of employees from Applus+ in the Netherlands entered the event, and rode in the company's sponsored cycling gear.

PROMOTING SAFE AND HEALTHY LIFESTYLES

At Applus+, the Group supports different activities related to co-funding of gymnasium fees, and we offer economic and material support for the employees who participate on runs to promote healthy habits.

"DON'T PLAY WITH FIRE" CAMPAIGN

The Automotive Division in Costa Rica launched its "Don't Play with Fire" campaign in partnership with the Costa Rica Fire Service to prevent fires in vehicles, following a rise in the number of these types of accidents. The initiative is being developed jointly with the Costa Rican Fire Department, the Traffic Police and the Road Safety Council.

Deploying a series of messages at the local vehicle inspection stations and across social media and other communications channels, the Costa Rican authorities and Applus+ are reminding vehicle owners of the importance of carrying out regular vehicle-safety checks.



"BEAT DIABETES WALK" CAMPAIGN

Thirty-five employees from **Applus+ Velosi** in United Arab Emirates **participated** in the 11th edition of the "Beat Diabetes Walk" campaign in November 2019.

This initiative is a **significant event to** meaningfully engage with the community on this important health issue, and helps to spread awareness about the risks of diabetes to a large cross-section of the community.

The three-kilometre walkathon was held in Dubai, the UAE, with over 20,000 UAE residents taking part in the event to promote diabetes awareness and pledged to lead an active and healthier lifestyle.

All of the proceeds from the registrations **contribute to** a foundation for **diabetes research, awareness and care**.

The contribution of our services to development

GRI 203-2

GRI 413-1

OUR MAIN CONTRIBUTIONS

Our activities contribute to the competitiveness of local companies and developmental growth of countries in several ways.

LOCAL SOCIO-ECONOMIC DEVELOPMENT



Overall, our engagement with local communities through projects and operations contribute by:

1. Promoting **employment in local communities**: direct hiring of employees on our projects at a local level, and generating indirect employment through contracting local suppliers for our activities. Applus+ increased the number of employees, with a net job creation of more than 2,300 new jobs in the last 4 years.

2. **Training** local experts to deliver specific capabilities and sharing our acquired expertise in technical areas of our business.

The Applus+ Group also participates in numerous technical groups to develop regulations, and in professional associations to establish dialogue with stakeholders. These contributions foster the development and implementation of technological and legislative policies.



Creating employment opportunities and contributing to economic growth in our local communities is one of our most relevant social commitments.

Percentage of Applus+ workforce **hired locally** in 2019 was **86%**; Percentage of **local suppliers** in 2019 was **90%**.

Further to these local commitments, the testing, inspection and certification (TIC) **services and activities delivered by the Applus+ Group's four divisions help the socio-economic development of local communities at a wider level.**

The Group's TIC services provide technical expertise in a diverse range of products and services, and our expertise helps safeguard operations, assets and product quality in power, renewables, telecommunications, automotive, oil and gas, civil infrastructures construction, mining and aerospace to name some examples.

Many of our activities support projects which are considered key for the country's structural development, and we contribute to social and economic growth locally by:

3. Collaborating on key infrastructure improvements:

- creating or **upgrading access routes** or developing **better road networks**
- delivering **Quality Assurance on construction**; OHS inspections for **safer infrastructures** at power or water facilities, through quality and safety inspections; and delivering efficiency solutions in key areas (i.e. energy-efficiency management services for government programmes, etc.)

4. Contributing to **preservation of local culture** by maintaining **heritage sites**

5. Encouraging local innovation by **bringing new technologies or pioneering techniques for local implementation**: in TIC inspection for example, independent vehicle-emissions testing equipment, infrastructure testing and automotive passive-safety testing

KEY PROJECTS

LOCAL EMPLOYMENT INITIATIVES

SUPPORTING LOCAL EMPLOYMENT ON AN OIL AND GAS PROJECT IN DARWIN, AUSTRALIA



For over 10 years, Applus+ **has been employing local technical and administrative personnel** at its Darwin office in East Arm. In this time, Applus+ has employed 15 Darwin-based staff, who primarily work on a contract for an oil and gas major implementing a large-scale LNG Project in the region.

The LNG project is now fully operational, and Applus+ plan to increase the residential workforce to fulfil the inspection and technical roles required on the plant's assets.

With the collaboration of the project's client, Applus+ is offering current and potential new team members the opportunity to relocate to Darwin with their families to join the residential team. The support combines training and other initiatives to ensure that Applus+ can provide the right inspection and technical staff needed for delivering inspection services on the project.

Applus+ is strongly committed to supporting the project, and this further collaboration cements our long-term support in the Northern Territory and for the local community.

PROGRAMMES FOR TRAINING LOCAL PROFESSIONALS



SAUDI NATIONAL INSPECTOR TRAINING PROGRAMME

This programme is delivering our compliance commitments with the Saudi National Transformation Programme, which obliges Saudi companies to employ a certain percentage of Saudi nationals as part of the Saudi Vision 2030.

The training **aims to provide systematic experience to Saudi national trainees and enable the recruits to become qualified and competent inspection engineers.**

The programme is training a new generation of local workforce to perform NDT inspection activities on construction projects, in accordance with the client's and international standards.

Our training and orientation provides trainees with an overview of Applus+ and the oil and gas industry, and the courses emphasise the local major oil company's specifications, quality assurance and quality control concepts, NDT inspection and reporting techniques.

CONTRIBUTION TO IMPROVING KEY LOCAL INFRASTRUCTURE



ELECTRICAL-SYSTEMS PROJECT FOR THE ENERGY SECTOR IN COLOMBIA

A Colombian market leader in the supply and sale of electrical power has awarded Applus+ a contract to **monitor, measure and verify its electrical systems** in the city of **Bogotá (Colombia)**.

The project will be rolled out over the coming three years, and Applus+, through its Energy & Industry Division's team in the country, will provide services in the capital's South-Eastern zone and surrounding areas.

The contract provides a range of inspection services to ensure the power grid and distribution lines are fit for purpose and any energy losses are controlled. The project's scope includes the maintenance planning and implementation of the technical measures required for NDT electrical inspections at the company's various facilities and assets.

QUALITY ASSURANCE AND CONTROL AT A WATER DESALINATION PLANT IN CHILE

Applus+ has won a **contract from an investment consortium** to deliver inspection, **Quality Assurance and Quality Control** services during the construction of a **seawater desalination plant**, which will **supply water to the Spence mine in Chile**.

The seawater desalination plant will produce at a capacity of 86,400m³ per day by a process known as reverse osmosis, and the services will be delivered in two stages at the plant in northern Chile's Antofagasta region.

Applus+ will deploy technicians in the first stage of the project, covering the engineering, construction and commissioning phases. Following the plant's start up, Applus+ will provide NDT inspection service during the plant's operation, which will run for 20 years.

HELPING TO PRESERVE CULTURAL HERITAGE

QUALITY CONTROL OF MASONRY AT GAUDI'S SAGRADA FAMILIA IN BARCELONA (SPAIN)

Three years ago, our **team began to perform quality control inspections on materials and masonry** at Antoni Gaudi's architectural masterpiece and iconic cathedral in Barcelona (**Spain**). The work is expected to end in 2026, coinciding with the centenary of Gaudi's death.

Our team has been successfully solving the difficulties associated with this complex project, like the quality control of over 15,000 pieces for seven different types of masonry structures, which had to be assembled according to a special construction technique; or to fit the 'stone-on-stone' structure, and, due to the construction method without concrete and the geometry of the pieces, our team had to perform exhaustive controls and laboratory tests.

Applus+ Energy & Industry in the northeast area of Spain has been leading and coordinating the project since the start of the contract, with the support of the Division's Construction Laboratory in the northwest and southern region.

FOSTERING LOCAL DEVELOPMENT OF NEW TECHNOLOGIES

EVALUATING DRONE UAV INSPECTIONS FOR THE COSTA RICAN INSTITUTE OF ELECTRICITY (ICE)

At the request of the Inter-American Development Bank, Applus+ has been drawing from our knowledge for asset inspections using UAV drones to evaluate the feasibility of UAV inspection techniques for power lines in Latin America.

This consultancy project entailed an assessment of UAV inspection opportunities for the ICE Group's various electricity and telecommunications businesses. Our work focused on defining the most appropriate drones and equipment for inspection at each of the ICE business areas and locations – assessing the drone model, level of autonomy and the suggested frequency of use.

Through this project, the Energy & Industry Division has identified the key benefits and limitations of using drones for aerial surveillance on the ICE's asset inspections, and our team's SWOT analysis identified the optimal use of UAV drones to inspect, monitor and collect data on powerlines and infrastructures for the client.

Thanks to our extensive experience in UAV drone inspection techniques and surveillance, Applus+ provided training and awareness sessions to ICE personnel on how to use drones effectively.

PIONEERING ROAD-SURFACE AUSCULTATION CONTRACT IN PANAMA



Applus+ in Panama has been awarded a **road-surface auscultation contract** by a road concessionaire in Panama. The project measures the structural and functional variables of road surfaces to assist in improving road management and conservation by planning maintenance and intervention more effective and timely.

Our team will survey approximately 50 km of roads under this contract, which represents more than half of Panama's toll roads. The project scope includes: **assessing structural and functional variables using high-performance auscultation equipment**; visually inspecting the roads; assessing the state of the road surface; and providing recommendations for efficient road management.

Applus+ in Panama is delivering the work with close collaboration with the road-surface auscultation team at the Energy & Industry Division in Spain.

10 About the report

GRI 101

Approach to sustainability reporting

This report has been prepared in accordance with the **GRI Standards, Core option**. The information reflects all of the Applus+ Group's operations and activities during **2019 (1st January – 31st December)**. The Applus+ *CSR Report* is published **annually**.

The report covers the requirements under the **Spanish Law 11/2018**, 28th December, which modifies the Commercial Code; the revised text of the Capital Companies Act approved by Royal Legislative-Decree 1/2010, 2nd July; and Law 22/2015, 20th July, of Audit of Accounts, in the matter of non-financial information and diversity.

This report constitutes the **2019 Global Compact's Communication on Progress** (CoP) of the Applus+ Group (GC Active level).

In the **cross-reference tables**, we link the information required by GRI Standards, the UN Global Compact, and Law 11/2018, 28th December, to the corresponding section within the report.

The report is based on the following **principles**, used to define its **contents** with the most suitable **quality** level:



UAV drone powerline inspection

Stakeholder inclusiveness

The report's content draws from the outcomes of our stakeholder's interest assessment and engagement processes, which are undertaken specifically for the report (see Materiality Analysis).



Materiality

We made a materiality analysis in order to identify the most important topics for Applus+ and for our main stakeholders. We reviewed material topics in respect to relevant global trends and specific relevant business activity sectors, to the interests of the Applus+ Group and to our stakeholders (see Materiality Analysis).

Sustainability context

Applus+ presents its performance with reference to broader sustainable development conditions and goals, as reflected in recognised sectorial, local, regional or global instruments (see CSR Policy and CSR Strategic lines).

Completeness

Comprehensiveness is covered by the material topics considered in the report and the development of each one along the reporting period.

Accuracy

The report indicates measured data, estimated data and the bases for calculation.

Balance

The report covers both favourable and unfavourable results and topics. The emphasis on each topic reflects their relative priority.

Timeliness

The report clearly indicates the period to which the information relates, when it will be updated, and when the latest updates were made.



Reliability

The report identifies the original sources of the information in the report. Representation is available from the original data.

Clarity

Stakeholders can find the specific information they want without unreasonable effort.

Comparability

The report and its information can be compared on a year-to-year basis. Significant variation is identified and explained.

11 Annex

GRI 102-41

GRI 405-1

Data related to human resources

DATA RELATED TO HUMAN RESOURCES

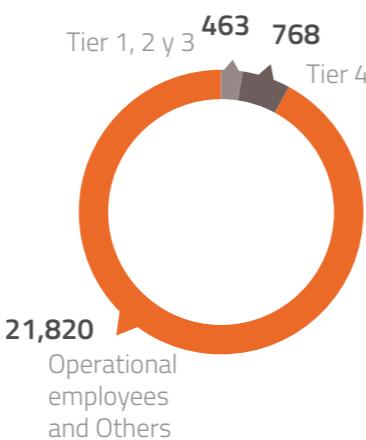
ORGANISATIONAL LEVEL	NUMBER OF EMPLOYEES 2018	NUMBER OF EMPLOYEES 2019
Tier 1, 2 y 3	580	463
Tier 4	1,241	768
Operational employees and Others	21,031	21,820
Total general	22,852	23,051

Tier 1: Managers who report directly to Applus+ Group's CEO

Tier 2: Managers who report directly to Tier 1 (corporate area directors, regionals, business unit area managers or country managers if they report directly to Tier 1)

Tier 3: Managers who report directly to Tier 2 (corporate areas managers, heads of departments, regionals, business unit area managers or country managers, key account managers, business line managers (if they report directly to Tier 2))

Others: Any other employee not included in the categories detailed above



**TOTAL EMPLOYEES
23,051**

NUMBER OF EMPLOYEES BY GENDER (%)	2019*	2018	2017
Overall employees	80% M – 20% F	81% M – 19% F	82% M – 18% F
Management	Tier 1 and 2 80% M – 20% F Tier 3 77% M – 23% F	Tier 1 and 2 86% M – 14% F Tier 3 83% M – 17% F	Tier 1 and 2 84% M – 16% F Tier 3 79% M – 21% F

*The figures cover 99% of Applus+ employees.

The figures cover 99% of Applus+ employees:

REGION	REGION/ COUNTRY	GENDER	NUMBER OF EMPLOYEES BY GENDER			
			TIER 1, 2 & 3	TIER 4	OPERATIONAL EMPLOYEES AND OTHERS	
Asia Pacific	Australia	M-Male	3	13	503	
		F-Female	2	1	71	
	Other countries	M-Male	36	71	755	
		F-Female	8	25	269	
	Brazil	M-Male	11	13	497	
		F-Female	4	1	62	
	Chile	M-Male	2	24	523	
		F-Female	1	4	201	
Latin America	Colombia	M-Male	2	9	1,494	
		F-Female	0	1	525	
	Guatemala	M-Male	1	2	44	
		F-Female	0	1	5	
	Panama	M-Male	1	5	219	
		F-Female	0	2	78	
	Other countries	M-Male	14	41	1,127	
		F-Female	2	9	244	
Middle East and Africa	Oman	M-Male	1	14	527	
	Oman	F-Female	0	0	16	
	Qatar	M-Male	0	9	357	
		F-Female	0	1	28	
	Saudi Arabia	M-Male	2	9	992	
		F-Female	0	0	5	
	Other countries	M-Male	9	30	519	
		F-Female	0	3	60	
Rest of Europe	Germany	M-Male	17	17	407	
		F-Female	5	2	77	
	Ireland	M-Male	12	7	645	
		F-Female	3	1	144	
	Netherlands	M-Male	4	9	531	
		F-Female	1	0	70	
	Other countries	M-Male	29	83	1,009	
		F-Female	9	9	157	
Spain	Spain	M-Male	175	162	5,438	
		F-Female	57	62	1,986	
	USA and Canada	M-Male	37	86	1,769	
		F-Female	11	35	402	
Total			459	761	21,627	
					22,847	

Figures from 2018 are available in the Applus+ CSR Report 2018.

Variation 2018 and 2019 coded as:

below 10%

between 10 and 30%

between 30 and 50%

above 50%

The figures cover 99% of Applus+ employees:

NUMBER OF EMPLOYEES BY GENDER & AGE								
REGION	REGION/COUNTRY	MALE <30 YEARS OLD	FEMALE <30 YEARS OLD	MALE 30≥YEARS OLD<50	FEMALE 30≥YEARS OLD<50	MALE ≥50 YEARS OLD	FEMALE ≥50 YEARS OLD	
Asia Pacific	Australia	49	17	366	44	104	13	
	Other countries	185	99	544	182	133	21	
Latin America	Brazil	92	35	365	27	64	5	
	Chile	112	50	309	134	128	22	
Colombia	Colombia	401	245	951	270	153	11	
	Guatemala	44	4	3	1	0	0	
Middle East and Africa	Panama	121	45	88	30	16	3	
	Other countries	421	97	656	148	105	10	
Oman	Oman	139	9	325	7	78	0	
	Saudi Arabia	329	3	565	2	109	0	
Spain	Other countries	132	18	716	69	76	5	
	Germany	38	15	243	35	160	27	
Rest of Europe	Ireland	66	12	442	92	156	44	
	Netherlands	74	11	305	32	165	28	
Spain	Other countries	210	42	598	101	313	32	
	Spain	1,274	292	3,540	1,426	961	268	
USA and Canada	USA and Canada	409	103	1,004	216	479	129	
Total		4,096	1,097	11,020	2,816	3,200	618	

Figures from 2018 are available in the Applus+ CSR Report 2018.

Variation 2018 and 2019 coded as:



*The figures cover 99% of Applus+ employees:

NUMBER OF DISMISSEALS BY GENDER & ORGANISATIONAL LEVEL					
GENDER	MALE		FEMALE		TOTAL
ORGANISATIONAL LEVEL	Level 2 y 3	Others	Level 2 y 3	Other	Dismissals %
2019*	11	1,766	0	315	2,092 9.2%
2018	26	1,211	14	230	1,481 8.4%

The figures cover 99% of Applus+ employees:

NUMBER OF EMPLOYEES BY GENDER & CONTRACT					
REGION	REGION/COUNTRY	GENDER	PERMANENT	NON-PERMANENT	TOTAL
Asia Pacific	Australia	M-Male	377	142	519
		F-Female	58	16	74
	Other countries	M-Male	359	503	862
		F-Female	142	160	302
	Brazil	M-Male	466	55	521
		F-Female	62	5	67
	Chile	M-Male	549	0	549
		F-Female	206	0	206
	Colombia	M-Male	1,505	0	1,505
		F-Female	526	0	526
Latin America	Guatemala	M-Male	47	0	47
		F-Female	5	0	5
	Panama	M-Male	210	15	225
		F-Female	58	20	78
	Other countries	M-Male	737	445	1,182
		F-Female	190	65	255
	Oman	M-Male	287	255	542
		F-Female	16	0	16
	Qatar	M-Male	118	248	366
		F-Female	24	5	29
Middle East and Africa	Saudi Arabia	M-Male	1,003	0	1,003
		F-Female	5	0	5
	Other countries	M-Male	333	225	558
		F-Female	44	19	63
	Germany	M-Male	405	36	441
		F-Female	67	10	77
	Ireland	M-Male	656	8	664
		F-Female	131	17	148
	Netherlands	M-Male	484	60	544
		F-Female	59	12	71
Rest of Europe	Other countries	M-Male	1,044	77	1,121
		F-Female	152	23	175
	Spain	M-Male	4,385	1,390	5,775
		F-Female	1,515	471	1,986
	USA and Canada	M-Male	1,878	14	1,892
		F-Female	441	7	448
	Total		18,544	4,303	22,847

Figures from 2018 are available in the Applus+ CSR Report 2018.

Variation 2018 and 2019 coded as:



The figures cover 99% of Applus+ employees:

REGION	REGION/COUNTRY	PARENTAL LEAVE BY GENDER					
		TOTAL NUMBER OF EMPLOYEES WHO ENJOYED PARENTAL LEAVE WITHIN THE PERIOD OF THIS REPORT		FROM THESE EMPLOYEES, TOTAL NUMBER WHO RETURNED TO WORK IN THE REPORTING PERIOD AFTER THE PARENTAL LEAVE ENDED		% RETURN	
		Male	Female	Male	Female	Male	Female
Asia Pacific	Australia	11	5	11	4	100%	60%
	Other countries	6	20	6	4	100%	15%
Latin America	Brazil	0	0	0	0		
	Chile	0	10	0	6		50%
	Colombia	7	21	6	8	86%	38%
	Guatemala	3	0	3	0	100%	
	Panama	0	11	0	9		82%
	Other countries	17	3	11	3	65%	100%
	Oman	0	1	0	1		100%
Middle East and Africa	Saudi Arabia	0	2	0	0		0%
	Other countries	0	0	0	0		
	Germany	0	5	0	1		20%
Rest of Europe	Ireland	10	7	2	1	20%	14%
	Netherlands	14	9	14	9	100%	100%
	Other countries	8	6	0	2	0%	33%
Spain	Spain	20	18	6	3	30%	11%
USA and Canada	USA and Canada	274	144	192	78	70%	53%
	USA and Canada	17	6	0	1	0%	17%
Total		387	268	251	130	65%	46%

Figures from 2018 are available in the Applus+ CSR Report 2018.

Variation 2018 and 2019 coded as:



NUMBER OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS			
REGION	REGION/ COUNTRY	EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS	% EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS
Asia Pacific	Australia	175	30%
	Other countries	330	28%
Latin America	Brazil	588	100%
	Chile	111	15%
Middle East and Africa	Other countries	295	8%
	Germany	-	0%
Rest of Europe	Ireland	332	64%
	Paises Bajos	789	97%
	Other countries	598	97%
Spain	Spain	469	36%
USA and Canada	USA and Canada	7,761	100%
	Total	640	27%
Total		12,088	53%

The figures cover 99% of Applus+ employees:

The figures cover 99% of Applus+ employees:

NUMBER OF EMPLOYEES BY GENDER & DEDICATION					
REGION	REGION/ COUNTRIES	GENDER	FULL TIME	PART TIME	TOTAL
Asia Pacific	Australia	M-Male	519	0	519
		F-Female	74	0	74
Latin America	Other countries	M-Male	862	0	862
		F-Female	301	1	302
Latin America	Brazil	M-Male	484	37	521
		F-Female	67	0	67
Latin America	Chile	M-Male	549	0	549
		F-Female	206	0	206
Latin America	Colombia	M-Male	1,505	0	1,505
		F-Female	526	0	526
Latin America	Guatemala	M-Male	47	0	47
		F-Female	5	0	5
Latin America	Panama	M-Male	225	0	225
		F-Female	77	1	78
Latin America	Other countries	M-Male	1,180	2	1,182
		F-Female	252	3	255
Middle East and Africa	Oman	M-Male	542	0	542
		F-Female	16	0	16
Middle East and Africa	Qatar	M-Male	366	0	366
		F-Female	29	0	29
Middle East and Africa	Saudi Arabia	M-Male	1,003	0	1,003
		F-Female	5	0	5
Middle East and Africa	Other countries	M-Male	542	16	558
		F-Female	58	5	63
Rest of Europe	Germany	M-Male	427	14	441
		F-Female	40	37	77
Rest of Europe	Ireland	M-Male	636	28	664
		F-Female	69	79	148
Rest of Europe	Netherlands	M-Male	526	18	544
		F-Female	35	36	71
Rest of Europe	Other countries	M-Male	1,081	40	1,121
		F-Female	143	32	175
Spain	Spain	M-Male	5,612	163	5,775
		F-Female	1,574	412	1,986
USA and Canada	USA and Canada	M-Male	1,749	143	1,892
		F-Female	401	47	448
Total			21,733	1,114	22,847

Figures from 2018 are available in the Applus+ CSR Report 2018.

Variation 2018 and 2019 coded as:



The figures cover 99% of Applus+ employees:

Ratio: Annual Compensation of the highest paid individual compared to the AVG Compensation W/O the highest paid individual
The figures cover 93% of Applus+ employees. Executive Committee in Spain not included

ANNUAL COMPARISON RATIO			
REGION	REGION/COUNTRY	RATIO 2019*	RATIO 2018
Asia Pacific	Australia	4.2	2.6
	Other countries	16.6	4.6
	Brazil	3.1	5.5
	Chile	7.8	6.4
Latin America	Colombia	10.7	11.8
	Guatemala	-	5.7
	Panama	5.7	6.0
	Other countries	11.4	11.7
Middle East and Africa	Oman	12.2	6.3
	Qatar	4.3	8.3
	Saudi Arabia	7.4	5.6
	Other countries	13.3	13.1
Rest of Europe	Germany	3.2	3.5
	Ireland	4.2	4.4
	Netherlands	4.8	4.1
	Other countries	7.8	5.8
Spain	Spain	6.0	5.6
USA and Canada	USA and Canada	5.9	7.3

RATIO OF MINIMUM SALARY AND AVG SALARY BY LAW WITHIN THE COUNTRY COMPARED TO THE LOCAL COUNTRY								
REGION	REGION/COUNTRY	Minimum salary within the Region/Country by law		Minimum salary within the Region Country (Applus+)		Minimum salary gap by Gender (Applus+)	% Δ Minimum salary	
		Male	Female	Male	Female		Male	Female
Asia Pacific	Australia	23,933	23,933	30,228	29,017	-4%	26%	21%
	Other countries	1,170	1,170	9,948	9,963	0%	750%	725%
	Brazil	2,724	2,724	4,236	5,770	36%	55%	112%
	Chile	4,639	4,639	5,084	5,546	9%	10%	20%
Latin America	Colombia	2,702	2,702	2,702	4,241	57%	0%	57%
	Guatemala	-	-	-	-	-	-	-
	Panama	7,572	7,572	7,572	7,572	0%	0%	0%
	Other countries	1,793	1,793	6,468	5,913	-9%	261%	230%
Middle East and Africa	Oman	5,761	5,761	6,188	15,394	149%	7%	167%
	Qatar	-	-	2,849	8,786	208%	-	-
	Saudi Arabia	8,569	8,569	11,139	9,997	-10%	30%	17%
	Other countries	2,087	2,087	7,690	14,485	88%	268%	594%
Rest of Europe	Germany	17,976	17,976	28,538	31,012	9%	59%	73%
	Ireland	19,874	19,874	26,040	26,040	0%	31%	31%
	Netherlands	21,197	21,197	25,849	35,222	36%	22%	66%
	Other countries	2,523	2,523	18,526	19,860	7%	634%	687%
Spain	Spain	12,600	12,600	18,998	19,895	5%	51%	58%
USA and Canada	USA and Canada	13,460	13,460	27,864	30,224	8%	107%	125%

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 close up space
Minimum salary gap by Gender (Applus+): gap between male and female minimum salary as a percentage of male minimum salary.
% Δ Minimum salary: gap between the minimum salary paid in Applus+ and the minimum salary by law, compared to the latter if available.
% Δ AVG salary: gap between the average salary in Applus+ and the published average salary, compared to the latter if available
The figures cover 93% of Applus+ employees: Executive Committee in Spain not included.

Figures from 2018 are available in the Applus+ CSR Report 2018.

Variation 2018 and 2019 coded as:

below 10%
between 10 and 30%
between 30 and 50%
above 50%

Number of employees with benefits	Life Insurance		Health Care		Educational Allowance		Disability and Invalidity Cover		Parental Leave	
	Permanent	Temporary /Part-time	Permanent	Temporary /Part-time	Permanent	Temporary /Part-time	Permanent	Temporary /Part-time	Permanent	Temporary /Part-time
Asia Pacific	Australia	-	-	-	-	-	-	-	16	-
	Other countries	315	22	410	354	44	1	51	-	25
Latin America	Brazil	110	33	111	33	17	-	-	-	-
	Chile	170	12	29	-	-	15	-	10	-
Middle East and Africa	Colombia	214	-	1	-	-	108	-	28	-
	Guatemala	-	-	-	-	-	-	-	3	-
Rest of Europe	Panama	112	-	1	-	12	-	-	7	4
	Other countries	63	513	85	-	1	-	5	41	9
Spain	Oman	286	238	286	238	1	1	-	-	1
	Qatar	24	331	28	331	-	-	1	1	2
USA and Canada	Saudi Arabia	-	-	193	-	-	-	-	-	-
	Other countries	134	55	119	124	-	-	-	5	-
Total	Germany	271	63	27	6	-	1	1	-	13
	Ireland	698	114	23	-	-	-	-	17	6
Spain	Netherlands	491	112	494	121	-	-	491	112	14
	Other countries	90	15	97	22	117	4	36	20	31
USA and Canada	Spain	447	6	669	17	3	-	1,396	589	328
	USA and Canada	918	-	815	3	476	-	425	2	21
Total		4,343	1,514	3,388	1,249	671	6	2,529	765	530
										125

Life insurance. Employees who had life insurance as a benefit. In Spain most of the Collective agreements have this due to business trips.

Health Care. Employees who had Health Care as benefit.

Educational allowance. Employees who enjoyed specific training programmes as Masters, PhD, etc.

Disability and Invalidity cover. Employees who enjoyed disability or invalidity cover.

Parental leave. Employees who enjoyed parental leave.

Retirement provision. Employees who received monetary assignations in their retirement plans to top of the local regulations.

Stock ownership. Employees who received RSUs

Others. Employees who received any other benefit.

Figures from 2018 are available in the Applus+ CSR Report 2018.

Variation 2018 and 2019 coded as:



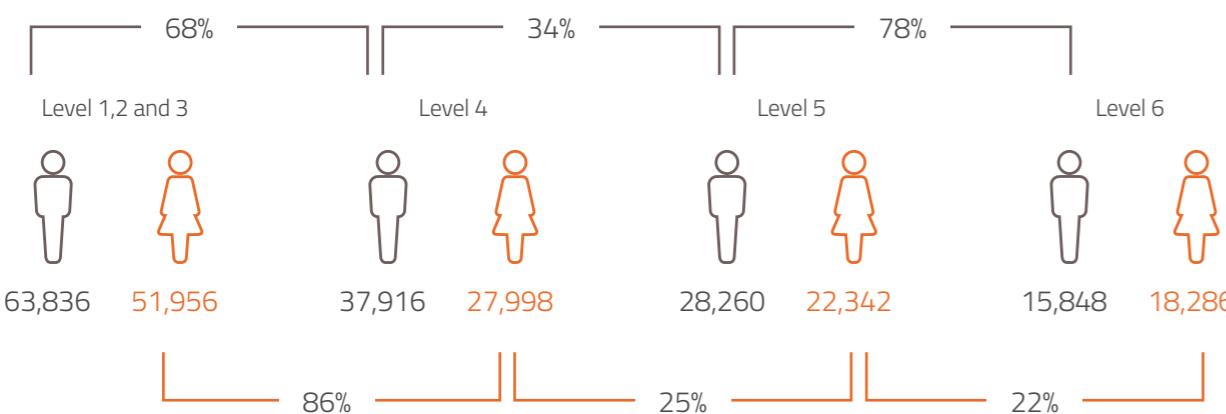
Retirement Provision		Stock Ownership		Others	
Permanent	Temporary /Part-time	Permanent	Temporary /Part-time	Permanent	Temporary /Part-time
19	28	-	-	-	-
15	3	2	-	1	-
-	-	1	-	-	-
-	-	1	-	-	-
-	-	-	-	63	-
-	-	-	-	-	-
-	-	2	-	41	-
-	-	1	-	-	-
-	-	-	-	-	-
1	-	3	-	175	54
643	-	1	-	117	6
491	112	3	-	-	-
172	25	1	-	4,004	-
141	-	48	-	2,448	6
883	2	4	-	1	-
2,365	170	67	-	6,850	66

SALARY GAP BY GENDER			
2018		2019	
AVG by Gender	GAP Gender	AVG by Gender	GAP Gender
Male	29,612	-18%	30,770
Female	24,218	-21%	24,264

The figures cover 99% of Applus+ employees:

The figures cover 93% of Applus+ employees

Salary gap by organisation level (€)

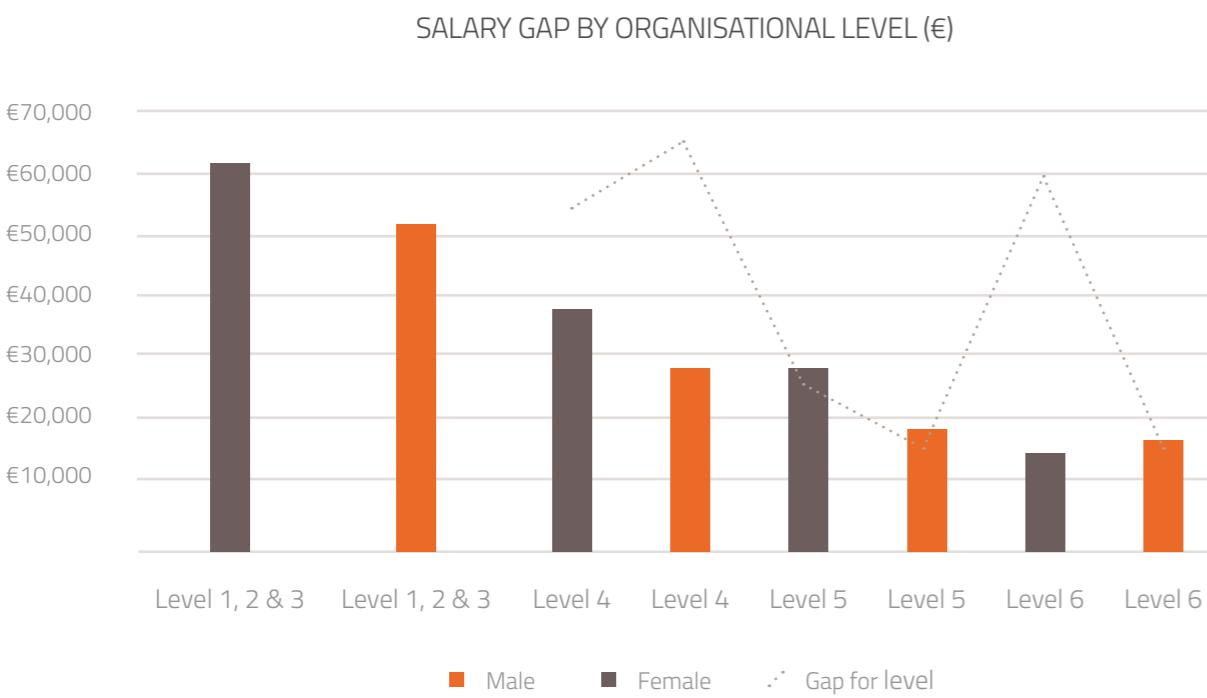


SALARY GAP BY ORGANISATIONAL LEVEL (€)			
Level	Gender	Avg by Level	Gap by Level
Tier 1, 2 & 3	Male	63,836	
	Female	51,956	
Tier 4	Male	37,916	68%
	Female	27,998	86%
Tier 5	Male	28,260	34%
	Female	22,342	25%
Tier 6	Male	15,848	78%
	Female	18,286	22%

Figures from 2018 are available in the Applus+ CSR Report 2018.

Variation 2018 and 2019 coded as:

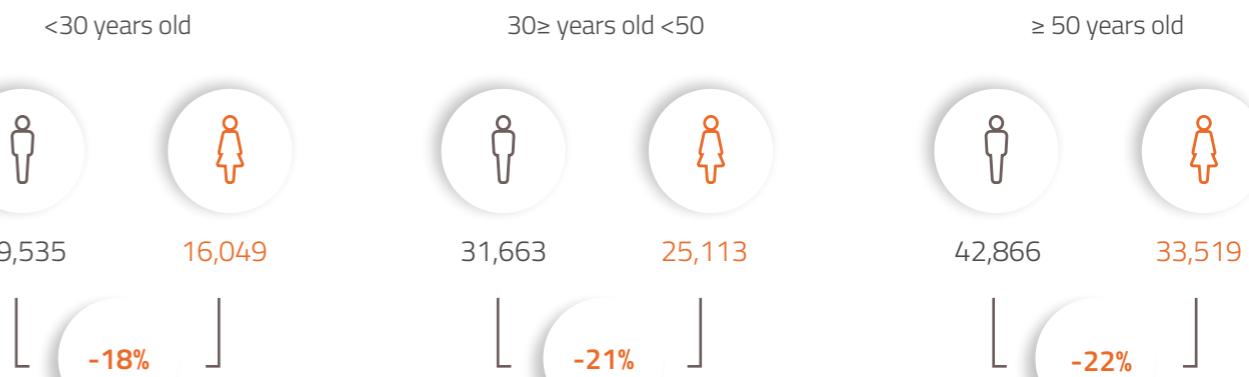
- below 10%
- between 10 and 30%
- between 30 and 50%
- above 50%



SALARY GAP BY ORGANISATIONAL LEVEL (€)

■ Male ■ Female .. Gap for level

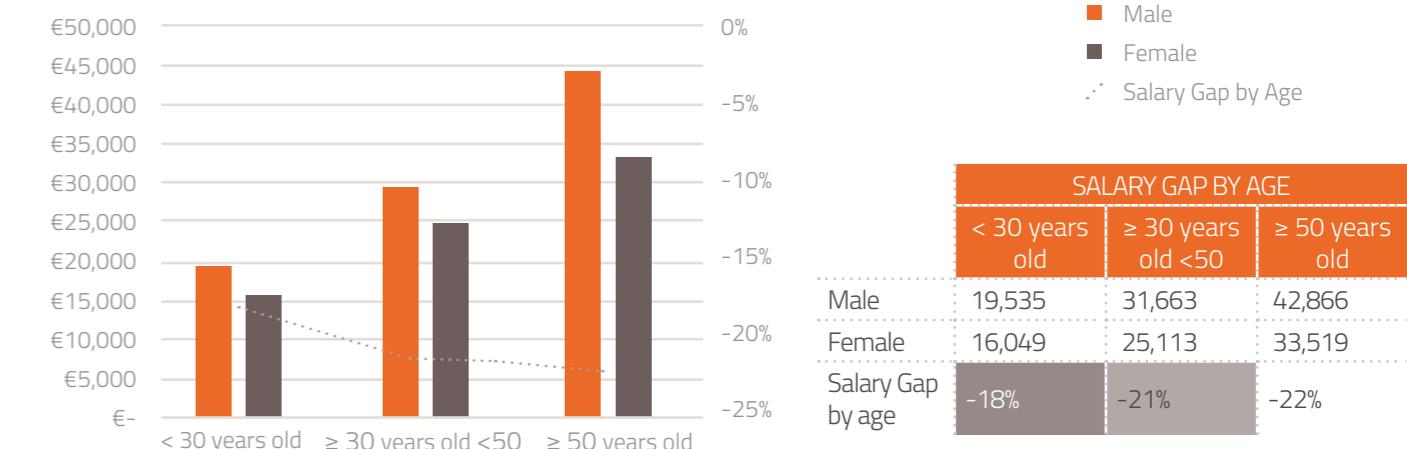
Salary gap by age (€)



(*) Salary gap: understood as the difference between the gross hourly wage of men and of women, expressed as a percentage of the gross hourly wage of men. Advisedly, the calculation of this indicator is not adjusted to the individual characteristics and may explain part of the salary differences between men and women.

(**) The remuneration data provided in Annex I 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.

SALARY GAP BY AGE & GENDER



Figures from 2018 are available in the Applus+ CSR Report 2018.

Variation 2018 and 2019 coded as:

- below 10%
- between 10 and 30%
- between 30 and 50%
- above 50%

CROSS-REFERENCES TABLE: GRI AND GLOBAL COMPACT

GRI 102-55

GENERAL CONTENTS						
GRI Indicator	DEFINITION	CSR REPORT 2019	UN Global Compact			
101	Foundation	About the report		102-47	List of material topics	Commitment to our stakeholders
102-1	Name of the organisation	Applus+ Services, S.A.		102-48	Restatements of information	No restatements of information
102-2	Activities, brands, products and services	Applus+ at a glance Services and clients		102-49	Changes in reporting	Commitment to our stakeholders
		Applus+ Services, S.A. head offices: Parque Empresarial Las Mercedes Campezo, 1, Edif. 3, 4 ^a planta 28022 Madrid		102-50	Reporting period	2019: January 1 st to December 31 st
102-3	Location of headquarters	Campus UAB – Ronda de la Font del Carme, s/n 08193 Bellaterra – Barcelona	Organisation's profile and operational context	102-51	Date of most recent report	February 2019
				102-52	Reporting cycle	Annual
				102-53	Contact point for questions regarding the report	teresa.sanfeliu@applus.com
102-4	Location of operations			102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI standards' Core option
102-5	Ownership	Applus+ at a glance		102-55	GRI content index	Cross-references table: GRI and Global Compact
102-6	Markets served	Services and clients		102-56	External assurance	Report's verification statement
102-7	Scale of the organisation		Principle 6	103-1	Explanation of the material topic and its boundary	Commitment to our stakeholders
102-8	Information on employees and other workers	Our people in figures	Principle 6	103-2	The management approach and components	Business ethics and Compliance Employment and human capital management Economic management approach Quality and excellence Environmental management approach CSR lines of action CSR Highlights for 2019 Impacts and risk management Commitment to our stakeholders
102-9	Supply chain	Our suppliers	Principle 1 Principle 7 Principle 10	103-3	Evaluation of the management approach	Completeness Practical actions description and measurement of outcomes
102-10	Significant changes to the organisation and its supply chain	Applus+ has not made organisational changes during 2019				
102-11	Precautionary principle or approach	Environmental management approach	Principle 7			
102-12	External initiatives	Business ethics and Compliance Human Resource policies Economic management approach Quality and excellence Environmental management approach	Sustainability context	201-1	Direct economic value generated and distributed	Economic Value Added (EVA)
102-13	Membership of associations	Strategic alliances		201-2	Financial implications and other risks and opportunities due to climate change	Impacts and risk management
102-14	Statement from senior decision-maker	Letter from the Chairman and the CEO	Statement by the Chief Executive	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Employment and human capital management
102-15	Key impacts, risks and opportunities	Impacts and risk management		203-2	Significant indirect economic impacts	Impacts and risk management Innovation The contribution of our services to development
102-16	Values, principles, standards and norms of behaviour	Group's mission, vision and values Group's strategy CSR Policy CSR lines of action Business ethics and Compliance	Principle 10 Decision-making processes	204-1	Proportion of spending on local suppliers	Our suppliers
102-17	Mechanisms for advice and concerns about ethics	Business ethics and Compliance	Principle 10	205-2	Communication and training about anti-corruption policies and procedures	Business ethics and Compliance
102-18	Governance structure	Corporate governance	Decision-making processes	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Business ethics and Compliance
102-40	List of stakeholder groups	Commitment to our stakeholders				
102-41	Collective bargaining agreements	Human Resource policies Annex I. Data related to Human Resources	Principle 3			
102-42	Identifying and selecting stakeholders	Commitment to our stakeholders		301	Materials	Due to the nature of our activity, all environmental impacts derived from activities inherent to manufacturing processes (use of raw materials or products, packaging, freight forwarding, etc.) are excluded from our management framework.
102-43	Approach to stakeholder engagement	Commitment to our stakeholders	Stakeholder engagement			
102-44	Key topics and concerns raised	Commitment to our stakeholders	Commitments, strategies or policies, and management systems to integrate the principles	302-3	Energy intensity	Energy and emissions
102-45	Entities included in the consolidated financial statements	Annual Financial Accounts		303-3	Water withdrawal	Waste, water and effluents
102-46	Defining report content and topic Boundaries	Commitment to our stakeholders				

304	Biodiversity	The activities of Applus+ do not generate direct impacts on biodiversity; on the contrary, most of our services help our clients to minimise the impacts of their activities (see section Our environmental contribution by TIC services).	Principle 8 Principle 9
305-1	Direct (Scope 1) GHG emissions	Energy and emissions	
305-2	Energy indirect (Scope 2) GHG emissions	Energy and emissions	Principle 7
305-3	Other indirect (Scope 3) GHG emissions	Energy and emissions	
305-4	GHG emissions intensity	Energy and emissions	
306-1	Water discharge by quality and destination	Waste, water and effluents	Principle 8
307-1	Non-compliance with environmental laws and regulations	Applus+ no ha identificado cuestiones relevantes/materiales de incumplimiento de las leyes y/o reglamentos ambientales.	Principle 8
308-1	New suppliers that were screened using environmental criteria	Our suppliers Environmental management approach	Principle 8
SOCIAL TOPICS			
401-2	Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees, by significant locations of operation	Employment and human capital management	Principle 6
402-1	Minimum notice periods regarding operational changes	Human Resource policies	Principle 3
403-2	Hazard identification, risk assessment and incident investigation	Occupational Health and Safety	Principle 1
404-1	Average hours of training per year per employee	Training and communication	Principle 6
405-1	Diversity of governance bodies and employees	Board of Directors Employment and human capital management Annex I. Data related to Human Resources	Principle 6
406-1	Incidents of discrimination and corrective actions taken	No incidents have been identified	Principle 6
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	No operations and suppliers, in which the right to freedom of association and collective bargaining may be at risk, have been identified	Principle 3
408 409	Child Labour Forced or Compulsory Labour	These topics are not considered potential human rights issues for the Group because its activities require high levels of education and specialisation. Notwithstanding, we have established the necessary internal policies and controls to avoid these type of bad practices (see section Respect for human rights).	Principle 4 Principle 5
410	Security Practices	This topic does not apply to Applus+ because the Group does not outsource this type of service when developing its projects and services.	
411-1	Incidents of violations involving rights of indigenous peoples	Respect for human rights	Principle 1 Principle 2
412-2	Employee training on human rights policies or procedures	Business ethics and Compliance	Principle 1 Principle 2
413-1	Operations with local community engagement, impact assessments and development programs	The contribution of our services to development	Principle 1
414-1	New suppliers that were screened using social criteria	Our suppliers	Principle 1 Principle 7 Principle 10
415-1	Political contributions	The Applus+ Group explicitly forbids monetary contributions to parties and/or political representatives.	Principle 10

416 417	Customer Health and Safety Marketing and Labelling	Due to the nature of the Group's activities, all issues derived from activities inherent to the manufacturing processes (use of raw materials or products, packaging, freight forwarding, etc.) are excluded from its management framework.
418-1	Substantiated complaints concerning breaches of customer	Quality and excellence
419-1	Non-compliance with laws and regulations in the social and economic area	The Group has not been subject to any material payment nor imposition of significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area.

CROSS-REFERENCES TABLE. SPANISH ACT 11/2018

SPANISH LAW CONTENTS	GRI STANDARD	CSR REPORT
BUSINESS MODEL		
Description of the group's business model	GRI 102-2 Activities, brands, products, and services GRI 102-4 Location of operations GRI 102-6 Markets served GRI 102-7 Scale of the organisation	Applus+ at a glance Our clients Quality and excellence
Policies	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach	Environmental management approach
Risk principles	GRI 102-15 Key impacts, risks, and opportunities	Impacts and risk management
General	GRI 307-1 Non-compliance with environmental laws and regulations GRI 102-11 Precautionary Principle or approach	Environmental management approach. Due to the Group's activities, it does not have any liabilities, expenses, assets, provisions, or contingencies of an environmental nature that could be significant in relation to the Group's equity, financial position and results.
Contamination	GRI 103-2 The management approach and its components	Environmental management approach Impacts and risk management
Circular economy and waste prevention and management	GRI 103-2 The management approach and its components	Environmental action Waste, water and effluents
INFORMATION ON ENVIRONMENTAL MATTERS		
Sustainable use of resources	GRI 102-2 Activities, brands, products, and services GRI 302-1 Energy consumption within the organisation GRI 302-3 Energy intensity GRI-303-3 Water withdrawal	Energy and emissions Waste, water and effluents Environmental action
Climate change	GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions GRI 305-3 Other indirect (Scope 3) GHG emissions GRI 305-4 GHG emissions intensity	Energy and emissions Environmental action
Protection of biodiversity	GRI 103-2 The management approach and its components	Our environmental contribution by TIC services. 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 (see section Our environmental contribution by TIC services).

INFORMATION ON SOCIAL AND PERSONNEL MATTERS	Policies	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach	Business ethics and Compliance Employment and human capital management CSR lines of action CSR Highlights for 2019	INFORMATION RELATED TO COMBATING BRIBERY AND CORRUPTION	Policies	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach	Business ethics and Compliance
	Risk principles	GRI 103-3 Evaluation of the management approach management approach GRI 102-8 Information on employees and other workers	Impacts and risk management			GRI 205-2 Communication and training about anti-corruption policies and procedures	
	Employment	GRI 103-1 Diversity of governance bodies and employees GRI 102-8 Información sobre empleados y otros trabajadores GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees GRI 405-1 Diversity of governance bodies and employees	Applus+ at a glance Our people in figures Human Resource policies Employment and human capital management Board of Directors Annex I. Data related to Human Resources			GRI 103-3 Evaluation of the management approach	Impacts and risk management
	Work organisation	GRI 102-8 Information on employees and other workers GRI 103-2 The management approach and its components	Our people in figures Human Resource policies			GRI 103-2 The management approach and its components	Impacts and risk management Innovation The contribution of our services to development
	Health and Safety	GRI 103-2 The management approach and its components GRI 403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety			GRI 415-1 Political contributions	Business ethics and Compliance Employment and human capital management Economic management approach Quality and excellence Environmental management approach CSR lines of action CSR Highlights for 2019 Our suppliers
	Company relations	GRI 102-43 Approach to stakeholder engagement GRI 402-1 Minimum notice periods regarding operational changes GRI 102-41 Collective bargaining agreements	Commitment to our stakeholders Human Resource policies			GRI 103-2 The management and its components	Business ethics and Compliance Employment and human capital management Economic management approach Quality and excellence Environmental management approach CSR lines of action CSR Highlights for 2019 Our suppliers
	Training	GRI 103-2 The management approach and its components GRI 404-1 Average hours of training per year per employee	Training and communication			GRI 103-3 Evaluation of the management approach	Impacts and risk management
	Accessibility	GRI 103-2 The management approach and its components	Employment and human capital management			GRI 203-2 Significant indirect economic impacts	
	Equality	GRI 103-2 The management approach and its components GRI 406-1 Incidents of discrimination and corrective actions taken	Employment and human capital management			GRI 204-1 Proportion of spending on local suppliers	
	Policies	GRI 103-2 The management approach and its components GRI 412-2 Employee training on human rights policies or procedures	Business ethics and Compliance Respect for human rights			GRI 413-1 Operations with local community engagement, impact assessments, and development programmes	
INFORMATION ON THE RESPECT OF HUMAN RIGHTS	Risk principles	GRI 103-3 Evaluation of the management approach	Impacts and risk management			GRI 203-2 Significant indirect economic impacts	
	Human Rights	GRI 103-2 The management approach and its components GRI 411-1 Incidents of violations involving rights of indigenous peoples GRI 419-1 Non-compliance with laws and regulations in the social and economic area GRI 103-2 The management approach and its components	Business ethics and Compliance Respect for Human Rights			GRI 102-43 Approach to stakeholder engagement	Social action Our suppliers Strategic alliances Commitment to our stakeholders
						GRI 102-13 Membership of associations	
						GRI 103-2 The management approach and its components	Business ethics and Compliance Our suppliers
INFORMATION ON THE COMPANY				The company's commitment to sustainable development	Subcontracting and suppliers	GRI 102-9 Supply chain	Business ethics and Compliance Our suppliers
						GRI 308-1 New suppliers that were screened using environmental criteria	
						GRI 103-2 The management approach and its components	Services and clients Quality and excellence
Clients					Clients	GRI 418-1 Substantiated complaints concerning breaches of customer	
						GRI 103-3 Evaluation of the management approach	Tax contribution
Tax information							

REPORT'S VERIFICATION STATEMENT

Applus Services, S.A. and Subsidiaries

Independent Limited Assurance Report



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

INDEPENDENT LIMITED ASSURANCE REPORT

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 2019 Corporate Social Responsibility Report (CSR), which contains the Consolidated Non-Financial Information Statement (NFIS) for the year ended December 31, 2019 of Applus Services S.A. and subsidiaries ("Applus" or "the Group"), which forms part of the Consolidated Directors' Report of Applus.

The CSR includes information, additional to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards for sustainability reporting in their Core option ("GRI standards"), that was not the subject matter of our verification. In this regard, our work was limited solely to the verification of the information identified in the "Cross references table: GRI and Global Compact" and in the "Cross references table: Spanish Act 11/2018" of the CSR.

Responsibilities of the Directors

The preparation and content of the Applus CSR are the responsibility of the Board of Directors of Applus. The CSR was prepared in accordance with GRI standards in their core option. The NFIS included in the CSR was prepared in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the "Cross references table: Law 11/2018" in the CSR.

These responsibilities of the Board of Directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the CSR 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 CSR and the NFIs is obtained.

Our independence and quality control

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

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

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

Deloitte, S.L. Paseo de la Castellana, 46. Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 3.188, hoja M-54414, inscripción 904, c. 15. B-78104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1. Torre Picasso. 28020, Madrid.

Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed that refers exclusively to 2019. Information on prior years was not subject to the verification required by prevailing Spanish corporate legislation.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines published by the Spanish Institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements.

The procedures performed in a limited assurance engagements vary in terms of nature and timing, and are less in extent than for reasonable assurance engagements and, consequently, the level of assurance provided is also lower.

Our work consisted in requesting information from management and the various business units of Applus that participated in the preparation of the CSR, which includes the NFIS, reviewing the processes used to compile and validate the information presented in the CSR 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 verification.
- Analysis of the scope, materiality and completeness of the contents included in the CSR based on the materiality analysis carried out by Applus and described in the "CSR performance" section of chapter 4 of the Corporate Social Report, also considering contents required by current Spanish corporate legislation.
- Analysis of the processes used to gather and validate the data presented in the 2019 CSR.
- Verification, by means of sample-based review tests, of the information relating to the contents identified in the "Cross references table: GRI and Global Compact" and the Table of "Equivalents with Law 11/2018 on non-financial reporting" in the CSR, and the appropriate compilation thereof based on the data furnished by Applus information sources.
- Obtainment of a representation letter from the directors and management.

Conclusion

Based on the procedures performed and the evidence obtained, no matter has come to our attention that causes us to believe that:

- A) The NFIS included in the 2019 CSR of Applus was not prepared, in all material respects, including the adequacy of the contents revised detailed in the "Cross references table: GRI and Global Compact", in accordance with GRI Standards in their core option.
- B) Applus NFIS for the year ended 31 December 2019 was not prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and with the criteria of the selected GRI Standards, as well as other criteria described as indicated for each matter in the "Cross references table: Law 11/2018" in the CSR.

Use and distribution

This report has been prepared as required by current Spanish corporate legislation and may not be suitable for any other purpose or jurisdiction.

DELOITTE, S.L.

Ana Torrens Borrás

21 February 2020

Applus⁺

www.applus.com