

**Applus<sup>+</sup>**

*Together*  
beyond  
standards

**FINANCIAL  
AND NON-FINANCIAL  
REPORT 2020**





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# 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)

Welcome to the Applus+ Group's first integrated report, combining financial and operational management aspects with environmental, social and corporate governance.

With the unprecedented disruption to everyone's lives in 2020, we first express our deep gratitude to colleagues and partners for their dedication in delivering the Group's TIC services to benefit the societies our services touch. Our people's capabilities and care have demonstrated the resilience of the Applus+ Group under the most challenging of economic and societal circumstances. We are impressed and delighted with their proactivity and actions.

The pandemic has starkly demonstrated the world's interconnectivity, so we are immensely proud that the Applus+ Group immediately worked with a wide group of stakeholders to make a difference. Our experts quickly developed testing and certification for life-saving medical equipment such as mechanical ventilators. Health and safety are central to our TIC services and naturally to our people's wellbeing, so we introduced preventive training and a range of new safety protocols in response to coronavirus. The company-wide annual Safety Day 2020 continued as a new remote, digital edition taking up these themes. Sadly, the Group suffered two unconnected work-place fatalities in 2020, and our heartfelt condolences and support were provided to the employees' families and the colleagues impacted. The Board was immediately informed of these sad events and a robust investigation followed.

Inevitably, the Group was materially impacted in 2020 by the pandemic, and despite an encouraging recovery in the second half, the year recorded lower revenue and profit compared to 2019. We delivered a gradual recovery from the third to fourth quarter, with a double-digit operating profit margin in the second half. For the full year in 2020, revenue was down 12% to €1,558 million and adjusted operating profit was down 40% to €118 million.

The Group's proactive financial management resulted in an exceptionally strong year for cash flow and liquidity, with adjusted free cash flow increasing by almost 21%, or €39 million, to €226 million, and the Group ended the year with liquid resources in excess of €546 million. This strong financial position allowed the acquisition strategy to resume in the final quarter, in which the Group purchased four highly strategic, margin and earnings accretive companies. The acquisitions further position the Group towards business lines with higher growth and margins, and were additional to the two made in the first quarter. We are monitoring many opportunities and confident of continued success, whilst remaining disciplined on price.

The adjusted earnings-per-share fell to €0.33, and statutory earnings-per-share was negative after the one-off impairment in the year's first half, with no further impairments. Following the dividend cancellation in 2020, which was one of several measures for financial resilience taken at the time, the Board will recommend the dividend at 15 cents per share in 2021 for payment on 8<sup>th</sup> July 2021. Looking ahead, the Group will aim to increase the dividend payment annually.

The Group's efforts for a more sustainable world was confirmed with classification by MSCI ESG Research, the CDP and continued inclusion in the FTSE4Good IBEX Index. In 2020, we amended the former CSR Policy to the revised ESG Policy, and approved 11 specific targets to further integrate the principles of good governance across the Group. These actions strengthen our commitment to the UN's Global Compact at "Advanced Level", and we continue to report and implement the SDGs adopted.

Diversity in leadership roles also received a further boost on the Board, amending the Director's Selection Policy to reflect the next goal of the Board comprising 40% women by 2022, along with measures for more women in directorship roles. Initiatives to support our people's satisfaction and talent were also recognised by wide-ranging industry awards for programmes championing employee-engagement, diversity and inclusion.

For more sustainable operations, Applus+ stepped up measures to reduce our global energy consumption, with 23% of electricity consumption at our facilities from renewable sources in 2020. This is achieved by following a medium-term carbon neutrality strategy, seeking to use resources efficiently and working to deliver sustainable value for society.

The Group added more electric vehicles to our fleet, which helped reduce GHG emissions intensity by 19%. In contributions to sustainable development, the Group expanded our technical expertise at new solar parks, wind farms and for hydrogen-energy plants planned for the future. In sectors radically pursuing energy transition, our divisional teams' wide collaborations continued to push innovations in the next-generation electric vehicles and to reduce fuel use in aerospace. In 2020, we generated approximately €200 million of revenue, or 13% of Group revenue, from what we term Green Revenues. Going forward, new opportunities outweigh the risks in the Group's markets as the world transitions to a low-carbon economy.

## Closing comments

2020 was a challenging year and the Group's management responded by prioritising our people's wellbeing, clients' requirements, Group liquidity, operating costs and technological advancement. With considerable remaining uncertainty in every country and in our end-markets, our guidance assumes conditions today will either remain the same or not deteriorate. In 2021, we expect total revenue to grow by at least double digits at constant exchange rates, from both organic and the acquisitions made, and for the margin to improve to close to 10%. The Group will also continue to make acquisitions supported by liquidity and leverage headroom.

Applus+ will continue to do what we do best. We will provide superior safety and quality in our services to a broad range of clients around the world, with rising demand due to greater scrutiny and regulation over more complex and varied products, infrastructure and assets. The Group will allocate excess cash flow to support organic revenue growth, supplementing with acquisitive growth that diversifies the business towards higher margins and with more sustainable, longer term revenue-generating streams.

Our experienced Management and Board will continue to be alert and agile in progressing the growth and performance of the business, whilst being ever mindful of risks.

Key to this performance and the Group's strength is the continued trust and support of our people, shareholders, clients and partners. Working together, we will achieve a safer, more sustainable, diverse and inclusive world.

# 02 Applus+ at a glance

GRI 102-2

GRI 102-4

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, and provide solutions that improve their environmental performance.


**€1,557.6M**

Total revenue


**€118.4M**

Adjusted operating profit


**€226.2M**

Free Cash Flow


**70+**

Countries


**23,387**

Employees


**87%**

Effective compliance ratio to CNMV's code recommendations


**27**

Training hours /employee


**286,580**

Hours invested on innovation


**104**

Ethics non-compliance notifications

(41 breached the *Code of Ethics* and were addressed and closed)


**2.42 t CO<sub>2</sub> EQ /**

EMPLOYEE

GHG emissions intensity


**0.03 ML /**

EMPLOYEE

Water consumption intensity

## Our divisions



Revenue  
**€907.3M**



Employees  
**13,848**

### 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  
**€92.9M**



Employees  
**1,494**

### LABORATORIES DIVISION

#### Core Services:

- Industrial testing laboratories
- Engineering
- Certification
- Metrology services

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



Revenue  
**€355.8M**



Employees  
**5,599**

### 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  
**€201.5M**



Employees  
**2,446**

### IDIADA DIVISION

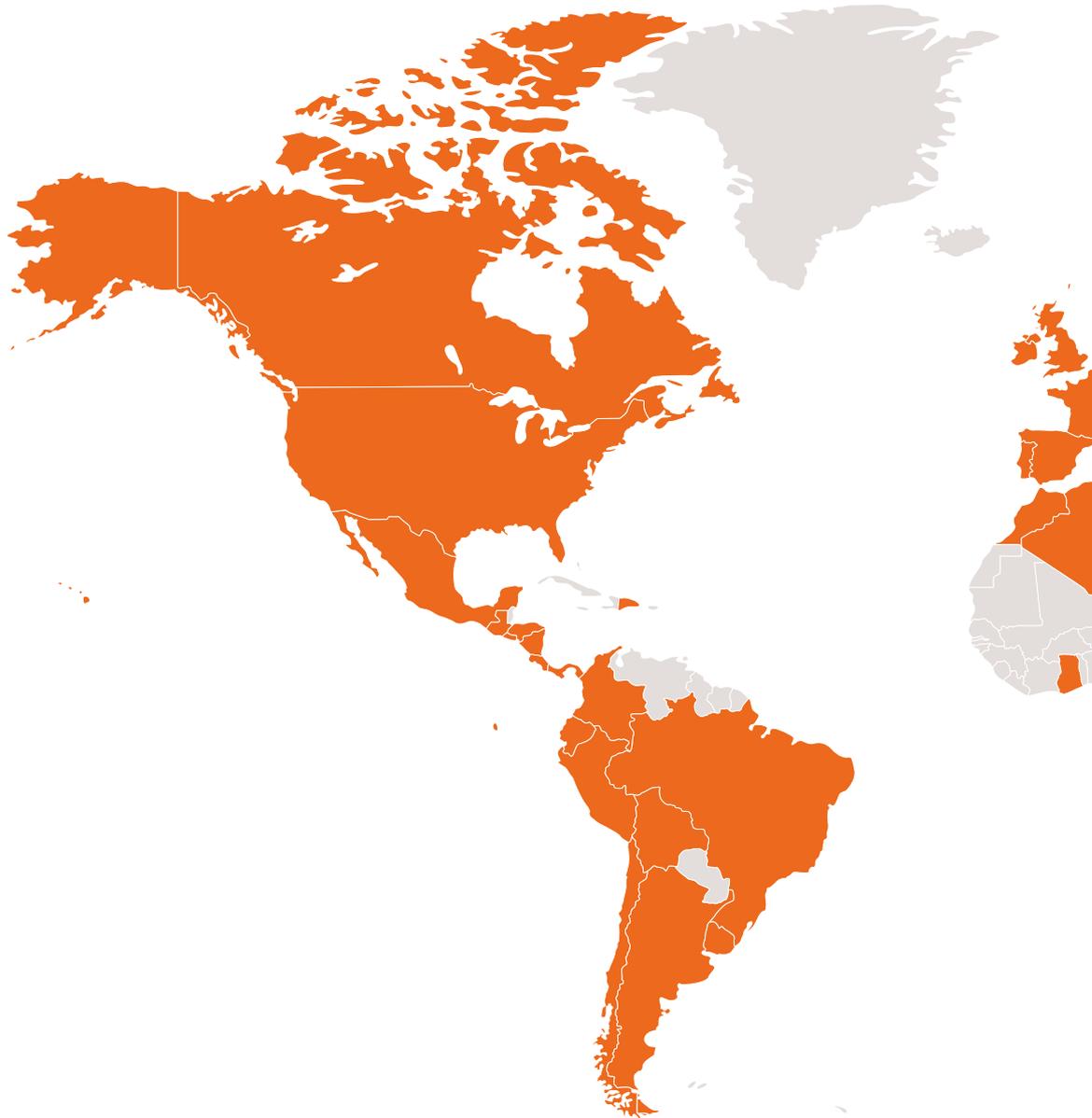
#### Core Services:

- Testing and engineering services
- Worldwide homologation and product certification
- Proving ground
- Facility design services

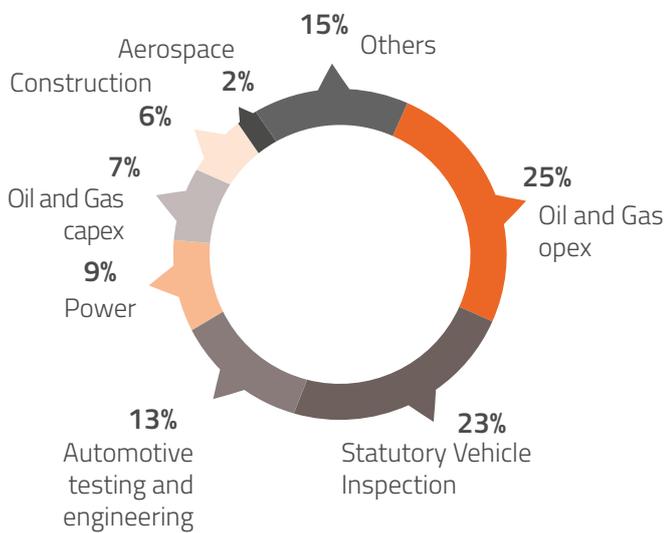
**Principal Industries:** Automotive.

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

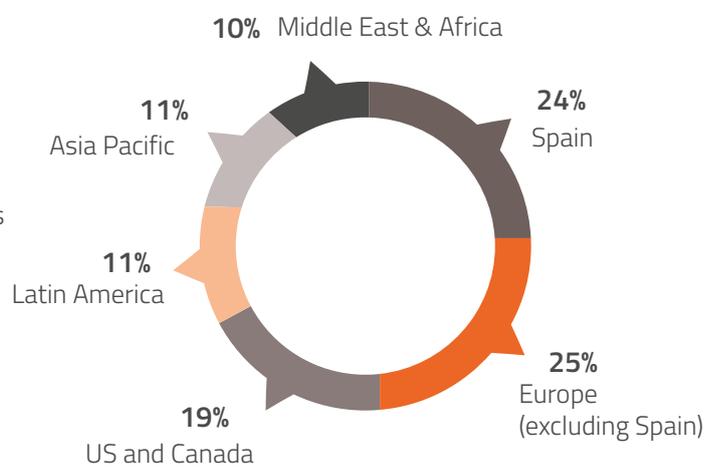
## Global presence

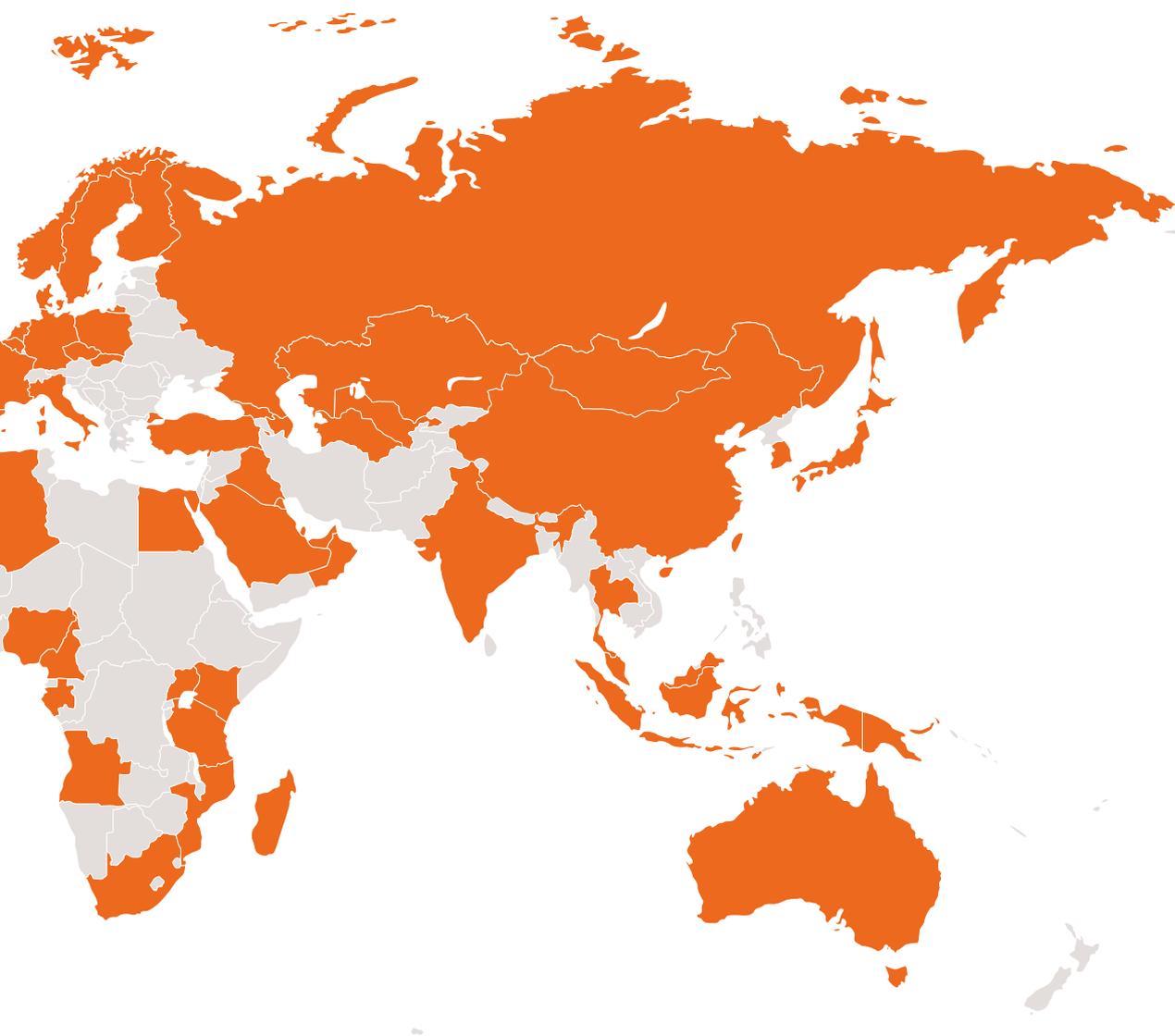


### Total revenue by industry



### Total revenue by region





## Employees by region



## Financial and non-financial highlights

	<b>FINANCIAL PERFORMANCE</b>	➤	Revenue and profit decreased in the year due to the impact from the pandemic on the business and operations, with the second half of the year delivering a steady recovery in revenue and a sustained margin improvement.
	<b>STRATEGIC PORTFOLIO EVOLUTION</b>	➤	Six acquisitions in 2020 strengthen our technical capacity at international level, conducted due to the Group's good performance on cash flow and liquidity management.
	<b>CORPORATE GOVERNANCE AND BUSINESS ETHICS</b>	➤	"AA" classification ("Leader" category) of MSCI ESG Ratings, "B" level for CDP (above industry average) and renovation of the Group's inclusion in FTSE4Good IBEX. Amendment of the Director's Selection Policy to include the target for 40% of female directors by 2022.
	<b>OUR EMPLOYEES</b>	➤	Strong commitment and courage of our employees to work in challenging circumstances. Numerous recognitions for our performance in the field of talent management, health and safety, employees' commitment, corporate culture, diversity, inclusion and equal opportunities, and for our brand and communications strategy. Reduction of the total recordable cases frequency by 39% and the severity rate by 15% since 2017.
	<b>ENVIRONMENTAL PERFORMANCE</b>	➤	23% of the energy consumed by the Group came from renewable sources. Reduction of the GHG emission intensity (scopes 1 and 2) by 19%. The percentage of revenue from green services in respect of the total revenue was 13% in 2020, an increase of two percent compared to 2019.
	<b>INNOVATION</b>	➤	13 new patents achieved thanks to our innovation performance.

## Acquisitions

In 2020, Applus+ made six acquisitions following our **inorganic growth strategy** to evolve towards higher margin and in the long term more sustainable revenue generating streams. **Despite the impact of the coronavirus pandemic**, the Group's **liquidity** and **strong cash flow** enabled the company to make **two** in the **Automotive Division**, **three** in the **Laboratories Division** and **one** in the **Energy & Industry Division**, made in December 2020 and which will be closed during the first quarter of 2021.

These acquisitions support our growth through sustainable services and therefore reinforce the resilience of the Group's services portfolio.



In February, Applus+ acquired the company **ITV Canarias**, expanding the number of local stations in the Automotive Division within these Spanish territorial islands.



In October, Applus+ acquired the total share capital in **Besikta Bilprovning i Sverige Holding AB** (Besikta), a leading statutory-vehicle-inspection company in Sweden with 185 stations and 560 employees.

The market in Sweden is liberalised, so there is no contract-renewal risk; on the contrary, the acquisition presents new opportunities for growth through investments in other stations in strategic locations with a strong potential.

With these two acquisitions, **the Group**, through the **Automotive Division**, is reinforcing our global leadership position in services for **statutory vehicle inspection**. The Group provides these services in 13 countries, which inspect vehicles for compliance with technical safety specifications to lower accident rates on roads and comply with the applicable emission legislation, contributing to climate-change mitigation.



In February, the Laboratories Division acquired **ZYX Metrology**, a **metrology laboratory** located in Ripollet (Barcelona) to expand its portfolio in metrology services.

This laboratory makes use of state-of-the-art 3D scanning and measurement technologies, providing dimensional metrology, digitalisation and reverse-engineering services for products and components from sectors such as automotive and transport.



At the end of 2020, and in line with its growth strategy in the field of electric and electronic testing services, the Laboratories Division acquired two new companies, **Reliable Analysis** and **QPS**. This move strengthened its position as global provider for the testing of automotive components and the certification of electric and electronic equipment, as well as consolidating its presence in China and North America.

**The Reliable Analysis laboratories** are located in China and the USA, are a reference in the automotive sector, and have unique capabilities for electric-vehicle component testing.

The acquisition of Reliable Analysis increases the capabilities of the Laboratories Division as testing provider for electric vehicles and strengthens the Division's position in the Chinese market, the fastest growing market in the world in this field.



**QPS** is an electric and electronic product certification company, well established in North America. Its capabilities and accreditations in the fields of electric security and ATEX fit perfectly with the Laboratories Division's services for EMC and Wireless.

The addition of QPS expands the Division's portfolio of certification services for electric and electronic products and allows it to offer its clients services with global reach.



In December, **Energy & Industry Division** acquired Soil and Foundation Company Limited and Geotechnical and Environmental Company (together "**SAFCO Group**"), a leading construction testing and inspection services company in Saudi Arabia.

SAFCO Group is the largest and oldest company in Saudi Arabia to provide construction-based testing and inspection services, building this position over the past 40 years. It provides on-site and laboratory-based testing for the materials used in construction projects as diverse as small commercial buildings to mega projects, as well as soil investigation services and environmental inspection and consulting.

It has a strong reputation and good brand recognition in the industry, which will immediately support the expansion of Applus+ delivering services for construction, building and environmental products testing in the region where Applus+ already currently serves mainly other end-markets.

# 03 Sustainability

## Sustainability approach

### CREATION OF VALUE

GRI 102-12

GRI 102-16

GRI 103-2

GRI 103-3

The Applus+ Group offers **innovate testing, inspection and certification (TIC) services** to companies in a wide variety of industrial sectors all over the world through our four divisions



Construction



Aerospace



Telecommunications



Energy



Oil and gas



Automotive



#### ENERGY & INDUSTRY DIVISION

We assist our clients in developing and monitoring industrial processes, protecting assets and increasing operational and environmental safety.



#### LABORATORIES DIVISION

We develop testing, engineering and certification services for industries such as aerospace, automotive, electronics, IT and construction.



#### AUTOMOTIVE DIVISION

We offer statutory-vehicle-inspection services to comply with regulations for technical safety and environmental protection.



#### IDIADA DIVISION

We offer design, engineering, testing and homologation services to the leading automotive companies in the world.

**23.387**  
employees

**+70**  
countries

**61.325**  
suppliers

At Applus+, we generate value by responsibly conducting our business activities. The ESG approach, which guides our economic performance, engages our employees, delivers benefits to society and offers trust to our stakeholders.

#### OUR MAIN RESULTS

- Circa €250M in acquisitions
- Revenues of €1,557.6M and AOP of €118.4M
- Effective compliance rate of 87% of the recommendations of the National Securities Market Commission (CNMV)
- Top Employer in Spain for the third year in a row and in Latin America for the first time
- Personnel Today Awards 2020 as one of the top-three companies in Europe for "Talent Management and Development"
- 27 hours of training/employee
- 76% employees with permanent contracts
- 23% decrease in the accident rate
- 23% electricity consumed is green
- Intensity of GHG emissions 2.42 t CO<sub>2</sub> eq/employee, 19% decrease
- "AA" (Leader category) on the MSCI ESG Ratings, index; Level "B" from the CDP (above the industry mean), and inclusion on the FTSE4Good IBEX index

#### OUR CONTRIBUTION TO SOCIETY

- 286,580 hours invested in innovation
- 16.7 million taxes paid
- 88% of the EVA generated was distributed
- €539 million spent on suppliers and 95% of products and services purchased locally
- 88% of employees are local. Steadfast commitment to diversity, inclusion and equal opportunities.
- 13% of revenue from green services
- Numerous activities to support disadvantaged groups around the world
- Our projects contribute to technological advancement, environmental protection and social development in many countries.
- Applus+ has adhered to the UN's Statement of Business Leaders to renew international cooperation; boost security, peace and human rights and development; and achieve the SDGs.

The principal Sustainable Development Goals (SDGs) to which we contribute are:



AOP: Adjusted Operating Profit EVA: Economic Value Added

## THE GROUP'S STRATEGY

The Applus+ Group establishes our **strategy within the framework of responsible and sustainable business management which contributes to society. We are committed to the environment in which the company operates**, and we define our purpose and values within this context.

### Mission

Our mission is to help society to mitigate risk, evaluating the quality and safety of products, assets and operations

### Vision

We aim to become a world leader in our chosen markets, giving our customers the best technical solutions and service

### Values

Integrity  
Transparency  
Impartiality and independence  
Responsibility

The Group's strategy is built upon **three cornerstones**: leadership in the markets where we operate, developing the best technical solutions through innovation and technology, and nurturing long-term relationships with our clients.

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

- Our business management focused on business excellence to offer our clients the best services that meet their needs and expectations through ethical, robust and responsible operations.
- Our professionals' engagement through different initiatives to foster the development of their talent, to offer a sense of belonging and to continually improve in the effective implementation of our principles for diversity and equality.
- Our commitment to the socio-economic development of many countries through our services, promoting the adoption of actions to preserve environmental wealth worldwide.

Through our divisions' activities in innovation, and by fostering digitalisation, we are contributing to sustainable development. These innovations assist in implementing actions to mitigate climate change, drive progress in local communities and achieve advances which improve public safety.

We develop and deliver our services and activities so they are recognised for strong social and ethical responsibility. This approach contributes to maintain customer loyalty and safeguards the Group's position as a **trusted partner**.



### 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



### Innovation and Technology: *Offer the best technical solutions*

- Target investment in proprietary technology and know-how
- Plan to accelerate the digitalisation of the operations and the development of new digital services.
- 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

The Group in 2018 set three year **financial and non-financial objectives**, all of which are aligned with our strategy and within the framework defined in the company's purpose and values.



Revenue



Margin

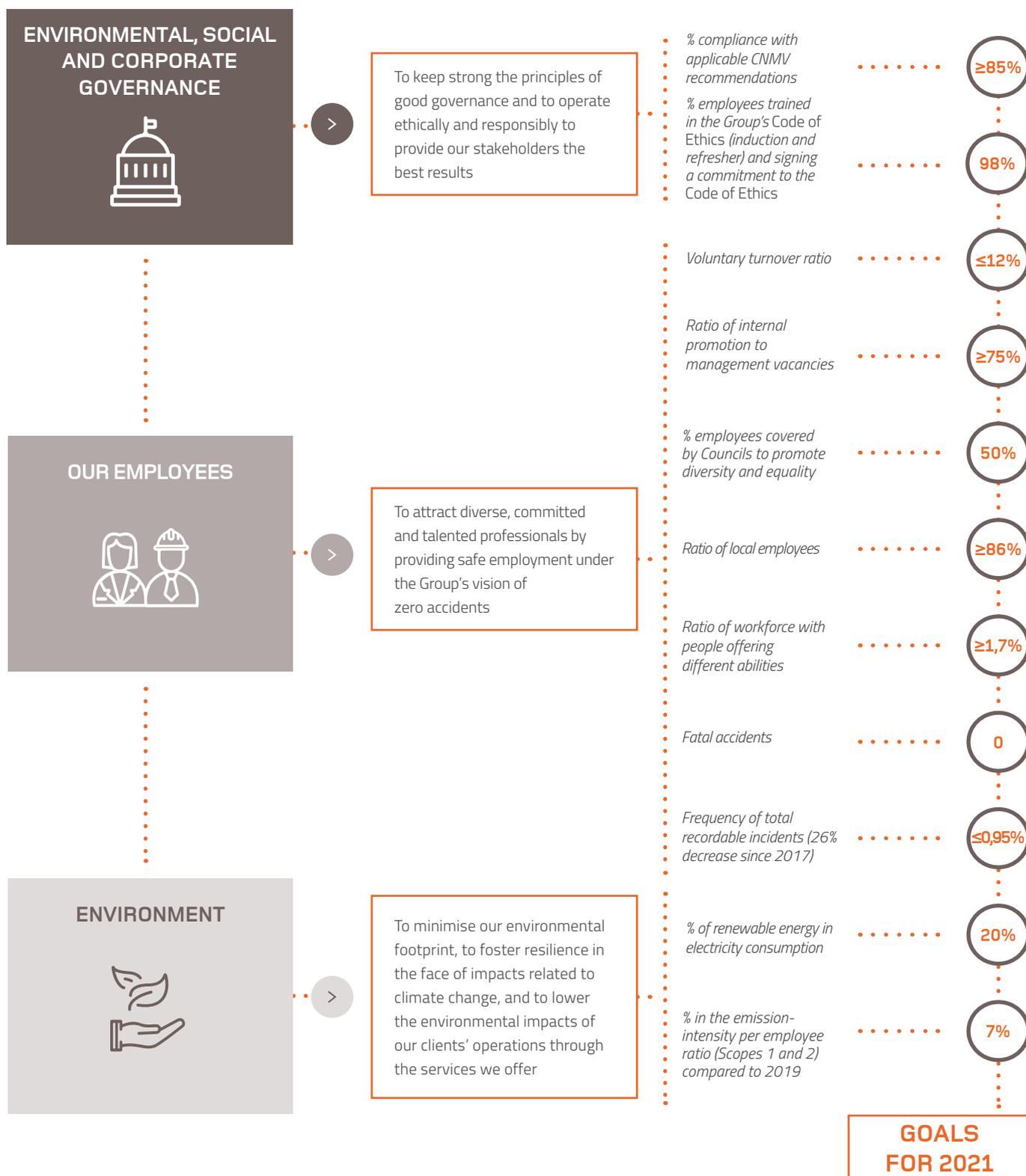


Cash

The three main drivers are organic and inorganic **income growth**, **margin improvements**, and **cash flow** generation for strategic acquisitions and shareholder dividends.

The crisis caused by the coronavirus pandemic, with its huge impact globally, has also affected some of the objectives defined in our three-year plan set out until 2020. Nonetheless, other objectives have been well met despite the pandemic, and therefore the Group made six acquisitions throughout 2020 thanks to the Group's robust cash-flow generation and strong liquidity.

In 2021, the Group will focus efforts on **recovering** pre-pandemic **levels of sales and margins** and managing the **integration of the acquisitions** made in 2020, while also continuing to **promote our sustainability measures to meet our environmental, social and corporate governance (ESG) objectives:**



We expect a gradual, declining impact of the pandemic on our business activities in 2021, following which the Applus+ Group plans to develop a **new three-year plan** for the period **2022-2024**.

## DELIVERING WORLD-CLASS TIC SERVICES

At Applus+, we implement our business strategy driven by our mission to be a world leader in our TIC markets and to create trust for our stakeholders by offering the most innovative services and managing our company with a **sustainability approach that achieves optimal financial and non-financial results**.

The Applus+ brand defines our success to deliver world-class TIC services: a global leader, a trusted partner and with a passion for improvement. These three pillars underpin the Group's long-term growth within our TIC markets, supported by strategic investment into technology, innovation and human capital.

With four attributes in each pillar, they reflect both how we deliver service excellence and how to attain global leadership. The attributes also demonstrate our approach to worldwide collaboration with clients from different industrial sectors, global operations and regulatory jurisdictions. The pillars and attributes enable us to create value by reinforcing our strong reputation and international recognition.

As a Group, we deliver collective know-how, innovative services and accredited skill-sets for our clients, which we summarise as **TOGETHER BEYOND STANDARDS**.



### GLOBAL LEADER



### TRUSTED PARTNER



### PASSION FOR IMPROVEMENT



## HOW DOES Applus+ ATTAIN GLOBAL LEADERSHIP?

*Technology*

*Accreditations*

*Human capability*

*Global + local*

Through our highly skilled teams, we develop and deploy technical solutions across complex industry sectors to enhance operational efficiency, to improve product quality and to reduce risk for clients and the public. These value-adding services have made Applus+ a technological reference point for bespoke TIC activities. With a portfolio of global accreditations, we reinforce our capabilities through internationally recognised competence, spreading global expertise with local market knowledge worldwide.

Applus+ is a dynamic and responsive company, adapting technical and human resources to a project's needs. With teams of multidisciplinary problem-solvers, our services offer solutions – from conventional to the advanced – to provide clients with the right answers for the challenges of their activities. In each case, we ensure that our ability to make decisions objectively and independently remains, retaining the trust of our clients.

## HOW DOES Applus+ BECOME A TRUSTED PARTNER?

*Flexibility*

*Versatility*

*Integrity*

*Impartiality*

## HOW DOES Applus+ PROMOTE PASSION FOR IMPROVEMENT?

*Innovation*

*Responsibility*

*Motivation*

*Excellence*

Applus+ strategically invests in innovation to advance its technologies and services. Across our divisions, we build best practice by working with companies, government and industry associations to help develop better industry-wide operations and standards. To respond to our sectors' challenges, we invest in the talent of our teams to equip them with the capabilities that drive service excellence. Complementary to this focus on improving together, we operate robust ESG policies to meet our stakeholders' environmental and social expectations.

## SUSTAINABILITY FRAMEWORK

GRI 207-1

GRI 207-2

### Financial management

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

Through **executive committees**, the members of the executive management team, and the directors of the functional corporate areas, analyse the information and economic results reported by the Group's four divisions.

#### Internal Control System

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

Applus+ has an **IFRS Manual** to apply the Group's accounting principles and standards homogenously within all of its dependent companies, as well as its valuation criteria. Correspondingly, the Group uses a **unique reporting package** with a standardised accounting system, applicable to all of the companies to guarantee a consistent approach across the Group.

Furthermore, Applus+ has designed and developed an **Internal Control System over Financial Information (ICFR)**, which establishes the **processes** carried out by the Board of Directors, the Audit Committee, the management and the Group's personnel to **ensure a reasonable level of security** in relation to the reliability of the information published.

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

Each year, the proper implementation of the **ICFR** and the the Group have both been in **compliance** since being a listed company in 2014.

To better meet the requirements of **Spanish law 11/2018** on non-financial information, Applus+ is continuing its efforts to **expand** the content of the **reporting package**, which is used by all of the companies in the Group, by **introducing non-financial information** (related to social, environmental and governance topics, in addition to other information). Currently, some information has already been included, and other topics will be included in 2021 financial year.



### Tax contribution

The Group's **fiscal strategy**, approved by the Board of Directors, focuses on:

- Ensuring **responsible compliance** with the tax laws in force while safeguarding corporate interests.
- Being aligned with the **business strategy and values** of the Applus+ Group, which require the strict observance of the law and the criteria set by the regulatory bodies governing our businesses.
- Developing and implementing **best practices in tax governance**.
- Combining compliance with tax obligations together with the commitment to **create value for our shareholders**.

We exhaustively monitor compliance with our tax obligations in all of the countries in which we operate through the **Applus+ GRG** tool.

We operate in compliance with the **internal procedures** we have defined, which set out how the Corporate Tax Department should be informed to minimise any possible sanctions in the event of inspection notifications. **There were no significant fiscal sanctions** in the financial year ending 31<sup>st</sup> December 2020.

Each quarter, the Audit Committee reviews all fiscal risks that could materialise, when applicable, derived from verifications by the relevant authorities, and thereby the Group monitors the fiscal risks to minimise such exposure.

The employees with responsibilities to fulfil fiscal obligations are trained according to what is considered relevant, and when applicable, the Group also has external fiscal advice to ensure the company fulfils its obligations in this area.

A key priority for the Applus+ Group is to fulfil the company's obligations to pay taxes in accordance with the regulatory requirements applicable in each territory, with the aim of creating value in all of the countries where the Group operates through tax payments that fulfil the company's fiscal obligations. The Applus+ Group paid **16.7 million of euros** in business tax in the **2020** financial year.



Off-shore Eddy Current Testing

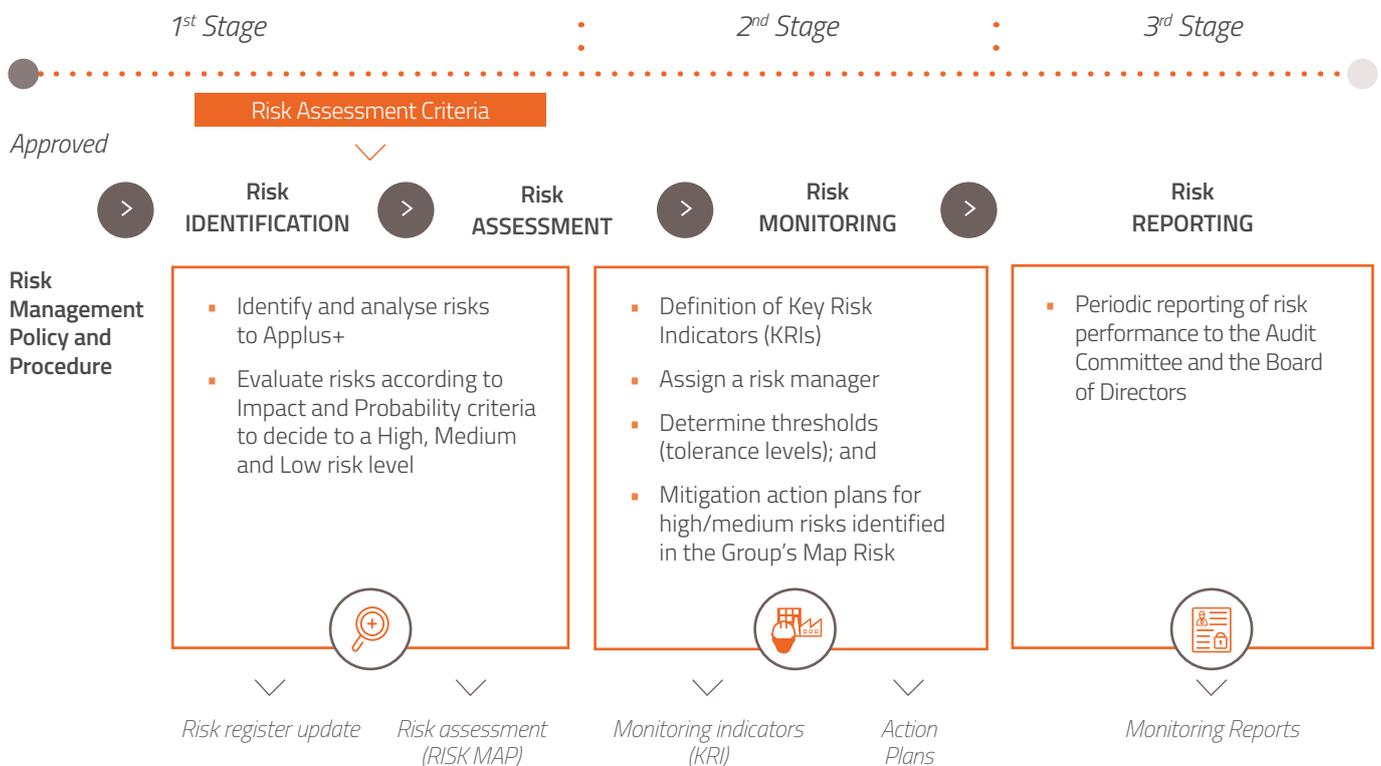
## Risk management

The Board of Directors and the Audit Committee of the Applus+ Group have clear responsibilities for risk management and control policies, as well as for the periodical evaluation of the company's financial and non-financial risks. The Applus+ Group manages risks by implementing the company's **Risk Management Policy and Procedure**.

In addition, the Group has a Criminal Risk Map and a **Handbook of Criminal Risk Management and Crime Prevention System**. Therefore, under the impetus of the Environmental, Social and Corporate Governance (ESG) Responsibility Committee, the Group has revised and strengthened our **Compliance Management System (CMS)**.

To fulfil and improve risk management, the management team periodically updates the Risk Map, which identifies and quantifies the main risks that could affect the Group's strategic objectives. These risks include all the factors regarded as critical for the Group's business activities from the **strategic, operational, financial, legal and compliance** perspectives, and in terms of **sustainability**. The Risk Map encompasses **social and environmental risks**, including **risks related to climate change**.

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



The Risk Map, and its associated action plans, is revised by the Audit Committee twice yearly and by the Board of Directors annually.

This process, which covers the four divisions and geographic regions of the Group's operations, **guarantees informed decision-making**, which improves the Group's risk-management performance by **tracking the Key Risk Indicators (KRI)** defined for each risk. These indicators are periodically **evaluated** by the Audit Committee, and the Group develops the action plans needed to manage those risks appropriately.

## Non-financial management: Environmental Social and Governance (ESG) approach

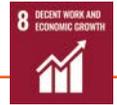
The Applus+ Group demonstrates our commitment to sustainability through our **ESG Policy** (Environmental, Social and Corporate Governance), previously the **CSR Policy**, published on the Group's website.

The **Policy** is defined and approved by the Board of Directors in accordance with our values of **integrity, transparency, impartiality and independence, and responsibility**, and it is implemented in all of the Group's regions and four divisions.

We implement this approach in the short- and medium-term through **lines of action** related to each of the **five pillars** underpinning our policy.



## OUR PROFESSIONALS



- To achieve our teams' commitment through periodic training.
- To supervise the implementation of all the Group's policies and procedures related to the protection of **human rights, non-discrimination and equal opportunities**.
- To continue implementing and following the **action plans** designed to improve and increase our **professionals' satisfaction and commitment**.
- To continue enriching our programme of activities geared at improving our **talent management**.
- To promote new initiatives related to **diversity, inclusion and equality**.
- To continue improving our system of managing **workplace health and safety**, including continuous training in preventing workplace risks, with the goal of protecting our employees with a zero-accident approach.



## ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE



- To monitor the implementation of the new recommendations in the *Code of Good Governance*, following its adoption in December 2020 and published by the CNMV in June 2020
- To launch **training** in 2021 on the Group's policies and procedures to comply with the *General Data Protection Regulation* (GDPR), which was postponed due to the coronavirus pandemic, targeted at EU employees and including the companies acquired by the Group.
- To analyse and implement the changes arising from the **new law** amending the revised text of the *Corporate Enterprises Act*, approved by Royal Legislative Decree 1/2010, 2<sup>nd</sup> July 2010, and other financial regulations, with regards to fostering the **long-term involvement of the shareholders in listed companies**.
- To maintain international efforts that guarantee the **effective implementation of CMS policies in all four divisions and their regions**, following the consolidation in 2020 of our policies and procedures forming part of the CMS.
- To continue to guarantee compliance with the *Global Anticorruption Policy and Procedure*; and to continuously **improve our crime-prevention model** through **new developments** in the future.



## COMMITMENT TO STAKEHOLDERS



- To promote social action in relation to **local communities** and to **foster the autonomy** of our **local teams** to **implement specific social-action programmes** so we can better adapt to the reality of each region.
- To **continue to gradually increase the percentage of suppliers covered** by our **standardisation** processes, until reaching 100% in the short-term.
- To hold **annual meetings on corporate governance** to maintain constructive dialogue with our institutional investors and proxy advisors, in line with our *Policy for Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors*.



## INNOVATION



- To bolster our efforts in **developing new technologies and digital solutions** which enable us to increase safety, service quality and environmental safeguards.
- To promote and extend our innovation activities throughout the company for our **ESG principles to be included in employee training**, in the services we develop internally, and in services provided to our clients.



## SUSTAINABLE PERFORMANCE



- To **continue our efforts for minimising energy and water consumption**, as well as **greenhouse gas (GHG) emissions** through local, high-efficiency programmes.
- To **foster the use of renewable energies and implement actions** that act on the causes of the most significant environmental impacts (eco-efficient vehicle fleet, illumination programmes in our offices, solar panels, etc.)
- To **enhance our catalogue of sustainable services**, especially those that assist our clients to lower their environmental impact in general and those related to climate change in particular.

## Awards and recognitions

As in other years, Applus+ has been widely acknowledged by many institutions for our professional performance in different areas of business management, as well as for the Group's deep involvement in issues related to ESG. Here, we review the most significant awards and recognitions.

### ESG Index



**MSCI ESG Ratings.** The Applus+ Group has been classified within the AA category by MSCI ESG Research. This index measures a company's long-term strength regarding the management of relevant environmental, social and governance (ESG) from a financial point of view. The AA classification falls into the "Leader" category of MSCI ESG Research, and the attainment acknowledges the more significant actions by Applus+ and our policies on the management of ESG risks and opportunities, which places the company as one of the global leaders on sustainability in the TIC sector.

**FTSE4Good IBEX.** The Group maintains our inclusion in the FTSE4Good Index Series from Ixex, a leading market tool for investors interested in committing to companies that highlight their environmental, social and good-governance practices.

### Human resources



**Top Employer.** Applus+ Group was named "Top Employer" in Spain for the third consecutive year and in Latin America for the first time.



**Personnel Today Awards 2020** in Europe. The Applus+ Group was selected as one of the top-three European companies in the category "Talent Management and Development".



**Finalist** among the best international companies in the Europe, Middle East and Africa (EMEA) and North America regions in the category "Engagement Strategy".



**Business Culture Awards 2020 Finalist.** Applus+ has been selected as one of the three best companies in Europe thanks to our project to promote a group-wide corporate culture.



**Prevencionar awards,** where Applus+ has been placed as one of the three large companies in the "Healthy Corporation" category for our best practice in safety, health and wellbeing.



**Alares Awards for the Reconciliation of Work, Family and Personal Life 2020.**

Applus+ has been included in the top-ten of companies, among 393 candidates, for our good practices to promote a better work-life balance.



**"Cinco Días" Award** for the most innovative business initiative in ESG **PREMIOS CIUDADANOS ("CITIZENS AWARDS")** as the best Social company for its CSR strategy aligned with nine of the 17 UN's Sustainable Development Goals and recognition from the **Randstad Awards** for being in the top-three of large companies thanks to our project for Diversity and Inclusion.



## Brand and communication



Our **global brand management** and internal communications were recognised by the **European Excellence Awards** and the **MARCOS Awards**. The **European Excellence Awards** highlighted our communications best practice in the “Branding” category. The **MARCOS Awards** recognised the work within the top Platinum award in the category “Strategic Communications – Branding”, and the Gold award in the categories “Annual Report - Corporation” and “Video Corporate Image”.



Our **internal magazine, *Appeople***, was recognised as a finalist by the **European Excellence Awards 2020** in the category “Internal Publication” and by the **MARCOS Awards 2020** with the Platinum award in two categories, “Employee Publication - Internal Magazine” and “Digital Media”.

## Purchasing



For our quick implementation of **Ariba** SAP purchase-order tool, Applus+ received **Bronze in the SAP Quality Awards in the “Fast Delivery” category**. The system has enabled us to lower operating and administrative costs, to increase the volume of purchasing via orders, to improve on savings opportunities and data quality, and to exchange information with suppliers electronically.

## Technical and operational excellence



**Applus+ has been recognised by the Galician Society of Civil Engineers in Spain in the conversion into a dual carriageway of corridor CG-4.1 with the second prize.**

The jury valued how the project shortened the route and improved road safety, respecting the environment and landscape at all times during construction.

## Innovation

### 'Key innovator' in the European Nanomanufacturing project.

The Laboratories Division has been recognised as “key innovator” by the European Commission, and added to its “Innovation Radar” platform for its contributions to the European Horizon 2020 Nanomanufacturing project. The Division’s experts have developed two new scalable processes for the synthesis of ligands, substances necessary for the production of nanoparticles used in nanomedicine.

### Airbus 'Merit' rating for the Shanghai materials laboratory.

The Laboratories Division’s materials laboratory in Shanghai has received the Airbus “Merit” rating and is one of the 15 laboratories, from over the 100 assessed by Airbus, to have obtained this recognition. The Shanghai materials laboratory also received an equivalent recognition in 2020 by NADCAP, the international organisation in charge of evaluating and accrediting providers for the aerospace sector. Both Merit awards recognise the excellence of the laboratory, as much for its competence and technical expertise as for the quality of its processes and customer service.

### New automotive manufacturer recognitions for EMC testing.

The Laboratories Division’s EMC laboratories have added the recognitions of the manufacturers Hyundai/Kia and GEELY- CEVT & LOTUS to their extensive list of recognitions. Furthermore, the integration of the Reliable Analysis laboratory has added the recognitions of the leading brands of the Chinese market, such as GAC, GWM, FAW and BAIC, to this list. The ability to perform tests in different parts of the world, and in accordance with the specifications of practically every manufacturer in the world, gives Applus+ Laboratories a big advantage over its competitors.

## Accreditations and certifications

### **Applus+ in Australia was recognised for acting as an instructor and operator by the Industrial Rope Access Trade Association (IRATA).**

The association, which promotes creating a safe environment for procedures in rope access techniques, uses audits to accredit its associates to teach training courses and guarantee that associate-employees work with the utmost safety during these operations. The Applus+ Group in the United Kingdom, Singapore, the Netherlands and Qatar are also registered members of IRATA.

### **New accreditations in the USA and Europe to evaluate vehicle safety according to consumer tests protocols.**

The IDIADA Division has achieved the accreditation as an exclusive laboratory for ASEAN NCAP in Europe and USA to conduct passive- and active-safety assessment of vehicles destined for the Southeast Asia region.

In addition, the National Highway Traffic Safety Administration (NHTSA) has extended the IDIADA Division's US NCAP accreditation scope in the USA to conduct active-safety testing. In particular, a contract as exclusive supplier has been awarded to evaluate a vehicle's propensity to rollover when undertaking the fishhook manoeuvre.

### **ISO accreditation in Chile.**

Our Laboratory in Santiago de Chile has secured the accreditation for 100 tests in the field of construction, according to the ISO/IEC 17025:2017 standard for competence, impartiality and consistent operation of laboratories.

### **Cybersecurity accreditation for high assurance evaluations.**

The Laboratories Division has extended the reach of its accreditation as a Common Criteria security laboratory to the EAL6+ level. Only 11 companies in the world hold this level of accreditation.

### **Notified Body for the certification of facemasks.**

In June 2020, the Laboratories Division expanded its ENAC no. 12/C-PR054 accreditation as Notified Body in order to perform the CE marking of facemasks. From the first half of 2020, a larger number of facemask manufacturers and distributors were able to turn to our experts for the certification of their products.

### **Applus+ in the USA is leading the way in assessing high-risk gas pipelines**

Applus+ conducted an extensive, independent engineering study to assess the need to replace cast iron and ductile iron natural-gas pipelines. The report was successfully submitted to the Illinois Commerce Commission (ICC) and was approved after several months of reviews by the different stakeholders involved, included environmental protection groups and client representatives.

### **NADCAP accreditation to conduct tests of aerospace components in the USA.**

Among other locations, our laboratory in Sterling Heights (Michigan, United States) has received the accreditation of Audit Criteria for Inspection and Test Quality System Nadcap AC7004, and at this same location and in Sterling Troy, our laboratories have also received the Nadcap accreditation for non-destructive testing.

## Health and safety

### Order of Distinction of the Royal Society for the Prevention of Accidents (RoSPA).

The Energy & Industry Division in the United Kingdom has received the RoSPA's prestigious award in recognition of its health and safety practices, as well as the assistance provided to its employees, clients and contractors to ensure that they complete their working day safely.

**Certificate of appreciation** for Applus+ in Indonesia for its **contribution to achieving 100,000 hours of safe work**, free of accidents with injuries in a project to redevelop the Tyra gas field.

With this recognition, Applus+ continues to be a trusted partner which guarantees the utmost operational efficiency through safe-working practices in partnership with its clients.



### Certificate as a COVID-19 Responsible Company.

The IDIADA Division has been certified as a COVID-19 Responsible Company after passing the audit conducted by the company AGS. During the certification process, the following procedures and equipment were audited: COVID-19 management system, COVID-19 preventive measures and protocols, personal protective equipment, coordination with suppliers and clients, and protocols in place in the event of a positive diagnosis.

### QAFAC award from the Qatar Fuel Additives Company.

Applus+ in Qatar received an award as a key supplier of QAFAC, which held an event to recognise management teams and leading suppliers after reaching 15 million hours of accident-free work.

### Professional certification from the Board of Certified Safety Professionals (BCSP).

The BCSP awards certifications to safety professionals in the United States. The supervisor trained in safety (STS or STS-C) is an upper-level certification earned after passing a 100-question test which encompasses all safety issues, in addition to more than 30 hours of training.

Thanks to this certification, our supervisors can participate in the HSE programme, a sponsorship programme for companies which achieve and maintain a certain number of STS certifications within their organisation. Applus+ is the only Non-Destructive Testing (NDT) company in the United States which has attained this sponsorship at the Ruby level with more than 25 certificates.

## Environment



### Applus+ renews its "B" classification by CDP

Applus+ Group has renewed its classification of "B" Level given by CDP for environmental disclosure, which is above the average. This level places Applus+ in *Management zone*, which shows that the company measures and manages its environmental impact. CDP is a not-for-profit organisation that operates the international information system for investors, companies, cities, states and regions with the aim of managing their environmental impact. In 2020, the Group maintains the classification achieved in 2019 and reaffirms our commitment to environment protection and the fight against climate change.



### Certification under the ESCO qualification of the Bureau of Energy Efficiency of India

Applus+ has received the qualification "CRISIL-BEE Grade 3" as an Energy Service Company (ESCO), which allows us to operate while offering deposit guarantees, risk management when implementing energy-efficiency projects, and energy-saving measurement activities after implementing energy-efficiency projects. The qualification is issued by the Bureau of Energy Efficiency, a government agency that reports to the Ministry of Energy and the Government of India.



### Award for commitment to sustainable mobility in Costa Rica

The Automotive Division, through its Riteve brand in Costa Rica, was granted the FIA Americas Awards from the Fédération Internationale de l'Automobile (FIA) for contributing to improving road safety and promoting environmental protection. With this recognition, Applus+ is reinforcing our social commitment in Costa Rica, and thereby contributes to safe and more environmentally-friendly mobility, thanks to the programmes we promote for road safety and accident prevention.



Quality Assurance and Quality Control services



3C 191 00000  
test limited

## Business excellence

GRI 102-12

GRI 103-2

GRI 103-3

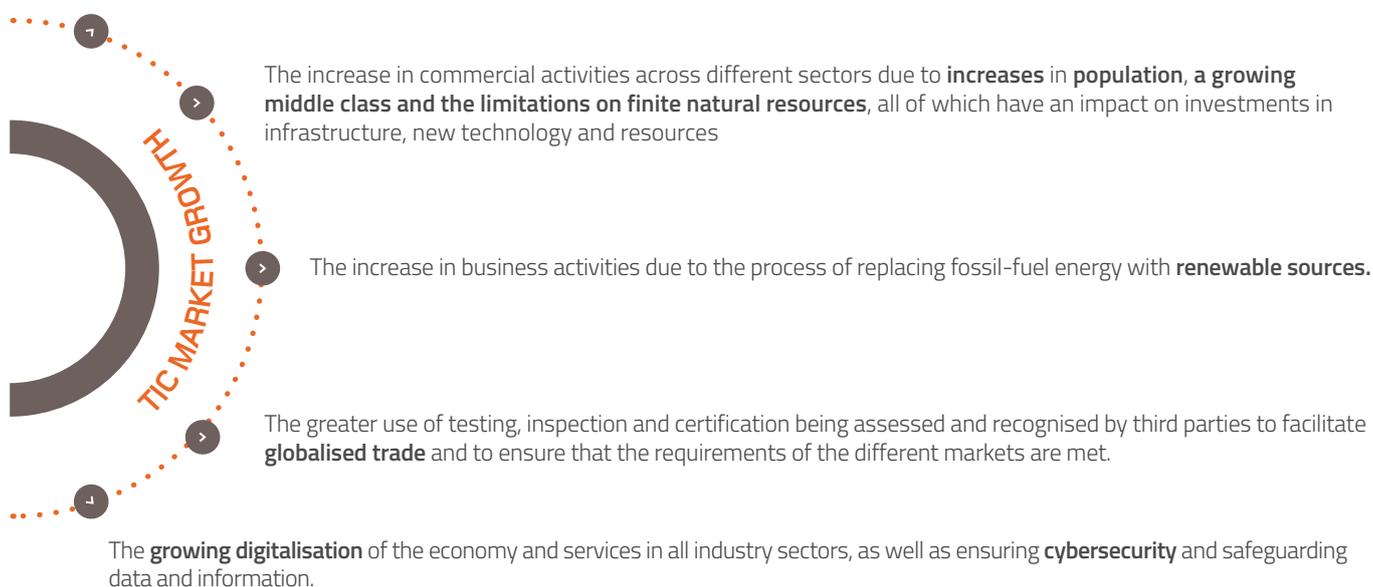
### THE TIC SECTOR

The TIC sector encompasses **many types of highly specialised services**, which are offered throughout the value chain, ranging from laboratory to in-situ testing, facility and asset inspections, product-conformity certification, management-process audits, documentation assessment and the verification of data coherence.

The market for TIC services is experiencing **continued worldwide growth**. This can be attributed to government initiatives for improving the quality of many different product categories and on the processes of globalisation favouring trade with emerging countries, which impose strict requirements to comply with international standards.

The main **growth factors affecting** the TIC market are:

The increase in the demands within **regulatory frameworks and standards** drives the TIC business sector as governments stipulate compliance with requirements for safety, healthcare, the environment and quality.



### SERVICES AND CLIENTS

GRI 102-2

The Applus+ Group has a large **multidisciplinary team** of professionals with **wide experience and strong capabilities**, recognised internationally for their **technical excellence** in a variety of industry sectors.

Our technical capability, together with our capacity for innovation and our highly qualified and motivated team, allows us to maintain a **solid commitment to technological development and innovation**. We are a partner that is trusted and recognised in our markets, and we assist our clients to improve the quality and security of their assets, infrastructure and operations.

We deliver our business activities across **four divisions**, based on our commitment to the principles set out within the framework of the United Nations' **Sustainable Development Goals** (SDG).



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

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



**13,848**  
Employees



**60+**  
Countries



**58%**  
Revenue  
(of Group)

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

The Division operates 30-plus programmes, carrying out over 15 million vehicle inspections across Spain, Ireland, Denmark, Finland, Sweden, Andorra, the United States, Argentina, Georgia, Chile, Costa Rica, Ecuador and Uruguay in 2020. In the programme-managed services, a further 10 million inspections were delivered by third parties.



**5,599**  
Employees



**13**  
Countries



**23%**  
Revenue  
(of Group)

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

IDIADA A.T. provides design, testing, engineering and homologation services to the world's leading automotive manufacturers.



**2,446**  
Employees



**22**  
Countries



**13%**  
Revenue  
(of Group)

The **LABORATORIES DIVISION** provides testing, certification and development engineering services to improve the competitiveness of its clients' products and encourage innovation. The Division has a network of multidisciplinary laboratories in Europe, Asia and North America.

Our state-of-the-art facilities and the technical knowledge of our experts allow us to offer high added-value services to a wide range of industries such as aerospace, automotive, electronics, IT and construction.



**1,494**  
Employees



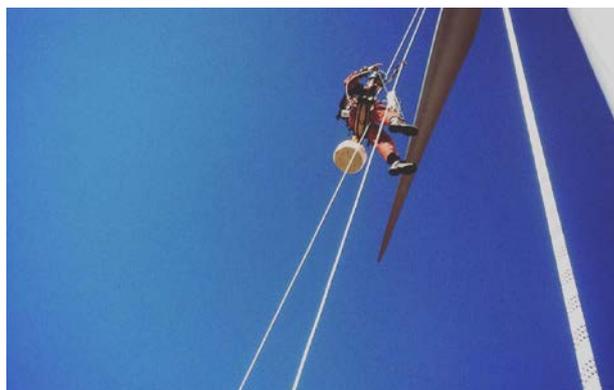
**12**  
Countries



**6%**  
Revenue  
(of Group)

OUR SERVICES ALIGNED WITH SDG

Sustainable Development Goals (SDG)	Energy & Industry Division	Automotive Division	IDIADA Division	Laboratories Division
3 GOOD HEALTH AND WELL-BEING	●	●	●	●
4 QUALITY EDUCATION	●			
5 GENDER EQUALITY	●	●	●	●
6 CLEAN WATER AND SANITATION	●			●
7 AFFORDABLE AND CLEAN ENERGY	●	●	●	●
8 DECENT WORK AND ECONOMIC GROWTH	●	●	●	●
9 INDUSTRY INNOVATION AND INFRASTRUCTURE	●	●	●	●
10 REDUCED INEQUALITIES	●	●	●	●
11 SUSTAINABLE CITIES AND COMMUNITIES	●	●	●	●
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	●	●	●	●
13 CLIMATE ACTION	●	●	●	●
14 LIFE BELOW WATER	●			●
15 LIFE ON LAND	●			●
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	●			
17 PARTNERSHIPS FOR THE GOALS	●	●	●	●



Energy & Industry Division



Automotive Division



IDIADA Division



Laboratories Division

## KEY PROJECTS

### Energy & Industry Division



#### Power



#### Engineering services at one of the highest wind turbine farms in Latin America

Our multidisciplinary team of Applus+ in Colombia and Applus+ in Spain have provided engineering services to a wind farm in Ecuador, located at 3,000 metres above sea-level, which qualifies it as one of the highest altitude wind-turbine farms and with the most extreme conditions in Latin America.

Among the services provided, we have carried out engineering for civil works, which includes access roads to the wind farm, internal roads, platforms and foundations; as well as electrical engineering, which includes the medium-voltage installations network between the 25 wind-turbines, the substation and the evacuation line.

Thanks to our knowledge of local environments and the joint work of our teams at a global level, we have been able to successfully manage the challenges of the project.



#### Power



#### 5-year contract with one of the largest nuclear-energy producers in North America

This Master Service Agreement confirms Applus+ as the non-destructive testing and primary technical-workforce provider for two nuclear-energy generating stations in Ontario, property of the largest power producer in North America. Applus+ provides 200 professionals to perform non-destructive testing as well as technical support during power-outage events.

We are proud to be selected by the client for this project, with whom we had already collaborated on previous projects, such as the refurbishment of its nuclear power stations. This trust and collaboration marks the growing presence of Applus+ in the nuclear-power industry sector in Ontario and throughout Canada.



## Oil and gas



### Implementation of the most efficient and less invasive methodologies for the pipelines inspection and rehabilitation in India

Applus+ has provided state-of-the-art technology for the inspection and renovation for many kilometres of pipeline in Delhi, India. To carry out this project, our specialised team used the CCTV (closed-circuit television) and CIPP (cured-in-place-pipe) methodologies.

CCTV is remote inspection used to inspect the interiors of the pipelines visually, through a wide selection of cameras, robotic cutters, etc. All reports generated are coded to EN13508 normative and all our professionals are certified to MSCC4 (WRC). In addition, CIPP methodology is one of the alternative methods for non-invasive trenchless rehabilitation used by Applus+ to repair existing pipelines, which minimise or eliminate the need for excavation. CIPP is a joint-less, seamless pipe-within-a-pipe system and is capable of rehabilitating pipes from DN 100 to DN 1600 in diameter. The process is carried out through the maintenance covers of sewage systems, avoiding excavation and traffic congestion.

Thanks to these methodologies, Applus+ has successfully carried out this complex project, minimising the environmental, economic and social impact that this type of project can generally generate.



### Inspection on 6,000+ mission-critical welds at newly built nitrogen-mixing station in the Netherlands

A major network provider for gas and power in the Netherlands has expanded its facilities with the construction of a new nitrogen-mixing plant.

At the new facilities, Applus+ has performed advanced non-destructive testing services on welds. In the first phase, we examined a total of 400 welds using Rotoscan, TOFD (time-of-flight diffraction), UT (ultrasonic testing), MT (magnetic particle testing) and RT (radiographic testing) for small diameters, and the second phase included the examination of 6,000 welds.

This is the first project in which we have provided services at a newly built nitrogen facility. We expand our capabilities while helping our clients minimise risks and protect both their professionals and the environment.



## Other industries



### Quality Control services for Moroccan market regulations on imported products

Applus+ has been selected as a provider of the verification of conformity (VoC) services in Morocco, which have been mandatory since June 2020. VoC consists of inspecting goods prior to their shipment from one country to another to ensure that imported items meet minimum standards for quality and safety.

Among the VoC services, Applus+ provides the coordination between the different teams to carry out the visual-inspection services, the laboratory inspection of samples and documentary review of industrial products. By regulation, products need to be supervised and approved prior to their entry into the country. Following the verification of all these aspects, Applus+ issues a certificate of conformity (CoC) required by the Moroccan regulatory authorities. When products do not meet the defined requirements, Applus+ issues a discrepancy report in order to allow for corrections before a new evaluation can be issued.

We have been selected for our agility and flexibility, as well as for our great professionalism in guaranteeing the safety and the quality of the products.



## Construction



### Contribution to road-quality improvements in Saudi Arabia

Applus+ provides consultancy services to the Ministry of Transport of Saudi Arabia. This three-year contract is focused on improving quality of the roads in the country. Our team of over 40 engineers and project managers provides road-management services and testing and analysis of the materials for the roads. In addition, we will develop new concrete and asphalt design-guides and provide multiple training courses for the Ministry's workforce.

The contract is a result of the hard work from our talented human capital and is the first of its type to be awarded by the Ministry of Transport. We are proud to be working closely with the Saudi Arabian Government, and to be establishing further collaboration for a continued partnership.

## Laboratories Division



### Telecommunications



### Benchmark laboratory for Common Criteria evaluations

The Laboratories Division is one of the leading laboratories worldwide for the security evaluations of IT products under the Common Criteria certification scheme.

Throughout 2020, the Division has managed multiple highly critical security-evaluation projects with high assurance levels (up to EAL6+) for sectors such as aerospace, telecommunications, digital identification and biometric payment systems.



### Automotive

#### Cybersecurity evaluations for the automotive sector

The Laboratories Division has carried out multiple cybersecurity evaluations of critical electronic components for vehicles, according to the TARA criteria (Thread Analysis & Risk Assessment).

The attacks performed by our experts allow Tier-1 suppliers and European vehicle manufacturers to evaluate components or electronic systems and verify that their integration will not compromise the security of a new vehicle or its passengers



### Aerospace

#### Test benches for helicopter components

The Laboratories Division was selected by a major helicopter manufacturer to design and manufacture a multifunctional test bench for the development and validation of the gearboxes for different next-generation helicopter models.

The Division will manage the whole project, from coordinating the construction of the building and installation to the design, manufacturing and commissioning of the test bench.

The magnitude of this project guarantees a long-term business relationship between Applus+ and the helicopter manufacturer. Over the past 3 years, the Division has become one of the main providers of technological services and test-bench engineering for critical helicopter components.

## Automotive Division



### Automotive



#### Digitalisation of our services at statutory-vehicle-inspection centres

During 2020, Applus+ has digitised some of its services and processes in the statutory-vehicle-inspection stations that the Group has around the world. This digitalisation has allowed us to adapt to the extra demands in safety and hygiene requirements during the Covid-19 pandemic, and, in addition, the improved processes have increased our flexibility and efficiency.

The Automotive Division has rolled out online payment at all of its centres, which currently represents 30% of payments made through the reservation-payment system. With this new system, now all of our clients have the option to pay in advance of their visit to the statutory-vehicle-inspection station, which allows the customer to remain inside the vehicle during the entire inspection process. The customer can make the payment when booking online or later, but always before the inspection, through a PayLink+, an application that delivers a link for payment via SMS or email.

In addition, we have developed the eCheckin+ programme to manage the vehicles' entrance into the centres. The customers with a scheduled-inspection receive a SMS, which provides their instructions to follow for accessing the station. The improvements delivered by digitalisation minimise queues and improve centre-productivity.

Finally, through our "No-paper" project, we offer option for clients to receive their *Inspection Report* and the invoice via an email service, reducing paper-use across all of our centres.



#### Development of ID-certificate for vehicles to stop frauds on cloned-vehicle leasing

Leasing fraud related to cloned vehicles is spreading significantly, especially in Denmark. Applus+, together with one of its partners in commercial leasing, has developed an identification certificate for vehicles to prevent these frauds. The service consists of verifying the cars that are subjected to sale or rental, reviewing all the vehicle's history and documents before a purchase or lease agreement is established, and issuing a certificate of conformity.

Applus+ in Denmark is the only provider that develops this service in the country. Thanks to the aptitude and versatility of our teams, we adapt our services to the needs of our clients, improving their operations.



### Optimisation of the queue-management system for the Texas Department of Public Safety through DriveQueue

Applus+ in the USA has implemented an enhanced queue-management solution for the Texas Department of Public Safety (DPS), Driver License Division (DLD). Among other services, DPS provides driving licences and identification cards to over seven million customers each year across more than 200 of its offices.

The DriveQueue application developed by Applus+ has been implemented in the DLD offices and allows DPS's clients to book their appointments online and register themselves through self-service digital displays when attending.

This new application and the digitalisation of processes increase service efficiency and allow DPS to optimise, control and manage the flow of customers within their DLD offices. Once more, Applus+ has contributed to improving processes thanks to our advances in technology.

## IDIADA Division



### Automotive



### The extension of ADAS and connected and automated vehicle services in regions around the world

The IDIADA Division has consolidated its leadership in the field of Advanced Driver Assistance Systems (ADAS) and connected and automated vehicle development by the deployment of local engineering and testing capabilities worldwide. New capabilities in Europe (UK), in Asia (China) and in North America (USA) complement the Group's already existing assets in Spain.

At these new locations, Applus+ has allocated engineering teams and resources to support vehicle development activities, as well as accredited regulatory and consumer testing programmes, including Euro NCAP, US NCAP and ASEAN NCAP.

The project demonstrates the IDIADA Division's capabilities to expand and manage its service-expertise globally.



### Management of the vehicle-emissions laboratory for a multinational vehicle manufacturer

Applus+ has been appointed by a leading vehicle manufacturer to operate their vehicle-emission laboratory and to manage the laboratory service's availability to the automotive industry.

The facility, located in Itatiaia, in the Brazilian state of Rio de Janeiro, is equipped with leading-edge technologies to undertake new development projects, including vehicle-emission testing, configurations for hybrid and electric-vehicle testing and homologation programmes to comply with current and future regulations.

This facility is the only laboratory in Brazil currently capable of providing support on projects based on the new Brazilian legislation PROCONVE L7 regulation projects involving On-board Refuelling Vapour Recovery (ORVR) requirements.

## QUALITY AND EXCELLENCE

GRI 418-1

### Our quality management approach

At Applus+, we focus our business on a **strategy orientated towards the client, which is based on close communication**. This approach allows us to understand and **foresee their needs to fulfil their expectations**, while maintaining the highest levels of service excellence.

Our system for quality management is governed by international standards. We rely on different protocols in its management, taking into account the range of services we offer, although all of these are covered by the **International ISO 9001 Standard** and by **our global policy for Quality, Prevention and the Environment**, where the system is certified in over 30 countries based on quality regulations.

For the Applus+ Group, the **satisfaction of our clients** is the driving force to continually improve our services within a safe and sustainable environment. The following six aspects underpin **our operational activities**:



#### QUALITY AND EXCELLENCE

Efficiency and excellence in internal management, developing a system for integrated quality management and sustainability.



#### SERVICE DELIVERY

Rigor, impartiality, confidentiality and integrity in all our activities and strict compliance with our *Code of Ethics*.



#### KNOWLEDGE

Specialised technicians to provide industry with the best solutions, allowing us to operate globally with high local knowledge.



#### INNOVATION AND TECHNOLOGY

Innovation is the differential characteristic of our teams, which is present throughout the Applus+ Group's value chain.



#### STRATEGIC ALLIANCES

Working together with clients and suppliers to create relationships based on trust, loyalty, transparency and mutual respect.



#### ACCREDITATIONS AND CERTIFICATIONS

Our recognition by third-party entities demonstrates our competence and qualification in the TIC sector.



As evidence for the commitment Applus+ has developed for Quality Management, in 2020 we celebrated the **Worldwide Quality Day**.

On this occasion, the slogan of the day "**Information management**" focused on excellence in managing and preserving information generated when delivering our activities.

The **key points** of this management focused on:

- data confidentiality and restriction to its access
- compliance with data-protection legislation
- retention of information only for the strictly required amount of time, while always safeguarding confidentiality and security.

## Client feedback

At Applus+, **listening to our clients' opinion** is essential for the ongoing improvement of our company's professional performance.

We therefore **meet and communicate with our clients frequently**, both at the beginning of the work to understand their expectations accurately and to plan the requirements of the work carefully, as well as during the delivery of the work and at the review of the results.

The feedback from our clients is obtained through **different communication channels**. We organise open-day seminars, forums, conferences, regular meetings and personal interviews to directly understand our clients' degree of satisfaction and their suggestions for improvement, and we also use more formal channels such as email or the Group's website.

We are proud to attain **very high levels of satisfaction** from our most loyal clients. For example, in Saudi Arabia a large company in the oil and gas sector gave us a 96% satisfaction rating for our services in different categories such as management and administration, project control, human resources, equipment and installations, safety, and quality.

**We view any complaint as an opportunity to improve our services.** Although the channels for receiving complaints may vary at a local level, during 2020 we received a total of **721 complaints from clients**, of which **644 have already been closed**, with the remaining being analysed and resolved.



Rope-access inspection services

## STRATEGIC ALLIANCES

### GRI 102-13

Applus+ participates on a large number of technical and business associations, taking part in different technical committees which bring together experts in disciplines pertaining to our services.



This participation provides us with the knowledge at an international level to develop our professional capability to the fullest, while contributing our experience through recommendations that assist managers in decision-making and in the drafting of the most appropriate regulations to be followed.

Moreover, our participation on ESG committees reasserts our commitment and vocation to develop a business model that creates value for the company.

### Technical forums

The Automotive Division is a leading member of International Motor Vehicle Inspection Committee (**CITA**) and part of the **Permanent Member Bureau**, in addition to taking part in all the active work groups: **WG1 (Safety systems); WG2 (environmental-protection systems assessment); WG3 (training and inspection quality results); WG4 (ongoing compliance) and WG5 (IT systems)**, as well as on other regional advisory groups (**RAG**) which the association has worldwide. This international forum fosters the exchange of information, knowledge and experience relating to the regulations that improve vehicle performance for road safety and environmental protection.

Our engineers at the IDIADA Division actively participate on the different working groups of **EARPA** (Independent Association of Automotive R&D Organisations). We are members of the **Foresight Group Connectivity Automation Safety** (safety in connected driving), the **Foresight Group Energy Powertrains and Electrification** (energy propulsion and electrification), the **Foresight Group Integrated and Connected Product Development** (development of integrated and connected products), and the **Foresight Group Future Mobility for People and Goods** (future mobility for people and goods). These groups are concerned with studying technologies involved in these research areas and the support allowing their development.

The IDIADA Division also participates in working groups involved in the challenge of automated and autonomous vehicles, covering the definition of requirements, data analysis, validation and different safety aspects of vehicles, especially those organised by **UNECE**, based on its principles for promoting sustainable, safe transport and improving traffic safety. The **GRVA** working group prioritises the **safety of vehicle protection and connectivity**, the study of the components of **Advanced Driving Assistance Systems (ADAS)**, and the working group on **Brakes and Running Gear (GRRF)** is preparing regulatory proposals on vehicle automation, ADAS, active safety, braking, and the operational issues for the harmonisation of the regulations for vehicles.

As a member of the European Telecommunications Standards Institute (**ETSI**), Applus+ actively participates in developing new testing standards. The organisation is responsible for producing standards for information and communications technologies applicable at a worldwide level, including those for landline phones, mobile phones, radio, transmission, the Internet and aerospace communications. Among others, our technicians participate in the **Technical Committee (TC) Broadband Access Networks (BRAN)**, which sets the standards for the present and future technologies of broadband wireless access (BWA) on different frequency ranges.

Experts from different divisions at Applus+ participate in **ASTM International**. The association is a forum for developing and publishing voluntary international consensus standards for materials, products, systems and services. They develop the technical documents which form the basis of manufacturing, management, procurement, coding and regulating in dozens of industry sectors. Among other committees, our experts at the Energy & Industry Division in North America participate in the **Non-Destructive Testing Committee**, and the Laboratories Division is a member of the **subcommittee** that deals with over 175 regulations, published in the *Annual Book of ASTM Standards*: emerging methodologies for X-Ray, Gamma and Neutron Radiology, penetrating liquids, magnetic particles and acoustic emission.

Our technical experts work closely with the **European Standardisation Committee (CEN)**, one of the three European standardisation organisations, together with the CENELEC and the ETSI, which have been officially recognised with the responsibility for developing and defining voluntary European standards.

Applus+ is also a member of the **TIC Council**, an international association representing independent Testing, Inspection and Certification companies. We participate in technical committees such as the **Industrial Life Cycle Services committee** and in the **working group for pressurised equipment**, as well as in horizontal committees such as the **Accreditation and Standardisation** and the **Ethics and Legal committee**.

## Social responsibility (ESG)



The Applus+ Group is signatory of **UN Global Compact**, committing to its **10 principles** relating to human rights, work, the environment and fighting corruption.

The Group works together with **FORÉTICA**, a leading association in ESG, focused on businesses and professionals in Spain and Latin America for the certification of its system blueprints.

In Spain, Applus+ is a sponsor of the **ADCOR Foundation**, a not-for-profit organisation dedicated to supporting **equality in workplace opportunities** for people with different abilities in A Coruña.

We work with several **foundations and associations** to foster talent with **different abilities**, as well as the **Prodis Foundation, Down Syndrome, Aura, Fademga, Asindown, Aspanri, the Matamoros Corporation in Colombia and ONCE** among others.

We work together with **employment platforms** such as **Port talento**, which allow us to attract employees with different capabilities to cater for the company's human resource needs.

In 2020, we hired new personnel with the framework of our **"Sin Límites" (Without Limits)** programme to bring people with different **intellectual capabilities** into the Applus+ Group's workforce.

Through our adherence to the **Diversity Charter of the European Commission**, we communicate to the world our commitment for cultivating **professionals from different cultures, genders, ages and abilities**.

In Spain, we participate in the **"Más mujeres, mejores empresas" (More women, better companies)** initiative by the Ministry of the Presidency, and with the same commitment, we are adopting the **Empowerment Principles for Women defined by the United Nations**, which aims to continue promoting equality opportunities, integration and non-discrimination for women within an organisation.

## INNOVATION

The innovation activities at Applus+ assist us to maintain our **commitment to creating value and service excellence for our stakeholders**. Our aim is to become technological partners with our clients when developing new products and implementing new technologies, which allow us to offer more advanced services with greater value.

One of the Group's priorities is to provide a response to our clients' needs and seek new ways of interacting with them, making full use of the possibilities of **new digital technologies**, as well as to evolve with our partners when adapting to rapidly changing environments occurring within the markets where we operate. This was especially important in 2020 to assist clients in **overcoming or minimising the impact of the crisis** caused by the coronavirus pandemic.

In this context, the **synergies between our divisions** are a key asset. These broaden our horizons and capabilities to provide a better response for both our internal challenges and those of our clients, allowing the Group to create new services or improve existing ones and adapt them to different scenarios in different sectors, while taking advantage of new business opportunities.

For this, we continue to have **creative and motivated experts**, with knowledge and experience in many disciplines.

This year, **eight hundred and sixty-five of our people** were involved in and contributed to projects delivering innovations, dedicating more than 286,000 hours. To continue providing innovative solutions to our clients' businesses and in markets affected by the global pandemic, our divisions have devised new **plans to effectively optimise** our innovation projects.

Our teams worked on **177 projects** for research, development and innovation, many of which were already in progress and will continue in the years ahead.

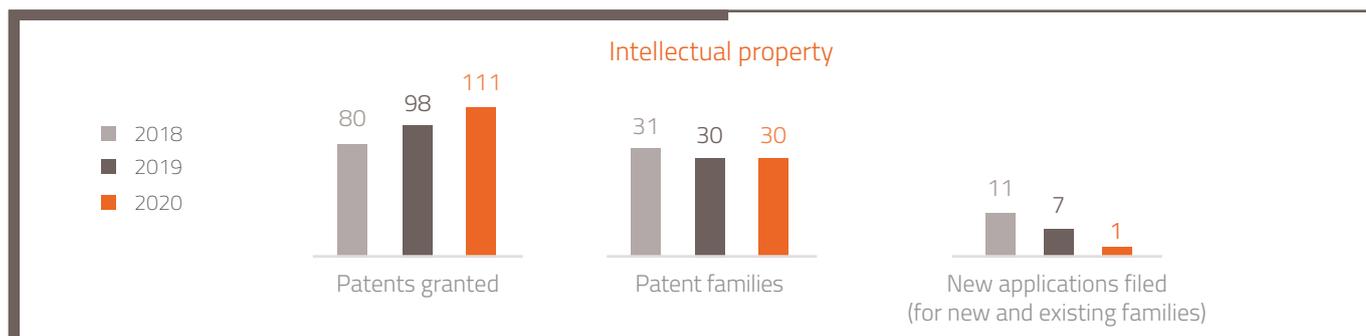
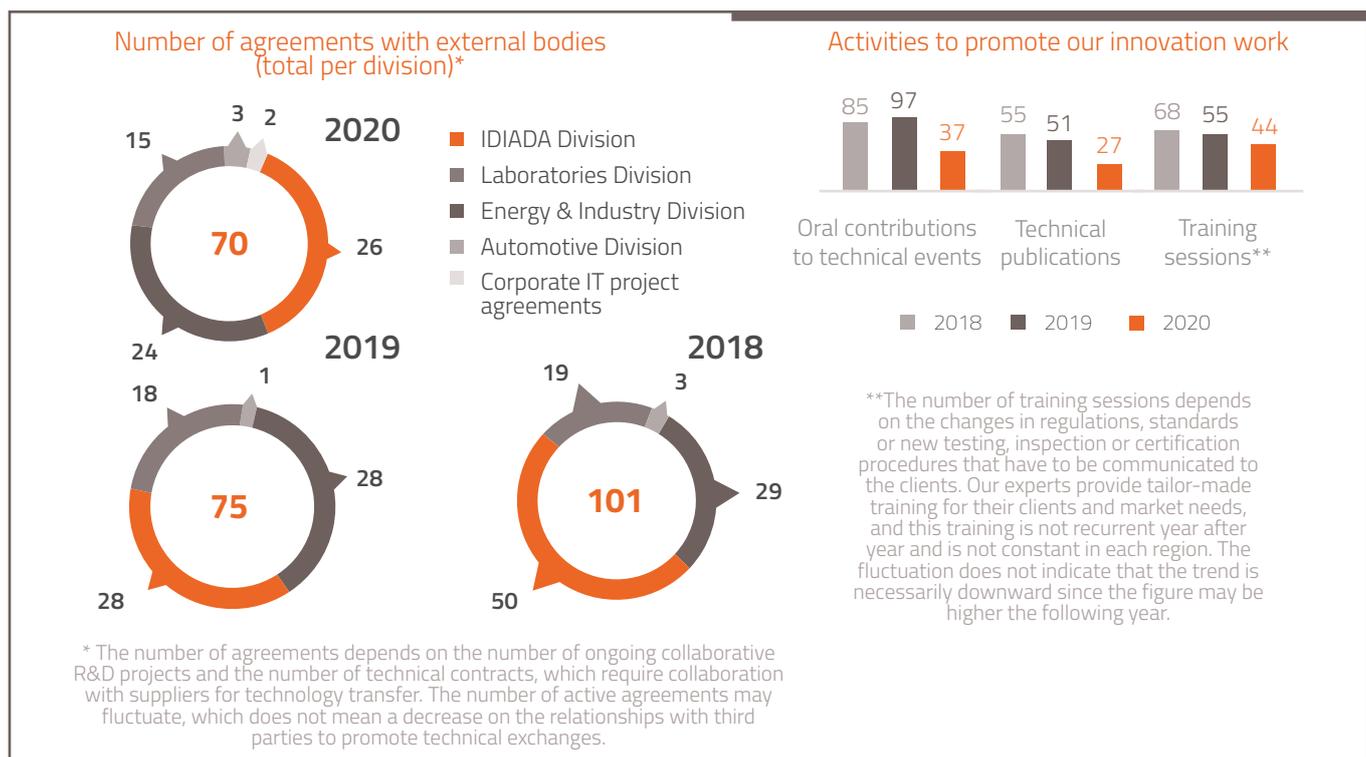
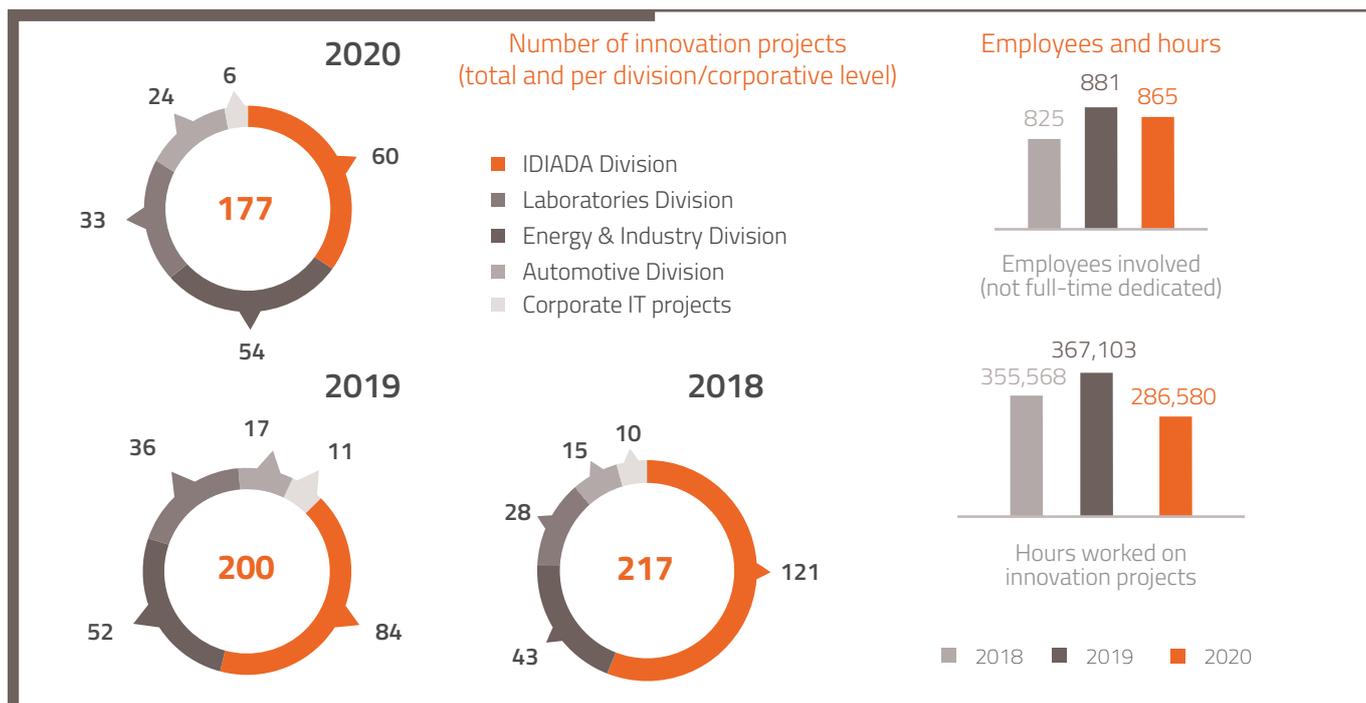
A total amount of **13 patents** were granted from 5 different existing families, resulting in a new total of **111 valid patents**, while the number of active patent families remains at 30. During this year, according to the optimisation of patent portfolio initiated in previous years, only one new application for an existing patent family was filed.

In 2020, our innovation management activity has enhanced the following aspects:

- With regards to the **internal innovation activities**, our efforts focused on **accelerating the development of digital tools specially to offer remote services** in order to continue the company's operations under the new working scenario, with the utmost security and safety for our clients and employees and a high quality of service.
- The activities relating to digital technologies have been crucial to minimise the impact of the pandemic, and we have increased the speed of the rollout plan. We have launched **new services** to respond to the requirements arising from the crisis, **and some pre-existing services have been adapted** to respond to the needs of our clients and the wider society.
- Some **financed projects have been postponed** to facilitate their proper performance and completion, as well as to reduce the impact due to the lockdown period, especially with regards to laboratory activities.

At the beginning of the health crisis, conferences and technological meetings stopped across the globe, and consequently, we reduced our participation at these industry events. Latterly, we regained our contributions as online events became widely initiated, and similarly, our four divisions set up webinars to deliver training courses, which addressed our clients' requirements. Through these measures, we have maintained our technological presence across our TIC markets in a complicated year.

## Key figures



## Digital transformation project

**Introducing technological advances through innovation** in our business lines is one of the **strategic practices** that drives Applus+ to be a global leader in the TIC sector.

We evolve together with our clients in adopting digital technologies in business.

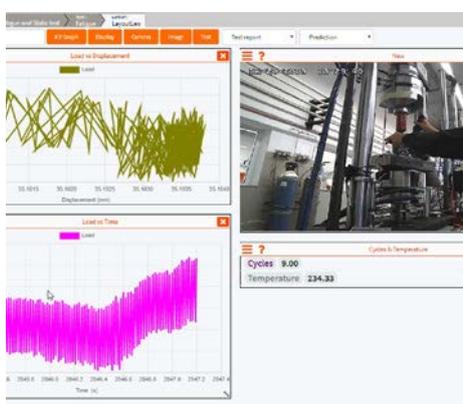
To accelerate the digitalisation within our operations and to develop new digital services, we have multiple initiatives, including the Digital Transformation Project launched in 2018 that promotes digitalisation across the Group by following a clearly defined roadmap. The application of digital technology such as data management, data analytics, machine learning, IoT and smart devices are the foundation of the digital solutions under development at Applus+.



### Digital Twin

This is a new service from the Energy & Industry Division to create digital twins of clients' assets using photogrammetry and LiDAR (Light Detection and Ranging or Laser Imaging Detection and Ranging) techniques, which consist of taking thousands of photographs and data points, respectively, with different devices, including drones. The images are then processed to generate virtual models which can be used to inspect the real assets from anywhere in the world and to measure the evolution and degradation of the installations through constant monitoring.

The system **increases safety considerably**, and our technicians do not need to be mobilised to physically inspect the installations. With these remote visual inspections, **costs and time** are reduced, improving the entire process.



### e-Testing

The Laboratories Division has implemented the use of its online platform "e-Testing" at several of its laboratories, **allowing clients to remotely manage, monitor and control their products' tests securely and in real time.**

The e-Testing platform was initially developed to meet the needs of the aerospace sector. Nowadays, e-Testing is an open window to our laboratories for our clients and provides their experts with real-time access to all the information related to their projects (testing footage, real-time measurement data and simulations, among others).

e-Testing is not only a monitoring tool but also an efficient decision-making solution for our clients. It has made all the difference when facing the mobility restrictions caused by the pandemic.



## GPSi

This system from the Automotive Division replaces the rolling-roads normally used at statutory-vehicle-inspection centres to inspect taximeters. Based on GPS technology, Applus+ has developed a highly economical, and portable device, calibrated and accredited by ENAC (Spanish accreditation entity), which allows taximeters to undergo metrological inspections, while also allowing public administrations to conduct taxi inspections in the field.

The measurement system on the GPSi is not affected by tyre deformation or wheel defects, as with the traditional static rolling-roads. The system also avoids electronic problems and can be applied universally for all types of vehicles.



## EVADE 2022

The IDIADA Division has launched this project to develop a methodology with which it can test and validate emergency braking and evasive systems on vehicles-technology which is currently under development.

Through virtual simulations and physical tests, EVADE 2022 sets out to develop and standardise the methodology for checking that automatic braking and evasive systems are working properly, based on the driver's behaviour when these emergency systems are activated. The ultimate goal is to further the human-machine interface which assists manufacturers in designing and developing the connected and automated vehicles (CAV) of the future.

## Other innovation projects



### CAVWAY

The CAVWAY project consists of implementing a technical centre devoted to testing connected and autonomous vehicles (CAV), which will be part of a network of testing sites located at strategic locations across the United Kingdom, with the goal of furthering the development of these new types of vehicles.

For the CAVWAY project, road traffic junctions will be designed and built at a former airbase in Oakley, near Oxford. These new intersections will be flexible and appropriate for a variety of road configurations representing the broad range of junctions on motorways in the United Kingdom, ranging from smart motorway exits to national roadways regulated by traffic lights to junctions on secondary roadways with lower visibility.

CAVWAY will also include a new private-road network dedicated to testing activities, as well as V2X (Vehicle to everything) communication components.

The Division's project will contribute to creating an **infrastructure for testing connected and autonomous vehicles (CAV) in United Kingdom**, on which to grow the product-engineering business at Applus+ within the automotive industry.



### CAVRIDE (AUTOTAXI)

IDIADA Division has worked to increase its knowledge on Connected and Automated vehicles. The CAVRIDE project developed a Level 4 Automated Taxi, which will be implementing new technologies in the same unit and allow the IDIADA Division to develop their own Connected and Automated functionalities in its own hardware systems and having the proper tools for developing and validating these kinds of new technologies. **The resulting automated vehicle**

**could be used as a tool for validating systems and also as a prototype vehicle to develop new concepts.** The automated vehicle has been designed following the functional safety standard (ISO26262), allowing IDIADA to demonstrate its capabilities in this field across all levels of development.

Connected and Autonomous vehicles will gradually gain traction in the market over the next two decades, from about 4% of the global market for light vehicles in 2025, rising to approximately 41% in 2030 and 75% by 2035. The automotive industry is currently developing new concepts and prototypes to add ever more functionalities to their vehicles and increase the level of autonomy of their vehicles. The IDIADA Division, as an automotive engineering partner, is already working on projects to develop these kinds of systems.



### High-technological value testing and data-modelling solutions for the automotive industry

The Laboratories and IDIADA Divisions have brought together their knowledge and experience in the fields of testing, crash tests and simulation for the automotive industry to develop a unique process for providing the necessary material models used in full-vehicle crash test simulations.

## On-Board Fuel Consumption Meter (OBFCM)

In 2020, the adaptation of OBD (On-Board Device) systems, already used in the statutory-vehicle-inspection centres at Applus+ in Spain, was developed to include the **monitoring of a vehicle's cumulative fuel consumption**. The meter, which is compulsory in new vehicles from 2020, is being spearheaded by the European Commission, and it will provide better data on the real consumption of new vehicles. With this new monitoring system, the Automotive Division's statutory-vehicle-inspection stations will combat both local pollutants and the excess emissions of greenhouse gases.



## New remote-inspection services

Within the context of the coronavirus pandemic, remote-inspection solutions are having an important impact at many levels. First, remote inspections preserve public health, and secondly, they enable the activity to continue while lowering the environmental impact through the elimination of travel.

The Energy & Industry Division has developed new remote-inspection services using a variety of technologies and strategies applicable to different use-cases. One of these is **remote vendor inspection**, a collaborative system based on augmented reality through a TRA (Technical Remote Assistant), which enables the client to ascertain the state of their assets or suppliers remotely, without impacting on the accuracy of the information and decision-making.

Another solution developed is remote inspection of pipelines, in which experts located anywhere in the world can check, analyse and report on the inspection without actually being present at the site, with the consequent impact on lowering the number of personnel required to travel to the inspection site.

The Technology Centre of Rotterdam has developed a cloud-based communication system to remotely support IWEX and Rotoscan ultrasonic inspections of newly built pipeline in the field from the operator's centralised location.



## Offshore pipeline inspections for a major oil and gas client in the UAE

The Energy & Industry Division in the Middle East was awarded a contract with a major oil and gas client in the UAE for intelligent pigging and in-line **inspections of pipelines** between the several offshore facilities in the Arabian Gulf.

This complex collaborative project, which is developed between Applus+ UAE and Applus+ North Europe teams, is highly challenging due to the utilisation of advanced NDT techniques in a **hazardous, offshore environment**.



### Benchmark supplier for the aerospace sector

Throughout 2020, the Laboratories Division carried out multiple high-complexity projects for the aerospace industry, including:

**A test bench for helicopter gearboxes**, which allows the gearboxes from several helicopter models to be tested. For this project, the Division provided a turnkey solution including design, manufacturing and commissioning of the test bench.

**A test bench for high velocity impacts, the "Gas Gun"**, allowing for high-velocity tests to be performed with several types of projectiles on any part of the fuselage, the motor or the cockpit of an aircraft or drone.

**A+ Glide Forming**: the carbon-fibre component manufacturing technology developed by the Laboratories Division has been deemed as key technology for two innovative, complex geometry component-forming projects using thermostable and thermoplastic composite materials.



### Turnkey tooling project for the assembly of scientific infrastructures

Thanks to the Laboratories Division's experience in developing large-scale tools, the Division was chosen both by the CERN (Conseil Européen pour la Recherche Nucléaire, France) and by FERMILAB (US) to carry out the design and manufacture of two necessary tools for the assembly of the sections of their respective particle accelerators.

## Innovation through collaboration



### NHYTE project

Throughout 2020, the Laboratories Division was involved in several projects financed by the European H2020 programme and the Clean Sky2 initiative, and it collaborated closely with the European industry, universities and technological centres.

In October 2020, the NHYTE Project came to an end. Its main objectives were the development of more environmentally-friendly manufacturing processes of aero-structures and the integration of a new hybrid thermoplastic composite material with multifunctional capabilities and reduced recycling costs. Some of the results obtained were presented at the **EASN Conference 2020** and are documented in the article "Virtual testing activities for the development of a hybrid thermoplastic material for the NHYTE project".

## MuCCA Project

**The Multi-Car Collision Avoidance Project (MuCCA)** was a 30-month project worth £4.6 million, financed by the Centre for Connected and Autonomous Vehicles (CCAV) as part of the Innovate UK programme. The consortium, comprising the IDIADA Division at Applus+, Connected Places Catapult, Cosworth, Cranfield University, Westfield Sportscars and SBD Automotive, has developed a next-generation controller to help avoid multiple-car collisions on motorways. The technology primarily seeks to avoid accidents, but if unavoidable, the MuCCA system tries to minimise the consequences of an accident. Through the MuCCA project, solutions for the numerous technical challenges facing CAV vehicles have been tested and fine-tuned. These were shown at the **online seminar which closed the project** and at the **Cenex 2020** event, at which one of our engineers from the IDIADA Division in the United Kingdom delivered a virtual talk to share the conclusions of the project.

## Participation in at technical conferences and sponsorship

In 2020, the Laboratories Division participated at multiple digital events to present its solutions and technological advances:

- **Composite thermoplastic materials for the manufacturing of aerospace components**

Our experts conducted a webinar at the ITHEC conferences to present the A+ Glide Forming complex geometry part-manufacturing technology and its applications on composite thermoplastic materials.

- **Materials testing for simulation**

The experts of the Division showcased solutions in the field of simulation at the NAFEMS 2020 Nordic Regional Conference and at the Global Altair Technology Conference 2020, both on an international scale.

Furthermore, the Division was "silver sponsor" at the LS-DYNA Conference 2020, "associate sponsor" at the SPE ACCE 2020 Virtual Forum, "silver sponsor" at the SPE Thermoplastic Elastomers Virtual Conference and "premier sponsor" of the 2020 Global 3DEXPERIENCE Modelling & Simulation Virtual Conference.

- **Common Criteria: guarantee the continuity of evaluations during the pandemic**

Our experts took part in the CCAF virtual workshop, explaining the measures our cybersecurity laboratory took during the pandemic to guarantee the continuity of the Common Criteria evaluations, at all times in accordance with the requirements of the certification schemes and set out by our clients.

## Webinar participation in the field of safety and the environment in statutory vehicle inspections

In 2020, the International Motor Vehicle Inspection Committee (CITA) organised webinars for its different stakeholders to outline the regulatory framework that seeks to **improve road safety and environmental protection**.

Personnel from Applus+ actively participated to share their knowledge, such as the talk on "**Status of implementation of EU regulation 2019/621**" held in October 2020 for 90 participants. Our experts from the Automotive Division shared details on the application of the regulation, within the regulatory framework for their respective regions. In November, the webinar entitled "**Collecting OBFCM Data in PTI** (Periodic Technical Inspection)" was also held with the participation of our experts, who presented the use of the fuel-measurement devices governed by EU regulation 2018/1832.

The contribution of statutory vehicle inspections to collecting OBFCM (On-Board Fuel Consumption Meter), through the port of on-board devices on vehicles, may help reduce pollutants, improve safety and combat climate change.

## OUR SUPPLIERS

GRI 102-9

GRI 204-1

GRI 308-1

GRI 414-1

### Approach to purchasing management

Our **Corporate Purchasing Department** is responsible for the Group's purchasing policies for services and products, and the department leads throughout the entire purchasing process, covering:

- The definition of policies aimed at our suppliers, concisely aligned with the objectives defined by Applus+ for our purchasing activity.
- The optimisation of communication mechanisms with our suppliers to reach the best price-quality ratio.
- The simplification of processes, with the ensuing improvement of service levels.
- Risk reduction and the development of successful relationships.

The Purchasing Department ensures an **optimal implementation** of our policies **in all of the countries** where we operate, supervising the performance of the teams responsible for the policies' compliance at a divisional, regional and local level.

**Impartiality and independence, responsibility, integrity and transparency** are key aspects of our purchasing process, as well as a **commitment with the supplier to fulfil our social and environmental requirements**.



All of the Applus+ Group's suppliers are submitted to an **objective assessment process** before working with the company, which includes the assurance to fulfil all of the fiscal, environmental, workplace and human rights regulations; the review of the anti-corruption procedures; the data-protection practices and the current legislation on personal protective equipment (PPE) for each country.

As defined in our purchasing management standards, our suppliers' offers are assessed following objective criteria, such as price, quality, delivery time, communication and collaboration, service levels, domestic and international geographical coverage, financial responsibility, technical and productive capacity, and synergies within the Group.

Once approved, suppliers must comply with **the Group's commitments** relating to our **Code of Ethics** and the Group's policies for **Anti-Corruption, Environment** and **Health and Safety**.

## Noteworthy highlights in 2020

In 2020, we **reviewed and updated** two of the main policies led by the Corporate Purchasing Department: the **Purchasing policy** and the **Group Suppliers' policy**.

The first determines the criteria for Applus+ and the delegation of authority for all of the purchasing activities, and the second sets out the qualification requirements, as well as the guidelines for managing suppliers, **giving more weight to the other criteria based on ethics and environmental actions**.

Within our selection and qualification criteria, Applus+ also ensures that all of our suppliers have the right to **freedom of association and collective bargaining** and that suppliers comply with the United Nations' regulations on **fair trade**, including the signing of a charter that expressly indicates an adherence to norms such as banning child or forced labour. We have not detected any non-compliance with these rights by our suppliers.

We have continued with our policy based on the **preferential use of local suppliers** insofar as is possible. Similarly, within the qualification process of suppliers, we have started to request information with the purpose of **fostering the diversifying of suppliers**, such as companies owned by women, people with different capabilities or minorities, especially in certain countries like the USA.

2020 was severely affected by the **health crisis** caused by the coronavirus pandemic. Due to the closures of several countries and the reduction of operations at Applus+, the Purchasing Department had to renegotiate many contracts to align our operations with the new situation. We also experienced a shortage of material and delays due to the global situation, and we had to adapt our personal protective equipment (PPE) to provide a safe environment, both for our employees and clients.

In 2020, the **total expenditure with suppliers** was 539 million euros, and the total number of worldwide suppliers used by Applus+ was 61,325.

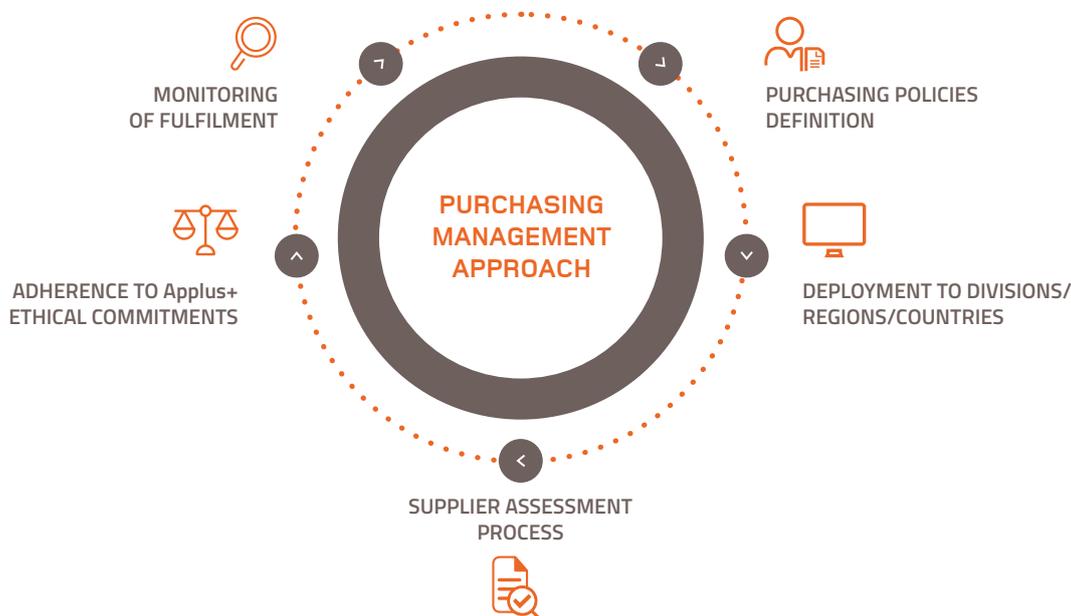
The 100% of new supplier-type that we consider as strategic, as well as our regular suppliers, are **approved using environmental and social criteria**. The scope of these figures is limited to the countries covered by the SAP application software (41%).

**The percentage of products and services acquired locally** (at a country level) was 95% in 2020.

## Follow-up of purchasing policies

Our purchasing policies are applied in all countries and are **monitored** from the Corporate Purchasing Department under the **Suppliers Relationship Officer** function. Monitoring is completed with the **Qsens** application, which can ascertain the policies' proper implementation and observe qualification-attainment ratios for suppliers.

In 2020, we detected no incidence in supplier management. Moreover, during the year we developed a **supplier management system** by using a **new tool** which provides us with more information and consequently a greater level of control. This will be implemented in 2021.



## Financial information

GRI 103-2

GRI 103-3

### SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

GRI 102-45

#### APPLUS SERVICES, S.A. AND SUBSIDIARIES

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 (Thousands of Euros)

ASSETS	Notes	31/12/2020	31/12/2019	EQUITY AND LIABILITIES	Notes	31/12/2020	31/12/2019
<b>NON-CURRENT ASSETS</b>				<b>EQUITY</b>			
Goodwill	4	665,456	609,245	Share capital and reserves-			
Other intangible assets	5	425,810	474,321	Share capital	12.a	13,070	13,070
Right of use assets	26.a	179,158	152,934	Share premium	12.b	449,391	449,391
Property, plant and equipment	7	232,578	226,734	Retained earnings and other reserves		363,291	305,354
Investments accounted for using the equity method		542	686	Profit / (Loss) for the year attributable to the Parent		(158,233)	55,650
Non-current financial assets	8	14,970	30,000	Treasury Shares	12.c	(2,664)	(4,102)
Deferred tax assets	20.c	64,160	65,505	Valuation adjustments-			
<b>Total non-current assets</b>		<b>1,582,074</b>	<b>1,559,425</b>	Foreign currency translation reserve	12.c	(75,611)	(43,435)
				<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>		<b>585,238</b>	<b>775,928</b>
				<b>NON-CONTROLLING INTERESTS</b>	13	<b>48,635</b>	<b>48,527</b>
				<b>Total Equity</b>		<b>633,873</b>	<b>824,455</b>
				<b>NON-CURRENT LIABILITIES</b>			
				Long-term provisions	17 & 27.b	25,573	26,900
				Obligations and bank borrowings	14	686,610	545,894
				Obligations under leases	26.a	144,379	124,500
				Other financial liabilities	15	22,469	25,393
				Deferred tax liabilities	20.d	128,100	137,412
				Other non-current liabilities	18	37,395	29,477
				<b>Total non-current liabilities</b>		<b>1,044,526</b>	<b>830,176</b>
<b>CURRENT ASSETS</b>				<b>CURRENT LIABILITIES</b>			
Inventories	9	8,914	8,434	Short-term provisions		4,518	2,535
Trade and other receivables-				Obligations and bank borrowings	14	32,777	59,193
Trade and other receivables	10	321,370	387,715	Obligations under leases	26.a	51,170	45,674
Trade receivables from related companies	10 & 28	253	233	Trade and other payables	19	365,146	330,039
Other receivables	10	15,504	25,333	Trade payables from related companies	19 & 28	-	3
Corporate income tax assets	20.b	19,424	23,391	Corporate income tax liabilities	20.b	18,663	13,802
Other current assets		12,775	10,305	Other current liabilities	18	6,307	6,688
Other current financial assets	11	2,598	11,909	<b>Total current liabilities</b>		<b>478,581</b>	<b>457,994</b>
Cash and cash equivalents		189,468	145,160	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,156,980</b>	<b>2,172,565</b>
<b>Total current assets</b>		<b>574,906</b>	<b>619,140</b>				
<b>TOTAL ASSETS</b>		<b>2,156,980</b>	<b>2,172,565</b>				

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of financial position as at 31 December 2020.

**APPLUS SERVICES, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2020**

(Thousands of Euros)

	0	2020	2019
<b>CONTINUING OPERATIONS</b>			
Revenue	21.a	1,557,614	1,777,944
Procurements		(145,683)	(156,517)
Staff costs	21.b	(886,235)	(979,371)
Other operating expenses		(307,292)	(345,561)
<b>Operating Profit Before Depreciation, Amortization and Others</b>		<b>218,404</b>	<b>296,495</b>
Depreciation and amortization charge	5, 7 & 26.b	(158,395)	(158,487)
Impairment and gains and losses on disposals of non-current assets		(165,033)	-
Other results	21.c	(12,396)	(7,206)
<b>OPERATING PROFIT</b>		<b>(117,420)</b>	<b>130,802</b>
Financial Result	22 & 26.b	(24,839)	(23,897)
Share of profit of companies accounted for using the equity method		-	-
<b>Profit / (Loss) before tax</b>		<b>(142,259)</b>	<b>106,905</b>
Corporate income tax	20	1,171	(30,376)
<b>Net Profit / (Loss) from continuing operations</b>		<b>(141,088)</b>	<b>76,529</b>
<b>PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX</b>		-	-
<b>NET CONSOLIDATED PROFIT / (LOSS)</b>		<b>(141,088)</b>	<b>76,529</b>
Profit / (Loss) attributable to non-controlling interests	13	17,151	20,879
<b>NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT</b>		<b>(158,239)</b>	<b>55,650</b>
<b>Profit / (Loss) per share (in euros per share)</b>	12.d		
- Basic		(1.106)	0.390
- Diluted		(1.106)	0.390

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of profit or loss for 2020.

## APPLUS SERVICES, S.A. AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2020

(Thousands of Euros)

	Notes	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Profit from operating activities before tax</b>		<b>(142,259)</b>	<b>106,905</b>
<b>Adjustments of items that do not give rise to operating cash flows</b>			
Depreciation and amortisation charge	5 & 7	158,395	158,487
Changes in provisions and allowances		154	346
Financial result	22	24,839	23,897
Share of profit of companies accounted for using the equity method		-	-
Gains or losses on disposals of intangible and tangible assets		168,089	(3,038)
<b>Profit from operations before changes in working capital (I)</b>		<b>209,218</b>	<b>286,597</b>
<b>Changes in working capital</b>			
Changes in trade and other receivables		65,568	(21,572)
Changes in inventories	9	(420)	(354)
Changes in trade and other payables		24,810	25,959
<b>Cash generated by changes in working capital (II)</b>		<b>89,958</b>	<b>4,033</b>
<b>Other cash flows from operating activities</b>			
Other payments	17.b	-	(982)
Corporate Income tax payments		(16,677)	(41,346)
<b>Cash flows from operating activities (III)</b>		<b>(16,677)</b>	<b>(42,328)</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)</b>		<b>282,499</b>	<b>248,302</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Business combination		3,045	2,021
Payments due to acquisition of subsidiaries and other non-current financial assets		(216,833)	(35,676)
Proceeds from disposal of subsidiaries		5,532	13,107
Payments due to acquisition of intangible and tangible assets		(55,774)	(70,720)
<b>Net cash flows used in investing activities (B)</b>		<b>(264,030)</b>	<b>(91,268)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Interest received		2,284	1,638
Interest paid		(13,690)	(11,856)
Net changes in non-current financing (proceeds and payments)		139,039	(78,140)
Net changes in current financing (proceeds and payments)		(26,562)	43,950
Net payment of lease liabilities		(52,379)	(55,533)
Dividends	26.c	-	(21,453)
Dividends paid by Group companies to non-controlling interests		(11,481)	(23,832)
<b>Net cash flows used in financing activities (C)</b>		<b>36,611</b>	<b>(145,206)</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES (D)</b>		<b>(10,772)</b>	<b>1,094</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)</b>		<b>44,308</b>	<b>12,842</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>145,160</b>	<b>132,318</b>
<b>Cash and cash equivalents at end of year</b>		<b>189,468</b>	<b>145,160</b>

The accompanying Notes 1 to 31 and Appendices I and II are an integral part of the consolidated statement of cash flows for 2020.

## MANAGEMENT REPORT

GRI 102-45

### Full year report 2020

#### Overview of performance

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

Where stated, organic revenue and profit is adjusted for acquisitions or disposals in the prior 12-month period and is stated at constant exchange rates, taking the current year average rates used for the income statements and applying them to the results in the prior period.

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

EUR MILLION	FY 2020			FY 2019			+/- % ADJ. RESULTS
	ADJ. RESULTS	OTHER RESULTS	STATUTORY RESULTS	ADJ. RESULTS	OTHER RESULTS	STATUTORY RESULTS	
<b>Revenue</b>	<b>1,557.6</b>	-	<b>1,557.6</b>	<b>1,777.9</b>	-	<b>1,777.9</b>	<b>(12.4)%</b>
<b>Ebitda</b>	<b>218.4</b>	-	<b>218.4</b>	<b>296.5</b>	-	<b>296.5</b>	<b>(26.3)%</b>
<b>Operating Profit</b>	<b>118.4</b>	<b>(235.8)</b>	<b>(117.4)</b>	<b>197.1</b>	<b>(66.3)</b>	<b>130.8</b>	<b>(39.9)%</b>
Net financial expenses	(24.8)	0.0	(24.8)	(23.9)	0.0	(23.9)	
<b>Profit Before Taxes</b>	<b>93.6</b>	<b>(235.8)</b>	<b>(142.3)</b>	<b>173.2</b>	<b>(66.3)</b>	<b>106.9</b>	<b>(46.0)%</b>
Income tax	(29.4)	13.9	(15.5)	(43.7)	13.4	(30.4)	
Extraordinary income tax	0.0	16.7	16.7	0.0	0.0	0.0	
Non controlling interests	(17.2)	0.0	(17.2)	(20.9)	0.0	(20.9)	
<b>Net Profit</b>	<b>47.0</b>	<b>(205.2)</b>	<b>(158.2)</b>	<b>108.6</b>	<b>(52.9)</b>	<b>55.7</b>	<b>(56.7)%</b>
Number of shares	143,018,430		143,018,430	143,018,430		143,018,430	
<b>EPS, in Euros</b>	<b>0.33</b>		<b>(1.11)</b>	<b>0.76</b>		<b>0.39</b>	<b>(56.7)%</b>
<i>Income Tax/PBT</i>	<i>(31.4)%</i>		<i>(0.8)%</i>	<i>(25.2)%</i>		<i>(28.4)%</i>	

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

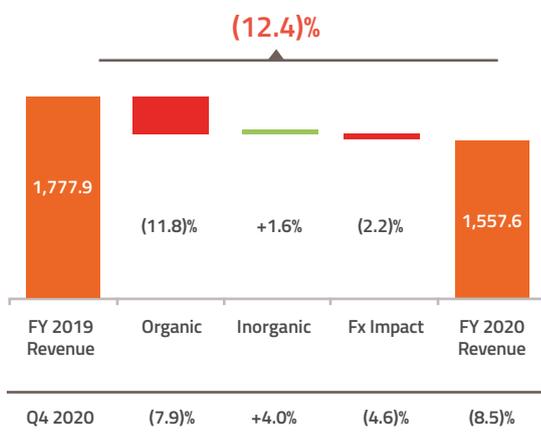
Other results of €235.8 million (2019: €66.3m) in the Operating Profit represent impairment of goodwill and non-current assets of €165.0 million (2019: nil); amortisation of acquisition intangibles of €58.4 million (2019: €59.1m); severance costs on restructuring of €8.1 million (2019: €4.1m); transaction costs relating to acquisitions of €3.5 million (2019: €0.9m); and other gains and losses that net to a charge of €0.8 million (2019: €2.2m).

A reduction in the deferred tax liability is booked against these Other results of which €16.7 million (2019: nil) booked against the impairment of €165.0 million and €13.9 million (2019: €13.4m) relates to the remainder of the Other results.

## Revenue

Revenue for 2020 of €1,557.6 million was lower by 12.4% compared to the previous year.

The revenue bridge for the year in € million is shown below and the change in the percentage figures for the last quarter of 2020 are shown below in the waterfall chart.



The total revenue decrease of 12.4% for the year was made up of a decrease in organic revenue at constant exchange rates of 11.8%, the addition of revenue from acquisitions (Inorganic) of 1.6% and an unfavourable currency translation impact of 2.2%.

In the final quarter of the year, the total revenue was €410.2 million. This was a decrease of 8.5% from the prior year's final quarter revenue of €448.1 million. This was made up of an organic revenue decrease of 7.9%, a negative currency impact of 4.6% with a 4.0% increase in revenue from acquisitions. The organic revenue decrease in the final quarter was slightly less than in the previous two quarters, showing the gradual recovery of the business.

All four divisions of the Group had a decrease in organic revenue in the year, with only the Laboratories Division reporting flat total revenue in 2020 compared to 2019 due to the organic revenue decrease being the same as the additional revenue from the acquisitions made, less the currency impact.

The revenue increase of 1.6% from acquisitions relates to a partial year of revenue from three acquisitions made in 2019 until they had been owned for twelve months, plus revenue from five of the six acquisitions signed for in 2020 from the date of acquisition to the end of the year. The sixth acquisition signed in 2020 had not closed by the end of the year.

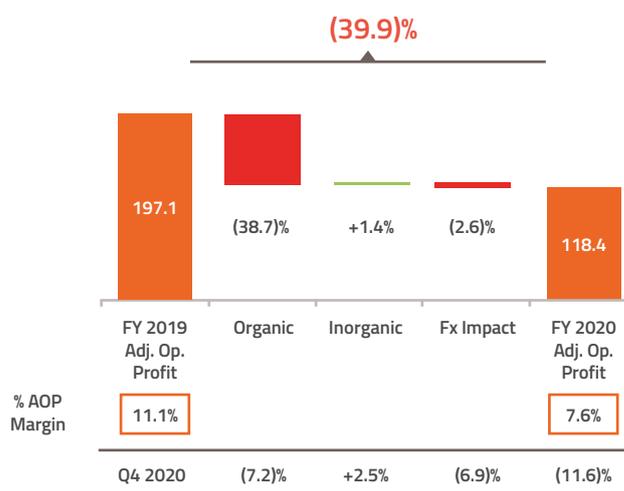
The largest acquisition was of Besikta, a statutory vehicle inspection business in Sweden that closed during November and currently generates approximately €62 million of annual revenue.

Of the revenue in 2020, forty-seven percent was generated in the reporting currency of the Group, which is the euro, and 53% in other currencies, of which the US dollar and other currencies linked to the US dollar are the largest at 24%. The exchange rates changed materially during the year with the US dollar rate used for the translation of the profit and loss in the first half being 2.5% stronger against the Euro and the second half was 5.9% weaker. A similar trend was seen with the Canadian dollar. This resulted in the average exchange rate of the US dollar to the euro for the full year of 2020 compared to 2019 weakening by 1.8% with some other key currencies weakening even more against the euro, and this resulted in an unfavourable foreign exchange impact on the revenue and adjusted operating profit for the year and in the final quarter.

## Adjusted Operating Profit

Adjusted operating profit for 2020 of €118.4 million was lower by 39.9% compared to the previous year.

The adjusted operating profit bridge for the year in € million is shown below and the change in the percentage figures for the last quarter of 2020 are shown below in the waterfall chart.



The total adjusted operating profit decrease of 39.9% for the year was made up of a decrease in organic adjusted operating profit at constant exchange rates of 38.7%, acquisitions (Inorganic) of 1.4% and an unfavourable currency translation impact of 2.6%.

In the final quarter of the year, the total adjusted operating profit was €43.0 million, a decrease of 11.6% from the prior year final quarter of €48.6 million. This was made up of a decrease in the organic component of 7.2%, a significant negative foreign currency impact of 6.9%, with the addition of 2.5% from acquisitions.

The adjusted operating profit decrease in the period came from all four divisions due to the significant fall in revenue, especially in the first half of the year. With tight cost control and the benefit of the various Government cost protection measures, the fall in profit from the significant reduction in revenue was mitigated so that each division reported positive adjusted operating profit for the period with the second half profit being considerably higher than the first half at more than twice as much on both an organic and total reported basis.

The resulting adjusted operating profit margin for the year was 7.6%, significantly lower than the margin of 11.1% in the prior year. The second half margin was nevertheless in double digits at 10.3%, being 70 basis points lower than the second half margin in 2019, which was 11.0%.

#### *Other Financial Indicators*

The reported operating loss was €117.4 million in the year compared to a reported operating profit of €130.8 million in the previous period. The main reason for the extent of the loss was due to the non-cash impairment charge of €165 million taken in the first half year period. See below for a further description of the one-off impairment charge.

The net financial expense in the profit and loss for the period was €24.8 million, €0.9 million higher than the previous period expense of €23.9 million, mainly due to the cost of the increase in bank facilities taken out to increase the liquidity and the fees for securing higher leverage covenant levels for the December 2020 and June 2021 tests.

The profit before tax on an adjusted basis was €93.6 million compared to €173.2 million in 2019 and on a statutory basis was a loss of €142.3 million compared to a profit of €106.9 million in 2019. The adjusted profit before tax was significantly lower than for the corresponding period last year, due mainly to the lower adjusted operating profit. The statutory loss before tax was additionally significantly lower due to the impairment charge.

The effective tax charge for the year was €29.4 million, which was lower than the prior year of €43.7 million. This gave an effective tax rate of 31.4% being higher than the rate in the prior period of 25.3%. This increase is due to some operations having losses in the year which is not normally the case and where no deferred tax assets have been recognised against these losses. On a statutory basis, the reported tax was a credit of €1.2 million compared to a charge of €30.4 million in the prior year. The tax credit in the profit and loss account was due to a release of the deferred tax liabilities of €16.7 million related to the one-off impairment.

Non-controlling interests decreased from €20.9 million in 2019 to €17.2 million in 2020. The decrease of €3.7 million or almost 18% in the period is mainly due to the lower profit from the minority interests, especially within the IDIADA and Energy & Industry (Middle East) Divisions.

The adjusted net profit was €47.0 million (2019: €108.6m), and the adjusted earnings per share was 0.33 euros (or 33 cents) (2019: 0.76 euros) for the year. The statutory or reported net position was a net loss of €158.2 million due to the non-cash impairment charge of €165.0 million, as well as the regular non-cash intangible asset amortisation of €58.4 million and €12.4 million of other results, less the reduction in the deferred tax thereon.

#### *Cash Flow and Debt*

The business generated exceptionally strong cash flow in 2020 mainly due to the decrease in the level of working capital by €86.1 million from the year-end position compared to the flat movement in working capital in the prior year. Additionally, capex and taxes outflows were considerably lower than last year.

The decrease in working capital was due to the lower revenue in the year, better debt collection of receivables and due to a step up in capital expenditure in the final quarter where payment is made after the year-end.

This significant working capital inflow more than compensated for the reduction in Adjusted EBITDA of €78.1 million from €296.5 million last year to €218.4 million in 2020.

Net capital expenditure on expansion of existing and into new facilities was lower than the prior year at €50.2 million (2019: €57.6m) due to the lower activity requiring investments despite investments made for the renewed Automotive contracts in Ireland and Aragon. This capex expenditure represented 3.2% (2019: 3.2%) of Group revenue, the same level as last year.

Adjusted operating cash flow (after capital expenditure) was €254.2 million, being €15.2 million or 6.4% higher than for the prior year period last year and this corresponded to a cash conversion rate of 116.4% (2019: 80.6%).

The decrease in taxes paid of €24.6 million from €41.3 million paid in 2019 to €16.7 million paid in 2020 was due to the lower amount of advance payments of corporation tax due to expected lower profits, some tax refunds received in the first half of the year, and some permitted tax payment delays as part of the COVID-19 Government assistance schemes.

	FY			
	2020	2019	CHANGE	
<b>Adjusted EBITDA</b>	<b>218.4</b>	<b>296.5</b>	<b>(78.1)</b>	<b>(26.3)%</b>
Change in working capital	86.1	0.1		
CAPEX	(50.2)	(57.6)		
<b>Adjusted Operating Cash Flow</b>	<b>254.2</b>	<b>239.0</b>	<b>15.2</b>	<b>6.4%</b>
<i>Cash Conversion rate</i>	<i>116.4%</i>	<i>80.6%</i>		
Taxes paid	(16.7)	(41.3)		
Interest paid	(11.4)	(10.2)		
<b>Adjusted Free Cash Flow</b>	<b>226.2</b>	<b>187.4</b>	<b>38.7</b>	<b>20.7%</b>
Extraordinaries & Others	(2.3)	(4.9)		
Applus+ Dividend	-	(21.5)		
Dividends to minorities	(11.5)	(23.8)		
<b>Operating Cash Generated</b>	<b>212.4</b>	<b>137.2</b>	<b>75.2</b>	<b>54.8%</b>
Acquisitions	(216.8)	(35.7)		
<b>Cash b/changes in Financing &amp; FX</b>	<b>(4.4)</b>	<b>101.5</b>		
Payments of lease liabilities (IFRS 16)	(53.0)	(55.6)		
Other changes in financing	113.7	(31.2)		
Treasury shares	(1.3)	(3.0)		
Currency translations	(10.8)	1.1		
<b>Cash Increase</b>	<b>44.3</b>	<b>12.8</b>		

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

Adjusted Free Cash Flow was €226.2 million, being €38.7 million or 20.7% higher than for the previous year.

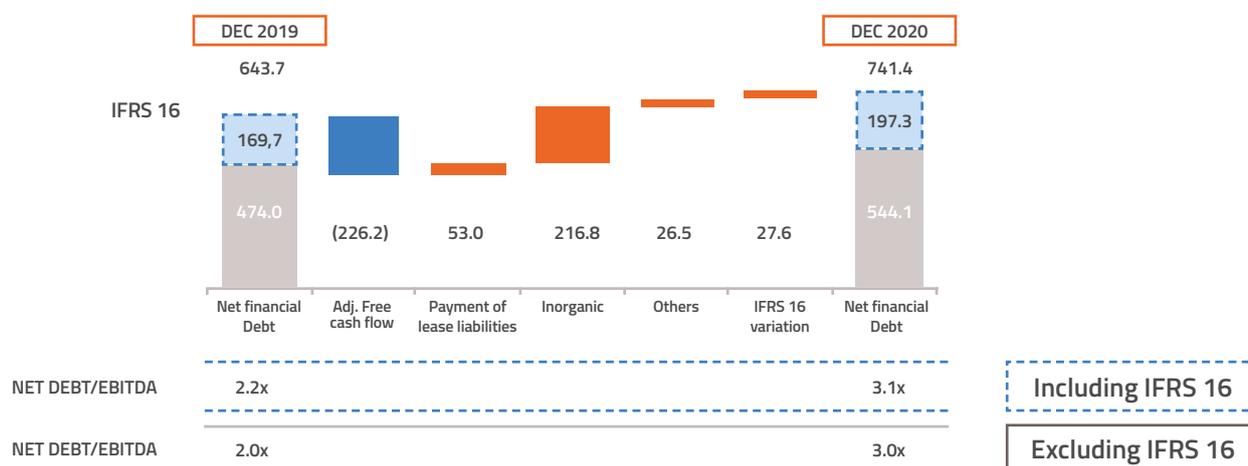
There was a decrease in the dividend distributions made in the period. The dividend payout declared for the 2019 full year profits to the Applus+ Group shareholders that was originally proposed to be paid in July was cancelled in April due to the uncertainty surrounding the financial impact arising from the outbreak of COVID-19. The dividends paid to Minority share interests were reduced due to lower profits in those subsidiaries.

The cash outflow for acquisitions of €220.1 million relates to five that were closed in the period plus deferred consideration on acquisitions made in prior periods. A sixth acquisition, SAFCO for €25 million, was signed and agreed during the year but had not closed by the end of the year.

The final net cash increase in the period was €44.3 million. This was from the cash outflow after acquisitions and before financing and foreign exchange of €4.4 million, less the payment or lease liabilities of €53.0 million that previous to the new accounting standard of IFRS 16 used to be included within operating costs, a net increase in the drawdown of borrowings of €113.7 million, outflows relating to the purchase of treasury shares for management incentive plans of €0.8 million and currency differences of €7.7 million.

Net Debt was €741.4 million at the end of the year, which was €97.7 million higher than the Net Debt position at the end of 2019 despite incurring €220.1 million in acquisitions and an increase of €27.6 million in lease liabilities, required to be accounted for under the new accounting standard of IFRS 16, from €169.7 million at the start of the year to €197.3 million at the end of the year. The increase in the lease liabilities was due to new leases taken on with acquisitions and the renewals of leases, especially following the renewal of the Automotive contract in Ireland, that lengthened their average maturity and hence liability.

The robust performance in the Net Debt was due to the exceptionally strong free cash flow generated by the business. The Net Debt waterfall chart is shown top right.



The resulting financial leverage of the Group measured as Net Debt to last twelve months Adjusted EBITDA was 3.0x (as defined by the bank covenant for the syndicated debt facilities and the US Private Placement notes), which was higher than at the end of the previous year (2.0x) due mainly to the lower EBITDA in the year that included the second quarter period when the business was the most severely affected by the pandemic. The covenant from the lenders is set at 4.0x to be tested twice a year at the end of June and the end of December, except for December 2020 and June 2021 for which the covenant has been relaxed to a higher level by the lenders which permitted the Company to continue with its acquisition strategy with a comfortable level of covenant headroom.

The financial leverage calculation using the covenant definitions except for using current accounting standards, including IFRS 16, is also shown in the table, and at 31<sup>st</sup> December 2020 was 3.1x compared to 2.2x at 31<sup>st</sup> December 2019.

At the end of the year, the available liquidity position was over €550 million that is made up mostly of cash and long dated undrawn loan commitments.

### Dividend

In recognition of the strong cash flow, comfortable financial leverage, liquidity position and favourable future earnings and cash flow potential, the Board will propose to shareholders at the forthcoming Annual General Meeting, on the 28<sup>th</sup> May 2021, a dividend of 15 cents per share. This is the same amount as was last declared on the 2018 earnings and paid in 2019 and is equivalent to €21.5 million, (2019: Nil and 2018: €21.5 million) and is 45.6% (2019: Nil and 2018: 22.1%) of the adjusted net income of €47.0 million as shown in the summary financial results table. If approved at the Annual General Meeting, the dividend will be paid to shareholders on the 8<sup>th</sup> July 2021.

As previously notified, the Board in April 2020 reluctantly withdrew the recommendation for a dividend to be paid in July 2020 on the 2019 results,

consistent with the prudent actions taken due to the rapidly evolving and deteriorating situation at the time, and so the Board are pleased to be able to resume recommending a dividend in these less uncertain times.

The Board will continue to review the appropriate level of dividend going forward with the aim of annually increasing the payment.

### Impairment review

Every year, the Company carries out an impairment review of the cash generating units. The goodwill and the non-current assets were mostly booked in 2008 when the Company was bought by a private equity firm from the previous owners.

In H1 2020, the Group recognised an impairment of €165.0 million, relating to the Energy & Industry business in North America, North Europe and the Middle East and the IDIADA Division. The impairment was driven by the challenging Oil and Gas and Automotive industry end-market situation and the unprecedented degree of forecast uncertainty relating to COVID-19.

The review at 30<sup>th</sup> June 2020 included using lower future growth rates over the next five years for some business lines that make up cash generating units, including for Oil and Gas.

There is a release of €16.7 million of deferred tax liability directly allocated to these impaired assets, resulting in a net impairment amount of €148.3 million allocated as follows:

	EUR Million
Energy & Industry	137.1
IDIADA	27.9
<b>Gross Impairment</b>	<b>165.0</b>
Deferred tax liability release	(16.7)
<b>Net Impairment</b>	<b>148.3</b>

The impairment and associated net tax effects are all non-cash items.

## COVID-19 update

The response by the Company to the COVID-19 outbreak has been wide-ranging with due consideration for the social and human consequences and for the long-term benefit of the company. It has been to prioritise the wellbeing of our people and their families, including to reduce the risk of people catching or spreading the coronavirus, protecting jobs as far as possible, supporting customers meet their operational challenges, where in many cases the services provided by the people of Applus+ continue to be essential. Tight cost control, prioritisation of the management of cash inflows and outflows, and the prudent management of financial resources and financial risk continue to be applied, whilst being open to business opportunities including those that require investment to ensure the future growth in value of the business.

The company has also been careful to ensure the shareholders and financial markets have been kept informed of developments throughout the year and especially with regards to operational and financial performance and liquidity and balance sheet strength.

Applus+ is a prudently managed business and entered the crisis with a strong balance sheet, long debt maturities and a high level of liquidity. The company nevertheless continues to remain vigilant and will continue to take all the precautionary measures at its disposal to protect itself and its stakeholders and emerge from this crisis with the capacity and strength to return to its proven growth strategy that has been successful.

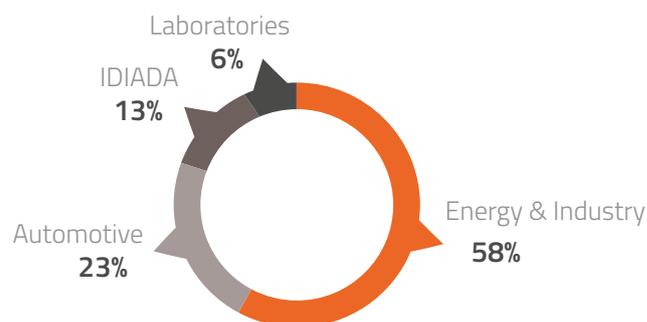
## Outlook

Whilst there remains considerable uncertainty in every country and in the end markets, guidance is provided by the company assuming that the conditions today either remain the same or do not deteriorate. In 2021, it is expected that total revenue will grow by at least double digits at constant exchange rates from both organic and acquisitions already made and for the margin to improve to close to 10%. Furthermore, the inorganic growth strategy will continue to be followed supported by the liquidity and leverage headroom.

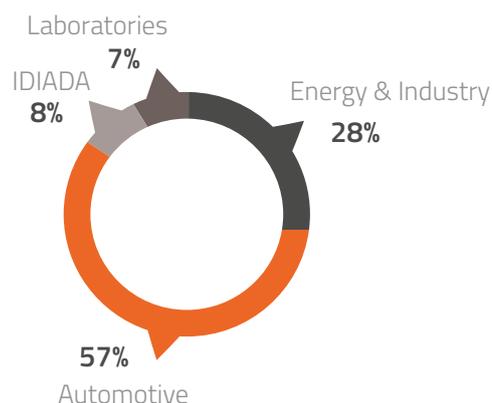
## Operating review by division

The Group operates through four global business divisions: Energy & Industry Division, Automotive Division, IDIADA Division and Laboratories Division, and the respective shares of 2020 revenue and adjusted operating profit are shown above.

## FY 2020 revenue split



## FY 2020 adjusted operating profit split



## Energy & Industry

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

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

Revenue for Energy & Industry for the year was €907.3 million, which was 14.3% lower than the revenue in 2019, and the Adjusted Operating Profit for the year was €41.4 million, which was 53.5% lower than in 2019 resulting in an adjusted operating profit margin of 4.6%. These results in € million and the percentage changes from 2019 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	2020	2019	Change	Organic	Inorganic	FX
Revenue	907.3	1,059.3	(14.3)%	(12.4)%	0.6%	(2.5)%
Adj. Op. Profit	41.4	89.1	(53.5)%	(52.5)%	0.6%	(1.6)%
% AOP Margin	4.6%	8.4%				

Following two years of good revenue and adjusted operating profit growth in this division, the revenue and adjusted operating profit reduced materially in 2020 because of the impact of the coronavirus pandemic on the business and operations.

Organic revenue at constant exchange rates decreased by 12.5%. There was additional revenue of 0.6% related to a part year contribution from the acquisition of LEM in Chile made in 2019. Currency translation decreased reported revenue by 2.5% mainly because of the weaker US dollar and Latin American currencies against the Euro.

At constant exchange rates, organic adjusted operating profit decreased by 52.6%, being significantly more than the organic revenue decrease. There was the same contribution from the acquisition of 0.6% and a negative currency impact of 1.6%.

The adjusted operating profit margin decreased by 380 basis points from 8.4% for 2019 to 4.6% in 2020, with this decrease coming from the organic revenue decline. Costs were reduced through the use of the Government temporary lay-off programmes and restructuring of the business to reduce the permanent cost base going forward.

In the final quarter of the year, reported revenue was €220.4 million compared to revenue of €269.8 million in the final quarter of 2019 or 18.3% lower. This was mainly due to a decrease in organic revenue of 13.7%, the revenue from the acquisition added 0.2% and a negative impact from currency translation of 4.8%.

Following the significant decrease in revenue in the second quarter of 2020, there was a gradual recovery in the second half with third quarter and fourth quarter organic revenue decrease remaining approximately similar at 12.8% and 13.7% respectively. The COVID-19 impact continued to directly affect revenue due to projects being cancelled or delayed into 2021 with this being exacerbated by the lower demand for oil and the low price, especially in the first half impacting the customers in the oil and gas end-market to reduce spending with their suppliers.

All regions were heavily impacted and reported lower revenue than in 2019 with the Mediterranean, Northern Europe and Latin American regions showing a recovery in the final quarter of the year.

The business that services the end-markets of Power, Construction, Aerospace and Telecommunications and account for 44% of the Division's revenue in 2020 have grown solidly over the previous few years but was down by 9% in 2020 due to the lockdowns and project delays.

It is expected that this part of the business will have strong growth going forward led by geographic expansion and the energy transition where electricity generation and distribution is expected to continue to migrate from fossil fuels to renewables, where Applus+ is well positioned to serve through the Energy & Industry division within the Power business line.

The business that services the Oil and Gas end-market for operational expenditure for maintenance and inspection work (Opex) accounts for 43% of the Division by revenue in 2020 and has been resilient over the years. This business was also severely impacted by lockdowns and project delays, resulting in a 15% decrease in revenue in 2020. Nevertheless, there are good prospects for this business based on the extensive infrastructure and assets that continue to be used for production and delivery of oil and gas and as these get older and regulations become tighter, the inspection requirement will increase.

The business that services the Oil and Gas end-market for new investments and new build (Capex) accounts for 13% of the division by revenue in 2020 and has been heavily impacted since 2015 due to the significant decrease in capex investment by the industry. This business is the most sensitive to the oil price and the energy transition to lower carbon emissions. The revenue in this part fell by 26% in 2020. At the Group revenue level, this exposure has fallen from 9% in 2019 to 7% in 2020 and in 2014 was 24%.

In December of 2020, the Group signed an agreement to purchase SAFCO, which is a leading construction testing and inspection services company based in Saudi Arabia, for an initial consideration of USD 30 million (c. €25 million) and that currently generates approximately USD 35 million (c. €29 million) of annual revenue at margins significantly higher than the Applus+ Group. The closing of the acquisition is expected to take place in March 2021.

## Automotive

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

The Division operates 30-plus programmes, carrying out over 20 million vehicle inspections across Spain, Ireland, Sweden, Denmark, Finland, Andorra, the United States, Argentina, Georgia, Chile, Costa Rica, Ecuador and Uruguay in 2020. In the programme-managed services, a further 6 million inspections were delivered by third parties.

Revenue for Automotive for the year was €355.8 million, which was 7.7% lower than the revenue in 2019, and the Adjusted Operating Profit for the year was €82.5 million, which was 10.3% lower than in 2019 resulting in an adjusted operating profit margin of 23.2%. These results in € million and the percentage changes from 2019 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	2020	2019	Change	Organic	Inorganic	FX
Revenue	355.8	385.4	(7.7)%	(8.6)%	3.4%	(2.5)%
Adj. Op. Profit	82.5	92.0	(10.3)%	(9.6)%	1.2%	(1.9)%
% AOP Margin	23.2%	23.9%				

Following many years of good revenue and adjusted operating profit growth in this division, the revenue and adjusted operating profit reduced in 2020 because of the impact of the coronavirus pandemic resulting in postponements of the mandatory inspections and closures of many of the stations for a period of time during the year.

Organic revenue at constant exchange rates decreased by 8.6%. There was additional revenue of 3.4% related to a part year contribution from the acquisitions of ITV Canarias made in the first quarter of the year and Besikta in Sweden made in the final quarter. Currency translation decreased reported revenue by 2.5% mainly because of the weaker South American currencies and US dollar against the Euro.

At constant exchange rates, organic adjusted operating profit decreased by 9.6%, being slightly more than the organic revenue decrease. There was a contribution from the acquisitions of 1.2% and a negative currency impact of 1.9%.

The adjusted operating profit margin decreased by 70 basis points from 23.9% for 2019 to 23.2% in 2020, with this decrease coming from both the organic revenue decline and the lower margin businesses within the acquisitions. Costs were managed through the use of the governmental temporary lay-off programmes.

In the final quarter of the year, reported revenue was €107.9 million compared to revenue of €89.8 million in the final quarter of 2019 or 20.1% higher. This was mainly due to an increase in organic revenue of 14.8%, the revenue from the acquisition added 12.3% and a negative impact from currency translation of 7.0%.

Following the significant impact the Division experienced in the first half of the year and in particular in April when most of the stations were closed, there was a strong recovery in the second half for revenue and profit, with the second half margin of 26.8% being similar to the first half margin in prior years due to the normal seasonality with the higher volume of the business usually being in the first half but in 2020 was in the second half.

All contracts in 2020 recovered similar to prior year levels of revenue, except for Ireland, Argentina and Chile where either there was a permanent shift forward of the vehicle inspection dates or the stations were closed for a prolonged period of time.

The contract held in the autonomous region of Aragon in Spain that generates approximately €5 million per annum was extended for a further 10 years on the same terms and conditions as the previous contract, with some up-front investment required to increase capacity for this renewed period. Four other small contracts in the US were also extended by between one and five years, with a total revenue of another €5 million per annum.

Three new vehicle inspection contracts were recently awarded in Mexico that will generate approximately €2 million of additional revenue per annum once they start in 2022. This award is a first entry into Mexico for Applus+ and will open further opportunities of expansion in the country.

In the first quarter of the year, a vehicle inspection business was bought in Spain, ITV Canarias, which has three wholly owned stations plus one 50% owned station in the Canary Islands, all operating under the liberalised regime and generates €4 million of revenue at a high margin with good opportunities for marketing and cost synergies. In the final quarter of the year, the Group purchased one of the leading statutory vehicle inspection companies in Sweden called Besikta Bilprovning for €101 million. Besikta's current revenue is €62 million per annum and is highly recurring and growing as are its cash flows and has an EBITDA margin in the high teens before applying IFRS 16. It performs 1.5 million inspections per annum being approximately 25% of the total market in Sweden. Integrating Besikta into the Applus+ Automotive division will bring mutual benefits from the opportunity to share best practice and consumer marketing expertise. Following this acquisition, Applus+ has become the leading operator in the Nordic region building upon its strong presence in the liberalised markets of Denmark and Finland and this has improved the portfolio quality of the Automotive division by reducing the dependence of the division on concessions that require periodic renewals.

There is a pipeline of further opportunities for both organic and inorganic expansion which the Group will continue to monitor and review closely.

### IDIADA

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

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

Revenue for IDIADA for the year was €201.5 million, which was 16.1% lower than the revenue in 2019 and the Adjusted Operating Profit for the year was €11.5 million which was 62.4% lower than in 2019 resulting in an adjusted operating profit margin of 5.7%. These results in € million and the percentage changes from 2019 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	2020	2019	Change	Organic	FX
Revenue	201.5	240.1	(16.1)%	(15.2)%	(2.5)%
Adj. Op. Profit	11.5	30.6	(62.4)%	(62.3)%	(1.9)%
% AOP Margin	5.7%	12.7%			

Following many years of uninterrupted revenue and adjusted operating profit growth in this division, the revenue and adjusted operating profit reduced significantly in 2020 because of the impact of the coronavirus pandemic resulting in a temporary period of closure of the facilities and a decrease in customers especially at the facilities in Spain. Following the low in the second quarter, the business has recovered, albeit slowly.

Organic revenue at constant exchange rates decreased by 15.2% and currency translation decreased reported revenue by 0.9% mainly because of the weaker US dollar, Brazilian real and several other currencies against the Euro.

At constant exchange rates, organic adjusted operating profit decreased by 62.3% being significantly more than the organic revenue decrease.

The adjusted operating profit margin decreased by 700 basis points from 12.7% for 2019 to 5.7% in 2020. The margin fall was mitigated by reducing costs using the governmental temporary lay-off programmes and permanent restructuring.

The adjusted operating profit margin decreased more than the Adjusted EBITDA as a result of the faster depreciation of assets as the term of the current five-year renewed contract with the Government of Catalonia ends in 2024.

In the final quarter of the year, reported revenue was €51.4 million compared to revenue of €62.5 million in the final quarter of 2019 or 17.8% lower. This was mainly due to a decrease in organic revenue of 16.5%, and a small negative impact from currency translation of 1.3%.

The division continued to be materially affected to the end of the year largely due to the mobility restrictions and the reluctance for customers to travel internationally to visit the facilities in Spain with their cars for testing on the Proving Ground which is the highest margin segment of the division.

Nevertheless, the business saw good growth for the testing of Electric and Hybrid vehicles and for ADAS (Advanced Driving Assistance System).

The tender for a new 20 or 25-year concession by the Government of Catalonia from September 2024 when the current five year extension ends is still expected to take place and is expected to commence in the first half of this year.

## Laboratories

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

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

In 2020, the Laboratories Division acquired three companies, which are discussed below, to add to the two purchased in 2019 and five purchased in the previous two years.

Revenue for the Laboratories Division for the year was €92.9 million, which was flat on 2019 and the Adjusted Operating Profit for the year was €9.7 million, which was 27.7% lower than in 2019 resulting in an adjusted operating profit margin of 10.5%. These results in € million and the percentage changes from 2019 are broken down into organic, inorganic and foreign exchange and are shown in the following table.

	2020	2019	Change	Organic	Inorganic	FX
Revenue	92.9	93.0	(0.0)%	(7.9)%	8.6%	(0.8)%
Adj. Op. Profit	9.7	13.5	(27.7)%	(37.2)%	10.5%	(1.0)%
% AOP Margin	10.5%	14.5%				

Following two years of double-digit organic revenue and adjusted operating profit growth in this division, the revenue and adjusted operating profit reduced in 2020 because of the impact of the coronavirus pandemic, reducing the demand for products for testing. Following the trough in revenue in the second quarter of the year. The Division had a gradual recovery in the second half, including delivering a double-digit adjusted operating profit margin.

Organic revenue at constant exchange rates decreased by 7.9% for the year. There was additional revenue of 8.6% related to a part-year contribution from the two acquisitions made in the first quarter of last year and a part-year contribution from the three acquisitions made in 2020. Currency translation decreased reported revenue by 0.8% mainly because of the weaker US dollar against the Euro.

At constant exchange rates, organic adjusted operating profit decreased by 37.2%, being more than the organic revenue decrease. There was a contribution from the acquisitions of 10.5% and a negative currency impact of 1.0%.

The adjusted operating profit margin decreased by 400 basis points from 14.5% for 2019 to 10.5% in 2020 with this decrease coming from the organic revenue decline. As with the other divisions, costs were reduced through the use of the governmental temporary lay-off programmes as well as some permanent restructuring.

In the final quarter of the year, reported revenue was €30.5 million compared to revenue of €26.0 million in the final quarter of 2019 or 17.5% higher. This was mainly due to the acquisitions that had been made during the year, adding 23.5% to revenue with organic revenue being down 4.1% and a negative impact from currency translation of 1.9%.

In the second half of the year, the Construction and Product Certification businesses led the recovery, while Aerospace, Electrical and Electronics (E&E) and Metrology continued to be the most impacted.

There were three acquisitions made in the year. In the first quarter, the Group purchased ZYX which is a small metrology business in Spain with revenue of under €2 million per annum. In the final quarter of the year, two acquisitions were made. Reliable Analysis was purchased which has €24 million of annual revenue and is a laboratory-based materials, component, electrical and EMC testing company with over 300 employees, primarily serving the automotive industry and specifically for electric vehicles (EV) operating from two locations in China and two in the USA. This acquisition significantly increases the Division's footprint in China and its exposure to the fast growth EV market, especially in China which is the largest EV market in the world. QPS Evaluation Services Inc was purchased in December with €16 million of annual revenue, which is a product certification company for a wide range of industrial, medical and electrical and electronic (E&E) products, including equipment and devices used in hazardous locations (explosive atmospheres). It has 133 employees and an extensive presence in its home market of Canada and the USA, with a presence also in Europe and Asia.

In the last four years, the Laboratories Division has made ten acquisitions in total with a combined revenue of €58 million per annum at accretive margins and this has expanded its testing facilities to reinforce its position in the electrical and electronics, automotive components, fire protection, aerospace parts and calibration sectors. This acquisition momentum for this division is expected to continue. The division now comprises six key business units: Electrical & Electronics (includes electrical and electromagnetic compatibility testing and product certification for the electronics and automotive sector); Mechanical (includes aerospace and materials testing); Construction (includes fire and structural testing of building materials); IT (includes electronic payment system protocol testing and approval); Metrology (includes calibration and measuring instruments) and Systems Certification. Electrical & Electronics is now the largest business unit comprising approximately 40% of the division by revenue in 2020 on a proforma basis including the acquisitions made.

## BUSINESS RISKS

GRI 102-15

GRI 201-2

GRI 207-2

The Applus+ Group's **Risk Map** covers all the risks that could present a significant impact on the company's results. The risks included within the map have been identified under four different categories:

1. **Strategic risks**, including sustainability-related risks and **climate change** (further details are discussed in the section *Risks related to climate change*).
2. **Operational risks**, which are inherent to the Group's activities.
3. **Financial risks**, including tax risks.
4. **Legal and compliance** risks.

The Group's **main risks and their management** are as follows:

- Precise monitoring of the business conducted by the Group which are subject to **long-term, finite contracts**, such as concessions in the statutory-vehicle-inspection business in Spain, Europe and America, and in the IDIADA Division's businesses, which provide services to the leading vehicle manufacturers worldwide.
- The company implements a diversification strategy to manage certain levels of **exposure to Group's evolving markets**, such as the oil and gas and automotive sectors.
- Meticulous tracking of the formal terms and service quality of all the **services provided based on accreditations** awarded. To reduce such risks, the Group has insurance policies to cover damages that may be caused by third parties in the course of our services offered.
- Risks related to the **economic, social and political situations in the countries** where the Group operates, as well as the main macroeconomic indicators which may have short-term or long-term future impacts on the results of the Applus+ Group, especially considering the Group's extensive geographic reach.
- Our personnel's qualifications and motivation are crucial to our activities, so we make major efforts to **retain key staff** and improve talent management.
- Exhaustive monitoring of **legislative and compliance issues** to prevent criminal sanctions or significant business losses arising from non-compliance with the *Criminal Risk and Crime Prevention Management System* implemented in the Group.
- A specific action plan to combat risks related to **cybersecurity**.

**To manage financial risks**, the Group monitors the main risks that could have an impact on our results:

- **Management of the Group's risks connected to liquidity and indebtedness**, as well as **working-capital management**, which are essential for achieving the Group's strategic goals.
- **Risk of overestimating the value of certain significant assets** (such as stock-in-trade, intangible assets generated from inorganic growth, as well as tax assets).



## Risks related to climate change

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The Applus+ Group's risk-management procedure takes a **holistic approach**, which includes different types of risks and those related to climate change.

To conduct and assess climate-related risks systematically, we use the standard global reference from the **Task Force on Climate-related Financial Disclosures (TCFD)**, which established the definition and categorisation of the risks associated with climate change in 2017.

In accordance with this standard, these risks can be divided into two main categories: **physical risks** and **transitional risks**. **Physical risks** arise from an increase in extreme weather or the long-term impacts of climate change, which are classified into acute or chronic risks, and **transition risks of economic agents for an economy based on decarbonisation**. Transitional risks are subdivided into legal, technological, market and reputational risks.

These risks are identified through **surveys with our management team and the persons responsible for different regions** to get an accurate, realistic picture of the situation for each business unit and geographic region. Following these assessments, the risks identified are included in our **risk matrix** under the process described in this report's section *Business Risks*. This process is undertaken periodically and once a year minimally.

### Physical risks

1. **Acute risks.** The risks classified as acute arise from extreme weather events such as **cyclones, hurricanes, floods or wildfires**. These risks could be significant because the Applus+ Group has facilities all over the world, and every year we experience disruptions due to extreme weather events. Occasionally, these disruptions are because our facilities have been affected, and in other times, the risk arise because our clients' facilities have been affected. **Such disruptions** have affected us for brief periods of time, although they have clearly **impacted our performance**.

In 2020, several examples include Tropical Cyclone Damian in Australia in February, which forced us to stand down our teams on one project; the wildfire in California during their summer months; the typhoons in South Korea in September and November, which closed industry for a number of weeks and caused delays in some projects because the personnel were left house-bound; Hurricane Delta in Mexico in October; and the floods along the east coast of Spain, which caused delays on some projects.

2. **Chronic risks.** These arise from a change in the climate's behaviour in the mid- or long-term, especially due to the overall rise in global temperatures, which may generate an **increase in energy costs** and require **new investments in the mid-term**. In the long-term, an increase in global temperature could lead to rising sea levels, which would force the company to relocate some facilities.

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

## Transitional risks

1. **Legal risks.** Climate change is an issue which is evolving quickly and **requires a determined reaction to the new regulations in each country.** In view of these changes, the main risk identified is non-compliance with these new regulations.
  - The reporting obligations are increasing in general because, firstly, the legislative changes associated with the reporting of non-financial information; and secondly, from investors exerting greater pressure for information related to our climate-change management. Adapting to these changes requires the company to establish and implement reporting and internal-control tools that ensure compliance with the new requirements.
    - » **The risk of non-compliance is considered low for Applus+.** The Group monitors **legislative changes** and has implemented a plan to deploy and expand our information-collection process gradually. For example, in 2019, in anticipation of future requirements, we included in our reporting-data Scope 3 of greenhouse gas emissions (GHG) for energy distribution and employee commuting.
    - » Nevertheless, **the processes we have implemented have provided the management with the opportunity to better manage and establish improvement plans in the short-, medium- and long-term.** As a consequence, we have defined a plan with short-, medium- and long-term targets **to reduce the Group's emissions.**
  - At an operational level, the new regulations on sustainable mobility that promote the use of vehicles with lower emissions, which sometimes tax or limit the use of vehicles with higher pollution, can lead to costs for the **Group's vehicle fleet because of the need to either adapt or replace them.**
    - » This risk is being managed through a **fleet-renewal programme**, which has led to a steady decrease in average emissions in recent years. Furthermore, **we have added clean vehicles to our purchasing catalogue**, and we are internally promoting and increasing the use of eco-vehicles.
  - In addition, the **energy-efficiency regulations** for buildings in the EU legislate for all member states to **decarbonise their inventory of existing buildings by 2050.** This regulation was due to be ratified by all EU countries in 2020. There is no doubt that **this regulation will require investments** to adapt to the new requirements; however, at Applus+ this risk is considered low because **we own very few buildings.**

Notwithstanding these types of risks, **the new regulations enable the Group to design and implement new services that assist our clients to comply with the new regulations**, therefore reinforcing our presence in fields like emissions testing or standardisation and "clean" vehicle testing, or testing insulation materials and construction products.



Test tracks service

2. **Technological risks.** The technological improvements or innovations that are supporting the transition to the low-carbon economy may have a significant impact on our organisation. This may affect different aspects of our internal management and in our services.

The main risk is associated with a lack of flexibility to adapt to these new technologies, which could exclude our services from markets, either because we cannot cover our clients' new needs or because our ability to react is lower than our competitors. This could lead to a change **in our Group's business and income.**

Conversely, the application of new technologies makes **remote inspection** and **real-time monitoring of tests** possible, which reduces our employees or clients' times and lowers service times, plant or asset shutdowns and costs, while increasing the safety of service delivery.

**We are constantly innovating together with our clients**, which enables our technicians to understand and address their needs. Furthermore, specifically in digitalisation, Applus+ has set up a **working group to promote and develop technologies for these new opportunities** within the organisation.

3. **Market risks.** Climate change is unquestionably affecting the market, primarily in the supply and demand of certain products and increased production costs.

The Group's exposure to the oil and gas sector is considered a risk factor because of the transition to a low-carbon economy. In this regard, the Group's greatest exposure revolves more for services in operations (77%) than for new facilities (23%). The transition in this area will take place gradually, which provides the company with a period to adapt to this transition. To do so, the Group has implemented a **diversification plan to reduce the Group's level of exposure**, which has enabled us to advance from almost 50% in 2014 to 32% in 2020, lowering the company's dependence on this sector in recent years. Furthermore, the current mix of services the company provides in this area is primarily based on services in operating expenses (OPEX), while only 7% of these services are provided for new facilities (CAPEX).

More assuredly, the market's shift towards **promoting and using renewable energies** is also providing **new opportunities for growth** in these sectors. We have developed a plan to increase the Group's presence in regions where our presence in this sector has historically been more limited.

The **automotive** sector is also an area which could be affected by this transition process, with the greatest risk in the mid- to long-term **as emission inspections in vehicles become less necessary with fewer** internal-combustion engines on the road. This would affect the USA market which accounts for approximately 2% of the Group revenue, although in other countries these inspections are marginal. In addition, the introduction of increasingly connected and **electric vehicles will require different homologation, testing and inspections**, in which factors like their functionality and safety are more important than the current ones.

4. **Reputational risks.** Depending on how the company manages our contribution to the transition to a more sustainable economy, the effects on our company's image and prestige may present significant risks as well as strong opportunities.

The main risk is the loss of trust among our investors and stakeholders in the Group's management approach to the issues related to climate change. However, this risk can also be transferred to our clients because, by being part of their supply chain, we can contribute to improvements in their management.

In this respect, we have established a **plan with measurable and assessable objectives** to show our **commitment and progress transparently.**

Even though the Group's operations do not contribute greatly to emissions or other environmental impacts, we responsibly manage the impacts we have by **planning and implementing energy-reduction and efficiency measures.**

**Even though we perceive some risks, we believe that we are effectively managing these risk, so we should not have major impacts.** Furthermore, we are identifying clear opportunities due to climate change, which we are developing and fostering, and as a whole, the company can offset the potential impacts identified, even if the impacts are minimal.

- **Impact of the risks:** The results of the assessment-analysis showed that the risks identified are being managed to ensure that the risks are not relevant to the Group's activities in the majority of our regions and businesses.
- **Management approach:** We are implementing plans to reduce and mitigate any negative consequence associated with these risks.
- **Opportunities:** Our assessment shows that a number of issues related to climate change are actually opportunities for the Applus+ Group. The positive part of climate-change mitigation is greater than the costs to the Group of managing the impacts.



Energy efficiency services

## Response to the coronavirus pandemic

In 2020, we had to confront the health crisis caused by the coronavirus pandemic, which posed a major **challenge** globally, both as a **health** crisis and a socio-economic crisis.

The Applus+ Group has implemented specific **actions** to **protect our employees' health, adapt our activities and services, support society to our best ability, and guarantee the company's sustainability in the mid- to long-term.** **Our response** to this global challenge has been **robust** and **emphatic**, implementing measures that inspire trust in all of our stakeholders through our efforts to work towards the near future dependably and optimistically for when the pandemic is behind us.

- From the outset, to prevent and control the risk of infection in the settings where we deliver our activities and to protect **our employees' health**, we immediately established **corporate guidelines and safety protocols across our global operations.** These guidelines and protocols covered all the key safeguarding aspects: the use of personal protective equipment (PPE); hygiene and cleaning processes; social-distancing and travel restrictions; reduced occupancy at our offices by encouraging **home-working**; and establishing the minimum safety requirements at our facilities, while assuring the constant availability of PPE for all our employees.
- We have worked to guarantee our capacity to provide services, help manage the risks and assist our **clients to resume** operations. To do this, we have adapted **our services** and created specific services to continue meeting our clients' needs during the crisis, thanks to our steadfast commitment to innovation. Our efforts in the area of **digitalisation**, which were started some years ago, intensified this year, and these have enabled us to develop digital and remote tools, such e-testing to track industrial-testing programmes remotely in real time; methodologies to conduct remote inspections using augmented-reality systems and other digital features; and remote visual inspections (RVIS) on hard-to-reach or dangerous inspections. These advances allow our teams to delivery activities with the maximum safety for clients and employees alike, while maintaining excellent service quality.
- To minimise the impact of the pandemic on the company's margins, the Group has adopted **strict cost controls**, and in some of our businesses and regions, we have benefited from the **protection measures offered by the governments** in a number of countries.
- Liquidity management was the Group's principle concern, and the company's executive management reacted quickly to maintain the company's strong financial position. The first measures consisted of cancelling the dividend payment in 2019, increasing the financing lines, and temporarily lowering the remuneration paid to the Board of Directors and the Group's senior management. In parallel, the Group lowered the planned investments budgeted for 2020 to adapt to the new economic situation, and we proficiently managed the accounts payable from clients. As a result of these measures, we maintained a **strong liquidity position** that, along with the **outstanding cash generated**, enabled the Group to make important **acquisitions.**
- We have issued guidelines for remote working, while providing the **IT infrastructure** needed to facilitate and ensure secure home-working, and to strengthen our employees' training in cybersecurity.
- Different **initiatives** for **social action** have enabled the Group to help the people who experienced hardship resulting from the pandemic in local communities all over the world. This included certifying ventilators in Spain at the beginning of the pandemic; lending our facilities to conduct COVID-19 diagnostic tests in the United States; providing protective gear in the United Kingdom, Spain and the Netherlands; and supplying food and basic products to those in most need.

The **Board of Directors** held many sessions throughout the year to **track exhaustively** the impact of the crisis on the Group and to **ensure that the measures implemented were effective and sufficient**.



EMC Testing

Together  
beyond  
standards

## Non-financial information

### OUR EMPLOYEES

GRI 103-2

GRI 103-3

GRI 102-8

GRI 102-12

GRI 102-41

GRI 401-2

GRI 402-1

GRI 403-1

GRI 403-2

GRI 403-3

GRI 403-4

GRI 403-5

GRI 403-6

GRI 403-7

GRI 405-1

GRI 411-1

#### Human resources policies

In 2020, the Applus+ Group maintained our existing policies and did not introduce any new ones, so we could instead focus on supporting employees and operations in view of the challenges posed by the coronavirus pandemic.

#### Employee-relations practices

In 2020, the Group has continued our long-standing practices for good **employee relations, which have proven effective during the pandemic.**

In all the countries where Applus+ offers services and conducts activities, the Group seeks to **reach agreements on working conditions for employees and adapt these agreements by** considering our employees' needs, respecting and protecting their fundamental rights to freedom of association and trade union membership. The Group's policy is upheld and supported by the regulations approved locally, our corporate policies and procedures, and the guidelines in the Applus+ Group's *Code of Ethics*.

At Applus+, we respect our employees' **right to collective bargaining**, and we work with our employees' freely-elected representatives according to the employment laws in force in each country in an effort to promote **freedom of association**. Correspondingly, we encourage a **culture of dialogue and negotiation** with our employees' representatives and stakeholders by promoting and maintaining the use of ongoing communication channels which play an active role in our policies.

We have **mechanisms by which employees can obtain information and ask questions**, while complying with the employment laws in force in each country where we operate. Any worker may submit questions or suspicions of non-compliance through the **Ethics and Compliance Communication Channel** at Applus+. We **respect minimal notice periods** by warning employees before applying significant operational changes, in accordance with local employment practices and markets.



## Organisation of work

To keep our employees informed and up to date with the latest news, Applus+ produces and provides our employees with corporate and local handbooks, which contain information related to the company and the general, applicable working conditions (annual work hours, breaks, paid leave, etc.). These handbooks fulfil the laws in force in each country, as well as any applicable collective-bargaining agreements and corporate policies and procedures.

In addition to having these rules at work, we **try to adapt our employees' work to their personal needs** whenever possible. At the Applus+ Group, we are **committed** to our employees' **work-life balance**. This is why we implement flexibility strategies which enable our people to balance their personal, family and professional lives, as shown by the results and acknowledgements we have received in this area cited below.

- We facilitate **our employees' geographic and functional mobility**. This ensures that we have highly motivated employees who are engaged in developing their potential and work with commitment and effort to achieve the company's success.
- Furthermore, **we adapt the working conditions** for employees with different abilities, women carrying children, nursing parents or individuals with other special conditions or requirements, as stipulated in the laws currently in force, collective-bargaining agreements or applicable programmes of best practices.

And finally, we can report absenteeism was 2.1% of hours worked, out of the Group's total headcount in 2020.

## Employee remuneration policies

The Applus+ remuneration policy is based on the **criteria of objectivity, external competitiveness and internal equality**.

The procedure **establishing the organisation's remuneration system** is always adapted to the legal regulations in force in each of the countries where the Group operates. Furthermore, the process also includes the participation of and consultations with employee representatives in locations where legal provisions or cultural practices require.

**Equal pay between women and men** within the company is a commitment by Applus+ for which we strive to promote and guarantee. The **commitments to equality and anti-discrimination by Applus+** are represented in our *Code of Ethics and Global Anti-Discrimination Policy*.

## Employees' rights and benefits

We have an array of **programmes** for social and economic **benefits** to foster our employees' **wellbeing**. Our initiatives always try to adapt to the particular conditions, needs and resources of our people, which vary according to the features of each location.

Correspondingly, the Group also complies with the **right to disconnect from work**, in accordance with the provisions included in the applicable collective-bargaining agreements and the local regulations established in this area.



Applus+ has been placed as one of the three best large companies in the "Healthy Corporation" category among the 340 companies applying to the "Prevention Awards". This honour highlights our best practice in safety, health and wellbeing.

## Employment and human capital management

The Applus+ strategy for managing human capital is based on four main cornerstones. In 2020, we continued to implement them by offering a broad range of programmes and projects to foster professional development and equal opportunities.

### TALENT MANAGEMENT

We have the conviction that talent is the key to long-term sustainability and competitiveness.

### EMPLOYEE ENGAGEMENT

Ensuring that employees, who are one of our key stakeholders, are motivated and engaged in their roles is an essential part of building loyalty.

### COMMUNICATION AND BRANDING STRATEGY

The aims of the strategy are to encourage commitment from our employees and attract talented candidates, while enhancing the Group's image to our markets around the world.

### DIVERSITY, INCLUSION AND EQUAL OPPORTUNITY

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



## Talent management

At Applus+, we **make people and talent a priority in our management.**

In 2020, we concluded the **second edition of the Group's Global Management Development Programme (GMDP)** for the second intake of **29 managers from 13 countries** across the divisions at Applus+. For seven months, the participants shared ideas and experiences in areas such as business strategy, business management, leadership and communication.

The programme is designed exclusively for Applus+ in collaboration with one of the most renowned international business schools - the IE Business School (Madrid). 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.



Thanks to our talent programmes, the Applus+ Group was selected in the Personnel Today Awards as one of the three best companies in Europe in the "Talent Management" category.

## Employee engagement

Based on the results of the most recent Global Satisfaction Survey, we have defined **action plans in 34 countries**, with **645 measures** addressing the different dimensions from within the survey model.

**Throughout 2020, all 645 measures were implemented** within the established timeframe, which finalised all of the action plans designed by each division of the Group.



As a result, Applus+ was chosen as a **finalist among the best international companies within the EMEA region** (Europe, Middle East, and Africa) **and North America** in the "Engagement Strategy" category for our plans and projects oriented to maximise our professionals' commitment and the Group's talent management plans.



Applus+ was also chosen as **one of the best companies in Europe for our corporate-culture project.** This recognises our commitment to create a strong corporate culture with which all of our people can identify.

## Diversity, inclusion and equal opportunities

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 building a diverse and inclusive society and **attracting talent that helps the company compete in a global context**.

We prioritise the **elimination of prejudices and unconscious biases, and we promote socio-labour inclusion** and professional promotion of all social groups, particularly those with greater difficulties in accessing the employment market. This is why in 2020 we continued to advocate for:

- **Diversity of belief, culture, ethnicity, and people with different abilities.** We are present in over 70 countries on all five continents, with 88% of our personnel employed locally. Internal promotion favours local workforces, which means most of our managers are from their countries of origin.

We continue to collaborate with South Africa's government initiative **for Broad Based Black Economic Empowerment** to redress the social and economic inequalities of the former apartheid system. Applus+ has a Level 4 on the BBBE-E certification.

- **Diversity in gender by incorporating women in the design and advancement of plans and in the Global Executive Development programmes.**

We continue to work on the Councils established for diversity and equality. The Councils, set up in 2019, are forums to express interests, concerns, needs and barriers affecting diversity and equality to develop action plans and proposals for improvements.



Premios  
CIUDADANOS  
XXVI Edición 2020  
Categoría mejor programa de  
Responsabilidad Social  
Corporativa

We have been recognised by "Premios Ciudadanos" (Citizens Awards), by the Spanish Ministry of Economic Affairs as the best company in the "Social category" for our Corporate Social Responsibility strategy, aligned with nine of the 17 UN's SDGs."



In addition, Applus+ was selected as one of the top-ten companies, among the 393 companies submitted to the 2020 Alares Awards, for our work-life balance practices in Spain.

- **We support the integration of people with different intellectual abilities** into our workforce.



Thanks to our inclusion programmes, we won the *Cinco Días* business newspaper's award for the most "Innovative Business Initiative" in ESG, and we have been recognised as one of the top-three major companies in the Randstad Awards for our Diversity and Inclusion programme.

- **We have adhered to the Diversity Charter 2020-2022 initiative**, a project promoted by the European Commission and the Ministry of Equality, in line with our firm commitment to promoting a workplace which is socially respectful, economically sustainable and legally rigorous.

As the foundation **for developing the Group's human resources strategy, we are firmly committed to digital transformation.**

The digital evolution in which we are immersed consists essentially of developing different areas of Human Resources, outlined here:

- At Applus+, the Human Resources department in Spain has transformed its way of working by turning to robotic process automation (RPA) in a risk-controlled environment. This robot interacts with applications in the same way as a person, working in a multifunctional way to automate the tasks, in our case, of the entire recruitment process.
- In 2020, we also started the implementation of "Workday" to provide Human Resources with a global tool that could work as a master-data archive and integrate analytics and cost management into the same digital system.

### *Brand and Communications strategy*

One of our main strategic objectives in the area of marketing and communication is to **develop a strong global brand** acclaimed as a world leader and trusted partner in all of our markets.

Since 2004, the Applus+ Group has acquired and integrated over 50 companies around the world. We have redesigned our brand strategy and architecture in response to the Group's growth, sectoral diversification, broad portfolio of services and geographical presence to combine our different identities under a singular vision, unique brand identity and shared business culture.

As a result, in 2020 Applus+ was distinguished in the **European Excellence Awards** and the **MARCOM Awards** for our global brand management and internal communications strategy.



**The European Excellence Awards** honoured Applus+ with the first prize in the "Branding" category.

These awards were created in 2007 and is the leading recognition for marketing and communication in Europe.



In addition, Applus+ earned two Platinum prizes at the **MARCOM Awards 2020**, including its most prestigious award in the "Strategic Communications – Branding" category. The Group also received the Gold award in the categories for "Corporation Annual Report" and "Video Corporate Image".

These prestigious awards recognise the best companies in the areas of Global Marketing and Corporate Communication.

Within our **internal communications area**, a key element to communicate with our employees, Applus+ launched over 20 internal communication initiatives digitally and globally in 2020.



Of special mention is our **employee magazine, *Appeople***, which was recognised with the Platinum prize from the **MARCOM Awards 2020** in two categories: "Employee Publication - Internal Magazine" and "Digital Media". In addition, *Appeople* was a finalist in the **European Excellence Awards 2020** in the "Internal Publication" category.

At Applus+, we strive to provide our employees with the best work environment. Our dedication has received excellent results, with the Applus+ Group **recognised in 2019, 2020 and 2021 as "Top Employer" in Spain and in 2021 in Latin America.**



The Top Employers Institute Certification Programme awards this distinction and was attained after comparing the company's management practices for human resources with those of the best companies in the world. **This certification demonstrates that Applus+ in Spain and Latin America have successfully met with the institute's demanding standards**, covering the following areas: talent strategy, workforce planning, talent acquisition, employee incorporation, training and development; performance management and leadership development; career management and replacement; compensations and benefits; and culture.

## Training

For the Group, it is vital to ensure that the services provided in the TIC sector are performed with the greatest excellence and satisfaction, and Applus+ owes this reputation to our highly qualified personnel. This is why **developing and training the expertise** of our professionals is the core goal of the Group's strategy for Human Resources.

At Applus+, we work hard 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 their 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 Applus+ Group provides all new employees with a professional and efficient welcome to provide their comfortable start at Applus+ and rapidly assume their role. The **new employee-induction training** includes areas, among others: corporate induction (corporate presentation and global policies), code of ethics and compliance, and health and safety. The training is conducted through our **global eLearning platform**.

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



## Respect for human rights

At Applus+, we believe that business can only prosper in societies where human rights are protected and respected. **The fulfilment of human rights is an integral part of our corporate culture**, and we recognise that these **are fundamental and universal** and should be based on conventions, treaties and international initiatives, such as the principles within the United Nations' Universal Declaration of Human Rights and Global Compact, and the International Labour Organization.

As part of **our commitment to the UN 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 *ESG Policy (formerly CSR Policy)*, *Code of Ethics*, *Non-Discrimination Policy*, *Suppliers Policy*, *Global Anti-Corruption Policy and Procedure* and *QHSE Policy*.

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



These policies establish mechanisms to ensure the fulfilment of these commitments by our employees, and, in the case any of their provisions are broken, the company enforces disciplinary and corrective measures through the 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 at all levels for our management to pursue in the event of any potential issues or breaches.

To safeguard personal rights, the company 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 the elimination of modern slavery and human trafficking. Although the rest of the Group's divisions also deploy the commitment by Applus+ to protect human rights at a divisional level, this is not currently formalised with a policy as already in place at the Energy & Industry Division. However, in the near future, a specific policy for human protection 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 2020, the Group did not receive any complaints regarding violations of human rights.

## Workplace health and safety

As a part of our **integrated management system**, Applus+ has developed and implemented policies for managing workplace health and safety, as well as fostering actions to create a **corporate culture** that **ensures the safety and health of our employees**. Our system complies with the OHSAS 18001 **international standard**, and we are currently in the process of migrating to the ISO 45001 standard. **Our strategy consists of going beyond the legal requirements, and we pursue the objective of zero accidents.**

The **cornerstones on which we base health and safety management** within the Group are:

- **The Corporate Quality, Prevention and Environmental Policy**

Applied to all employees at the Applus+ Group and our legal entities and activities, the policy establishes the framework for security management and includes specifications for our four divisions. The policy bolsters our commitment to manage health and safety effectively across the organisation at all levels, empowering key personnel and providing the resources to meet the Group's required standards.

- **Corporate health and safety directives**

These are a set of detailed guidelines for each of the minimum health and safety requirements included in the programmes, through which we can control our risks and improve our performance in the area of health and safety.

- **Golden Safety Rules at Applus+**

These are **11 rules** conceived to **eliminate or reduce the risk** associated with the activities that historically have had the largest impact on the Applus+ Group's claims.



- **Local health and safety management systems.**

With the scope covering legal entity, country and/or division, the system is defined in accordance with the international ISO 45001 workplace health and safety standards. These management systems are **certified by third parties in more than 23 countries.**

### *Identification of hazards and risk assessment*

We identify and assess hazards in health and safety for all of our activities, works and installations before they commence or are opened. The hazard assessments are reviewed regularly when changes occur in working conditions or when safety incidents occur.

As part of the **process for hazard assessment in health and safety**:

- We consider the legal **requirements**, recognised codes of best practice and manufacturers' requirements, and the requirements of third parties.
- In general, we estimate the hazard levels using a **risk analysis matrix** and when necessary with **specific evaluation methods**.
- Making use of the control hierarchy as a systematic approach, **we establish the preventive and corrective measures** for the elimination, reduction and/or control of the assessed hazards.

To complement this, **our employees carry out their own hazard assessment** of the work or task before starting to verify that all of the hazards are controlled and safety measures are adopted. This allows us to identify unforeseen hazardous situations, correct them and start the work only when it is safe.

To ensure the fulfilment of these requirements, Applus+ performs **internal controls at a local level**, along with these internal and independent audits carried out by clients or third parties, including those done by certification entities.

During 2020, there were over 64,405 in situ audits and inspections; 10,510 safety observations were notified; and we published 43 lessons learned. The results of these processes, together with investigations into accidents and incidents, assist us to continuously improve our management and performance.

### *Coordination of business activities*

Our policy defines our commitment to work with clients and suppliers, **creating relationships based on trust, loyalty, transparency and mutual respect**. We adopt organisational processes and structures to facilitate the relationship and fulfil their expectations, including **working in a safe environment**. We have developed a specific Golden Rule to establish the requirements that ensure the fulfilment of this commitment.



Similarly, from **our suppliers** we request a strong **commitment** to health and safety, which we take into account during their evaluation process.

### *Unsafe incidents and situations*

Among our employees, Applus+ promotes the notification of unsafe incidents and situations, and we make different **communications channels** available to our employees. We set specific annual **objectives** and follow these through **indicators**.

# 05

COORDINATION  
ACTIVITIES AT WORK



### **Authority to stop unsafe work**

Our employees have the management's full support to stop any work they consider unsafe. Our Golden Rules include the principle to confer authority **"to all our employees and contractors to stop unsafe situations"**.

The investigation of incidents and reporting is done according to **protocols** set by the Group at a divisional, local or national level. These protocols provide a **systematic approach** to investigating, analysing and reviewing all incidents, according to the following criteria:

- The aim is to ascertain the **root cause** of the incident and to define **actions plans** to prevent its reoccurrence.
- We share the **lessons learned** with the entire organisation of such accidents, where the actual or potential consequences are relevant.
- We use **different methodologies** depending on the degree of criticality or complexity of each incident.
- **We monitor and control** the investigation of incidents and non-conformities to ensure that action plans are established and the most appropriate corrective or preventive measures are put into place.

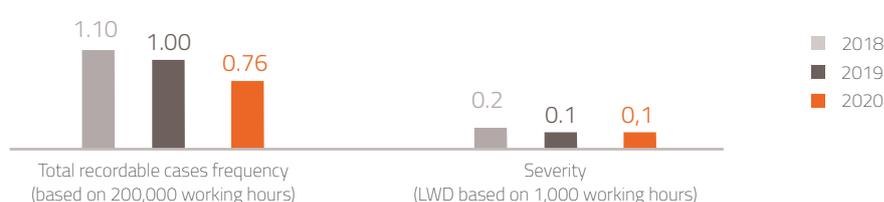
## Follow-up and results

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

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

Here are the **accident indicators** for the last three years.

Health and safety indicators



	2018	2019	2020
Working hours (in thousands)	46,220	47,065	43,376
Fatalities	1	0	2
Fatality rate	0.004	0.000	0.009
Number of high-consequence work-related injuries	0	0	0
Rate of high-consequence work-related injuries	0.000	0.000	0.000
Recordable cases	264	240	165
Total recordable cases frequency (TRCF)	1,14	1,02	0,76
Female rate	-	0,08	0,08
Male rate	-	0,94	0,68
Lost working days	7,580	5,759	4,368
Severity	0.16	0.12	0.10
Female rate	-	0.01	0.01
Male rate	-	0.11	0.09
Professional illness	0	1*	0
Female rate	0	1	0
Male rate	0	0	0

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

\*Carpal tunnel syndrome with 10 lost workdays. Professional illness according to the Spanish law.

In 2020, we reduced the TRCF by 23% and the severity rate by 13%. With these results, we have maintained the downward trend started in 2017, with a total reduction of TRCF by 39% and the severity rate by 15% since then. The main causes of the accidents in the Group were, as in prior years, falls at the same height (slips and trips) and overexertion.

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

We are deeply saddened to report two fatal accidents within the Group in 2020, one in Spain and the other in Colombia. In both cases, we provided support to the families and to the employees impacted. We conducted in-depth investigations to ascertain the root cause and the improvement actions to be taken. Based on the findings in both cases, we continue to strengthen our procedures to better protect against these incidents.

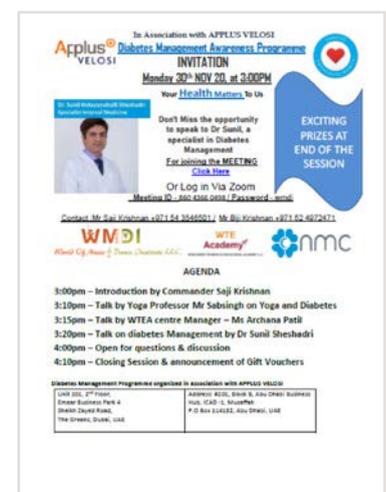
### Health surveillance

Applus+ has implemented **health surveillance programmes** for employees depending on the hazards they are exposed to, which are associated with our activities or for hazards in work carried out at our clients' premises.

The main components of these programmes are **medical check-ups** to assess aptitude in respect of the job position and the annual **epidemiological study** to identify incidences on health that could be related to the work.

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

Moreover, through different programmes and initiatives at the local level, Applus+ facilitates **access to medical services and promotes sports practice** among our employees. Similarly, we have carried out several **health-promotion campaigns** relating to illnesses such as diabetes in the United Arab Emirates and Costa Rica or addressing various types of cancer in Panama, Costa Rica and Indonesia.



### The coronavirus pandemic

From the outset, to **prevent and control the risk of contagion** in our activities' environments and with concerned about the spread of coronavirus and for the health of our employees, we established **corporate directives and safety protocols**. At the same time, at the country and divisional level, we set up management procedures and specified protocols, with the participation of employee representatives for health and safety matters. These protocols have been adapted to the evolution of the pandemic and to the directives established by the healthcare authorities.

We maintained **regular communications** with our employees and provided specific channels for **queries or questions**. Similarly, we created **an ad-hoc space on the Group's intranet**, accessible to the entire workforce, where we publish the directives, procedures and protocols defined by the company to fight against the spread of coronavirus.

Among the **awareness-raising actions**, we highlight the creation of a **training course** to detail the **preventive measures to be adopted** during work, as well as **raising awareness on the importance of the course's contribution** to controlling the pandemic.



A **desktop wallpaper image** installed on all of the Group's computers acted as a reminder for the basic measures for hygiene and social distancing.

The measures adopted include hygiene and cleaning measures, the distribution of Personal Protective Equipment (PPE), maintaining social distancing, reducing the occupancy in our offices by **fostering working from home**, establishing **minimum safety** requirements at our facilities, such as ventilation and cleaning protocols, and establishing **travel restrictions**. To do this, we have monitored the evolution of the pandemic by country and ascertained the risk level for each country.

Similarly, we have **monitored the impact** of the pandemic at Applus+, gathering data using our GRC tool on the COVID-19 cases detected in all of the countries and our divisions. We have controlled and tracked the detected cases, identifying the root of contagion and taking the necessary measures, while always following the recommendations of the national authorities. According to the information gathered, the number of confirmed cases in 2020 (including quarantines) amounted to a total of 1,270 cases within 33 countries. The large majority of the cases were mild and the source of contagion came from outside the Group. Regrettably, we report that two of our employees in Mexico and Saudi Arabia developed fatal complications during their hospitalisation.

### *Training and raising awareness*

The training of all employees on health and safety issues is an essential aspect of the company's **training programmes** at the time employees join, prior to their exposure to certain risks and regularly during their employment.

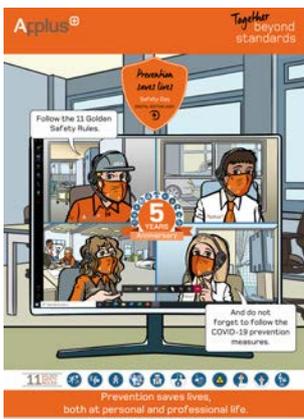
These programmes have a common part referring to how prevention is managed at Applus+, which is complemented with their specific training needs in each job profile or position (mechanical risks, working at heights, working in confined spaces, electrical hazards, etc.).

At Applus+, we ensure all of our employees are familiarised with health and safety programmes at the Group and their operational divisions, so **they understand the procedures, know the risks and preventive measures associated with their activities, and act in a safe manner**.

Moreover, we undertake different **activities to raise awareness** among our employees:

### *The celebration of Safety Day*

This is an annual event in which the entire global workforce participates and to which we also invite our clients and contractors to participate. Due to the circumstances and the effects of coronavirus, the 2020 edition was held as a virtual, digital edition to ensure the participation of everyone in a safe context.



In 2020, the motto was **"Prevention saves lives"**, which refers to both health and safety measures at work and the preventive measures to fight against the spread of coronavirus.



Social wall

As a novelty for Safety Day 2020 Digital Edition, we created a **social wall** at the Group’s intranet, giving our employees the opportunity to share their experiences on health and safety.



**QHSE communication campaign** in which communiques were issued to reinforce our Golden Safety Rules for Coordination activities at work (Nº5), Working at heights (Nº9) and Manual handling of loads (Nº2), as well as other risk factors such as exposure to extreme heat.



**Lessons learned:** more than 43 were shared throughout the Group.



**Specific safety banners** on the Group’s global intranet, including a specific banner to raise awareness of our internal policies and directives to stop the spread of coronavirus.



**Other local initiatives** to foster safety, such as road safety campaigns in Chile or the “Let’s care for our bodies” campaign in Mexico.

**Appople** internal magazine of the company where we also publish content relating to safety and health.

**Safety awards** at a local level to recognise employees who stand out for their contributions relevant to safety and health.



Health and safety training

## CARING FOR THE ENVIRONMENT

GRI 102-11

GRI 102-12

GRI 302-1

GRI 302-3

GRI 303-1

GRI 303-2

GRI 303-3

GRI 305-1

GRI 305-2

GRI 305-3

GRI 305-4

GRI 306-1

GRI 308-1

### Focus of environmental management

At Applus+, we share a **respect for the environment**, and we promote **environmental sustainability** in all our Group's operations.

The **lines of action** we defined to achieve a **sustainable performance** are based on focusing our management efforts on **minimising the environmental impact** of our activities. These are mainly related to our offices and facilities, as well as transport to the client's facilities.

The main **environmental indicators** associated with the Applus+ Group's activities are related to energy consumption, greenhouse gas emissions (GHG) and water consumption. These indicators quantitatively display compliance with the company's targets for improvement and the degree to which we attain our environmental commitment.



**Energy consumption** associated with the use of electricity for lighting, equipment and heating/air conditioning, as well as for the transport to carry out work at our clients' premises.



**GHG emissions** originating from the consumption of fuel by our vehicle fleet, business travel, other travel by our staff, and energy use for heating and electricity.



**Water consumption** associated with the sanitation and irrigation facilities, as well as with the IDIADA Division's vehicle testing tracks.

At Applus+, we use business intelligence (BI) to manage, control and verify the environmental indicators of **energy consumption**, **GHG emissions** and the **water consumption** of our facilities in the countries where we operate. Correspondingly, due to our business model, we do not depend on the extraction nor consumption of raw materials to develop our businesses' activities, and our activities do not generate any impact as a result of an inefficient use of such resources. However, at Applus+ we choose to manage resources efficiently and sustainably, as well as optimising and continuously monitoring every defined procedure and indicator.

For this reason, using the **Applus+ Site Management (ASM)** system, we record all consumptions together with their evidences to maintain traceability. And using **QlikView**, we consolidate all the reported data to offer a detailed analysis for each of our indicators.

Our management framework also includes the waste generated during the development of our activities, mainly in the IDIADA and Laboratories divisions. The waste generated by both divisions requires specific storage and management conditions so that we focus our efforts on reducing, controlling and improving 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.

\*A comprehensive analysis of our risks and opportunities related to climate change is included in the section *Business Risks* of the chapter *Financial Information*. Similarly, our environmental impacts have been assessed and categorised, and the results are shown in a specific section of the chapter *About the Report*.

In 2020, the unprecedented impact of the coronavirus pandemic on our activities caused our consumption and emissions to reduce because of the travel restriction measures implemented. However, this crisis has also accelerated the transition towards a more sustainable and digital world. **Home-working and video meetings helped reduce our travel emissions considerably.** The use of remote communications tools within the company increased by more than 450% when making the comparison of the figures of March with those of February 2020, considering calls, chats and online meetings.

The **commitments** governing how we act to achieve environmental protection are encompassed in the **Corporate Quality, Health & Safety and Environmental Policy (QHSE)**, which also ensures the quality of our services and the health and safety of our employees.

The policy applies to all of our employees and those working on the behalf of Applus+. Through the policy, the Applus+ Group's management strengthens their commitment to protecting the environment, giving priority to the **preventive approach** over corrective measures when we carry out our activities, while providing the company with sufficient human and financial resources to continuously improve our environmental management.

The Corporate Purchasing Department integrates the Group's **compulsory QHSE requirements** within its supplier management processes for selection and qualification. Within the **approval process, the supplier must know and adhere to** the Group's **QHSE Policy**. Moreover, in the **initial assessment** of our suppliers, we positively value those that implemented and are certified according to the **ISO 14001** Standard or the European Commission's voluntary Eco-Management and Audit Scheme (EMAS).

Our suppliers' **adherence** to the **Policy**, and consideration of the **environmental management systems implemented** as part of their selection and qualification, is significant. Spending with suppliers adhering to the Group's **QHSE Policy** represents 73% of total purchases..

## Principles included in our environmental policy

Implementation of a systematic approach to ensure compliance with legislation.

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

Promotion of continuous improvement for a safe and sustainable environment.

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

Adoption of measures to reduce any environmental damage and pollution.

To develop the policy, we implemented **Environmental Management Systems (EMS)** at a local level in more than 25 countries, based on the cycle of continuous improvement and developed following the international **ISO 14001** Standard. Our EMS are regularly audited and our certificates are maintained over time.

## Energy and emissions

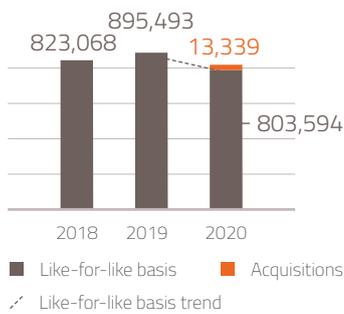
The total energy consumed and the GHG emissions generated by the Group's activities are obtained from electricity consumption, gas fuel and liquid fuel in the following groupings:

- Electricity: comprises the electricity consumptions (lighting, equipment, etc.) and heating.
- Gas fuel: comprises the consumptions of natural gas, propane, liquid propane, liquid natural gas and compressed natural gas.
- Liquid fuel: comprises the consumptions of gasoline, diesel and biodiesel oil.

The **Group's Good environmental practices guide** defines clear **directives** addressed to all of our employees to **reduce energy consumption** at the company's facilities, as well as the **consumption of fuel**, both in our fleet vehicles and in private vehicles.

### Total Energy Consumption

Total energy consumption (renewable and non-renewable) (GJ)



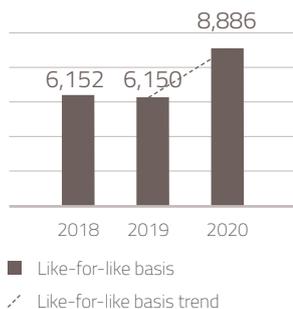
In 2020, the Applus+ Group's total energy consumption was of 816,932 GJ. The **liquid fuel** is, by a wide margin, **the most significant consumption source**, representing almost half of the total energy consumption. The consumption of petrol, diesel and biodiesel is directly related to our activities because our employees travel to our clients' facilities.

Energy consumption overall decreased by 9% compared to 2019 and by 10% when compared measure for measure. There was a notable reduction due to the impact of the coronavirus pandemic on all of the company's activities. However, the Group introduced measures to reduce annual consumption, such as the **installation of LED illumination to reduce electricity consumption at facilities or the use of more efficient vehicles providing lower fuel consumption.**

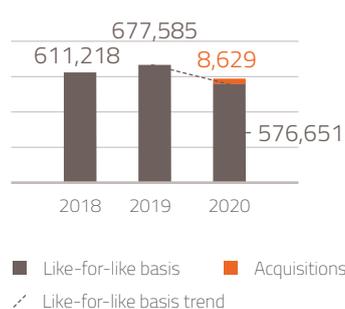
As a result of the home-working measures by the Group and the reduction of activities, fuel consumption decreased dramatically in 2020 compared to the prior year. And due to the weighting of petrol and diesel within the company's overall energy mix, a decrease in total energy consumption followed.

### Renewable and non-renewable sources

Renewable fuel consumption (GJ)



Non-renewable fuel consumption (GJ)

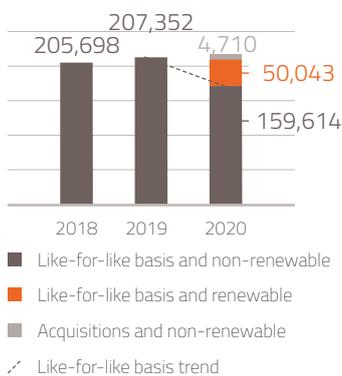


The Group's energy consumption can come from **renewable or non-renewable sources**, depending on the energy consumed. Natural gas, liquid or compressed natural gas, propane or liquid propane, petrol and diesel oil are non-renewable sources; whereas the electricity consumed can come from renewable or non-renewable sources, except the energy for heating which comes from non-renewable sources, and biodiesel comes from renewable sources.

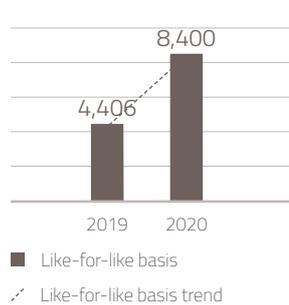
In 2020, the consumption of **renewable fuels** was 8,886 GJ. Within the Group, biodiesel is mostly consumed in Colombia, used by the vehicle fleet to travel to the facilities of clients. This consumption recorded a 44% increase compared to the data published in 2019 (6,150 GJ), principally for projects carried out in rural areas that require the use of other fuels, such as biodiesel; and therefore this offset the decrease in compressed natural gas (CNG) used in their fleet of natural gas vehicles (NGV).

For **non-renewable fuels**, in 2020 the consumption was 585,280 GJ. This group of fuels includes petrol, diesel oil and the gaseous fuels, such as natural gas, propane, LPG, LNG and CNG. On the whole, there was a 14% decrease in consumption compared to 2019, which is directly related to fewer business trips in the company's fleet vehicles, particularly from the second quarter of 2020 in the USA and Spain because of the impact of the coronavirus pandemic.

Electricity consumption (GJ)



Heating consumption (GJ)



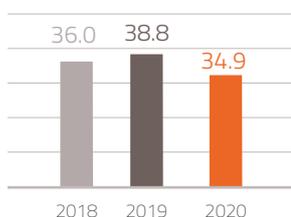
Finally, total **electricity consumption** was 214,367 GJ, and **heating** was 8,400 GJ. There was no energy consumption within the organisation for cooling or steam, and no energy was sold.

A like-for-like basis comparison shows an increase of 1%, while total electricity consumption in 2020 increased by 3% compared to the previous year. This increase is concentrated in consumption by the companies that joined the Applus+ Group, adding 2% to the global consumption.

Since July 2020, most of the electricity consumed at our facilities in Spain comes from renewable sources, with a certificate of "Guarantee of Origin" issued by the National Commission of Markets and Competition (CNMC). The certification guarantees that the 50,043 GJ of the electricity consumed was produced from renewable energy sources. This represented 23% of the total electricity consumed across the Group. This major milestone highlights our commitment to sustainable energy, and represents the first step towards becoming a carbon neutral company.

### Energy indicators

Energy intensity (GJ / No. employees)



The indicator Applus+ uses to measure performance is **energy intensity per employee**, and by using this value, we can estimate the average amount of energy used per employee.

In the energy concept, we consider the total energy consumed within the company (electricity, heating, gaseous fuel and liquid fuel).

In 2020, the Group's energy intensity was 34.9 GJ per employee, which represents a decrease of 10% on the prior year.

This significant decrease in intensity is due to mobility restrictions within the different countries where we operate. However, we were able to continue carrying out our activities through remote services and home-working using the digital tools provided to all employees.

## Emissions

At Applus+, we calculate our GHG emissions in accordance with Scopes 1, 2 and 3.

The **Scope 1 emissions** are the direct emissions from the combustion of fuel, being both liquid fuel and also gaseous fuel. Fuel is the most significant source of GHG emissions within the Group, and consumption is directly related to vehicle-use for travelling to our clients' facilities. Moreover, these also include the emissions from gas boilers for heating and for the performing tests at our facilities.

The **Scope 2 emissions** are the indirect emissions from the generation of energy for the electricity and heating at our premises.

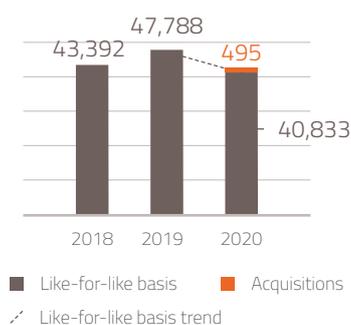
In 2020, a significant drop occurred compared to the prior year due to three significant factors:

- The change from the emissions of the energy mix; in other words, the emissions from each country's original energy source. For 2020, we used the values from the *IEA (2019) Emission Factors for electricity and heat generation* report. This change led to a decrease of 12%.
- The usage of electricity from renewable sources mainly in Spain was 23% of the Applus+ Group's electricity consumption and therefore GHG emissions are avoided.
- And finally, the promotion of home-working and the lockdowns of certain facilities due to the impact of the pandemic, also caused a slight decrease in emissions.

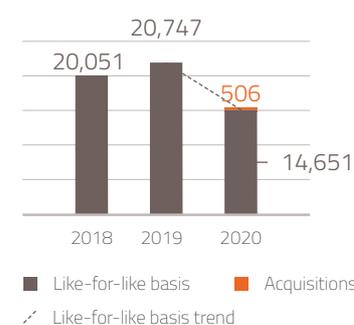
The **Scope 3 emissions** are the direct emissions not included in Scope 2, produced outside Applus+. The emissions considered in this concept are:

- Activities relating to fuel and energy not included in Scopes 1 or 2.
- Business travel (by plane, train and taxi).
- Employees commuting between work and home.

GHG Emissions. Scope 1 (t CO<sub>2</sub> eq)



GHG Emissions. Scope 2 (t CO<sub>2</sub> eq)



Scope 3	2019	2020
Emissions due to electricity transmission and distribution losses (1)	1,739	1,164
Emissions due to the electricity value chain (1)	6,240	4,505
Emissions due to the fuel value chain (1)	58,291	50,356
Emissions due to the heating value chain (1)	-	222
Emissions due to the employee commuting (2)	55,602	49,277
Business trip w/ Plane and Train (3)	7,584	1,898
Business trip w/ Taxi (4)	6	1

The scope of countries included:

(1) Andorra, Angola, Argentina, Australia, Bahrain, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Czech Republic, Denmark, Ecuador, Egypt, Finland, France, Germany, Ghana, India, Indonesia, Ireland, Italy, Kuwait, Malaysia, Mexico, Mongolia, Netherlands, Nicaragua, Nigeria, Norway, Oman, Panama, Papua New Guinea, Peru, Poland, Portugal, Qatar, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Turkey, United Arab Emirates, United Kingdom, Uruguay and USA.

(2) Australia, Canada, Chile, Colombia, Germany, Ireland, Netherlands, Panama, Spain and USA.

(3) Angola, Australia, Chile, Colombia, Mexico, Netherlands, Spain, United Kingdom and USA.

(4) Spain

In general, the impact of the pandemic reduced our emissions (Scope 1, 2 and 3) in 2020 compared to 2019.

A detailed review of the data shows that Scope 1 emissions decreased by 14%, due mainly to the reduction in fuel consumption for vehicle-development testing at the IDIADA Division, and from a reduction in the services delivered from the Energy & Industry Division.

As in previous years, the Group worked constantly to reduce the impact of direct emissions since these make up the majority of the direct emissions from the company. This is why the average emissions for fleet vehicles from our largest supplier recorded a two percent reduction compared to 2019. This demonstrates that the Group's vehicle fleet is becoming more efficient and environmentally-friendly.

Following our commitment to reducing emissions derived from fuels, in 2020 the Group added to the electric vehicles on our fleet from the principal vehicle supplier to 13. We are making these changes gradually and without jeopardizing the efficiency of the service in our operations.

However, Scope 2 emissions recorded a larger reduction of 27%. Much of this reduction was achieved in Spain, where the Group emitted the equivalent of 4,008 tons less of CO<sub>2</sub>, thanks to the energy consumed from predominantly renewable sources, with zero emissions guaranteed by the CNMC's "Guarantee of Origin" certificate. In addition to this, a change in the electricity-emission factor of countries resulted in a 12 percent reduction in emissions, along with the general reduction that the Group recorded as a result of the coronavirus pandemic.

Finally, for Scope 3 emissions, we consider each concept separately because of the different scopes these have. However, each of the scopes recorded a decrease compared to 2019. The emissions from electricity transmission and distribution losses, and its value chain, reduced by approximately 30% as a result of the decrease in consumption. Similarly, in the emissions resulting from the fuel value chain, fuel consumption fell by 14% in parallel with the reduction of fuel consumption across the Group. The emissions in respect of our employees commuting reduced by 11%. This reduction followed measures taken to reduce commuting during the pandemic (9%) and a change in the emission factors used for the calculation (2%). Finally, emissions generated by transport for our employees' movement by plane, train and taxi fell dramatically by almost 75%, attributed to a reduction in business trips and an increase in remote meetings.



## Emissions indicators

Intensity of GHG Emissions  
(t CO<sub>2</sub> eq/No. employees)



To calculate our employees' average GHG emissions, we use **emission intensity per employee** as an indicator. In 2020, this was of 2.42 tCO<sub>2</sub>eq/employee, including the values of Scopes 1 and 2. Compared to 2019, we saw a decrease caused by the change of energy-mix emissions, the usage of electricity from renewable sources, implementation of efficiency processes and the impact of restrictions due to the pandemic.

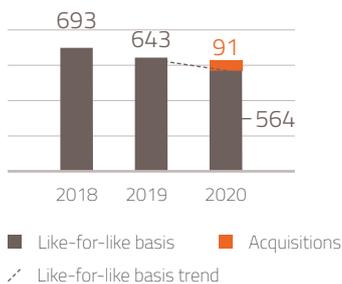
Comparing emissions intensity year on year, there was a 19% reduction resulting from a 18% reduction in overall emissions (Scope 1 and 2), for the reasons outlined previously.

The decrease in emissions-per-employee is the result of a lower consumption of fuels and the Group's commitment to use electricity from renewable sources. These adopted measures have been made without jeopardizing the delivery of services to the client, while maintaining or increasing the number of employees.

## Waste, water and effluents

### Water use

Water consumption (ML)



The Group's total water consumption during 2020 was 655ML, representing an increase in water use of 2%.

The main reason for this increase is due to the inclusion of consumption from the IDIADA Division's activities in the USA, which require large amounts of water consumption for vehicle development testing.

In fact, the like-for-like basis comparison, there was a 12% decrease, due to less activity at the IDIADA Division's facilities in Tarragona (Spain) and their efficiency achievements when recovering the water used in their services.

The water used within the organisation can have different **origins**: water from third-party suppliers (308 ML) or groundwater (347ML).

Total groundwater consumption has decreased by 9% (379 ML) compared to 2019. This decrease is mainly recorded at IDIADA's facilities in Tarragona, due to a reduction in activity.

Part of the water used in their activities comes from underground (344 ML). The water is used in buildings, the watering of green areas and for four out of its 14 vehicle-testing tracks: two braking tracks, a wet pavement driving track and a fatigue track. The test tracks have the most intensive water consumption, and to minimise this, the water is filtered and recycled for reuse, without requiring grease and hydrocarbon separators. In this process, the water loss is only between 7-11%.

The environmental controls performed are:

- For water used on tracks and in buildings, the pH and chlorine levels are measured.
- For the track water, osmosis treatment is available and its conductivity is analysed.
- And for the water solely used in buildings, its organic and chemical parameters are controlled.

## *Waste management*

Our activities mostly generate urban waste and other assimilable waste, such as paper, plastic packaging, print toners and office supplies.

The directives set out in the Group's **Good environmental practices guide**, as well as the local regulations applicable for **waste management**, govern the rules of our behaviour, applying the 3 Rs formula: Reduce, Reuse and Recycle. Both at our offices and when providing services at the clients' facilities, all employees must apply these good practices for generated waste management.

At our offices, waste segregation is mandatory when the country has a public or private infrastructure for selective recycling and treatment. The office and workplace managers are responsible for providing the resources needed to comply with these management policies, as well as for adherence.

Moreover, to **reduce the consumption of paper, toner and ink**, the *Good environmental practices guide* establishes certain action guidelines.

The **IDIADA and Laboratories Divisions** also generate **hazardous waste and other types of waste** which, by their nature, require specific management; for example, tyre waste at the IDIADA Division's vehicle-proving grounds or inert waste from fire-resistance tests at the Laboratories Division. The hazardous and specific waste generated at both divisions is always managed through duly authorised companies, and the documentary evidence is always retained as required to verify the traceability of this management.



## Environmental action



### Applus+ chooses electric mobility

During 2020, at two of the Group's main headquarters in Spain at Bellaterra and in Madrid, we installed **electric-vehicle recharging points**. With this project, the company wants to express our firm commitment to the environment and make a difference in promoting the future of sustainable mobility.



At Bellaterra, we installed two recharging points with capacity to charge four cars simultaneously, which is available to our employees and clients. And at Las Mercedes offices in Madrid, a charging area was installed with the capacity to charge two vehicles.

With this project, **we want to encourage and promote the use of the electric vehicles among all of those who work for and with Applus+.**



### New EV charging station at the IDIADA Division

At the IDIADA Division, we installed an **EV charging station** to offer the latest available technologies in the automotive sector, following strict environmental and safety regulations.

This new **EV charging installation** is equipped with four chargers: two with a power rating of 50 kW and two with 175 kW, which can reach up to 350 kW. Moreover, the installation is ready to accommodate up to six additional chargers, with one more prepared for heavy goods vehicles or for two small cars.

Since the charging processes can be complex, especially with prototypes, a fire-extinguishing system has been installed to offer the utmost safety at all times, and the facility is constantly monitored for any hazardous situation. In the event of discharged from the vehicles or batteries, the liquid containment systems ensure proper storage of the fluid so that it can be treated to preserve the environment.

The entire **service is managed and supervised remotely** using **software designed by our engineers at the IDIADA Division**, which allows us to manage all of the processes involved before, during and after each charging cycle. The users of this service will be able to obtain specific information about each charging cycle, and users can also obtain real-time information on the availability and location of these and other chargers.



### The IDIADA Division backs organic-waste composting

In 2019, the IDIADA Division in Spain acquired a composting machine for organic waste with a 30-tonne capacity. However, the capacity soon reached its limit because the site generates approximately 90 tonnes of organic waste each year. In 2020, we therefore invested in a **new composting machine with a 120-tonne capacity**.

The environmental benefits from the composting machine are the **reduction in the amount of organic waste** sent to the landfill, a **saving in transport emissions**, and the **generation of compost** which is used as **fertiliser on the green areas** of our facilities.



### Digital tools to increase the sustainability of our services

Applus+ developed the **AuditA+** and **GEOAPP Pollution** tools to digitalise our inspection activities in the field. This **reduces the paper consumed when delivering these activities**, and the transfer of information to our databases and those of our clients and partners is more reliable and effective.

Importantly, we also improve our service offer to clients by **verifying the status of inspections in real-time**.

The GEOAPP Pollution tool focuses on soil and groundwater characterisation, and the AuditA+ tool allows the user to **design and generate recording formats for deployment in the field**.

### More sustainable non-destructive testing services

In the Netherlands, Applus+ RTD, a leader in the development of non-destructive testing (NDT) techniques, is transitioning towards using **organic products for the x-ray film-developing processes**. These new products eliminated all the compounds contained in traditional film-processing, which were harmful to human health, carcinogenic and hazardous to the environment. One of these new products uses **vitamin C as a substitute for the hydroquinone and aldehyde**, and in the other, **the use of boric acid was eliminated**.

Moreover, the **containers** for these products are made of polyethylene and can therefore be recycled. In addition, sixty percent of the cardboard packaging comes from **recycled paper**.

These measures allow us to offer services which are **increasingly sustainable and environmentally friendly**.

## Our environmental contribution by TIC services

The TIC services provided by Applus+ make a significant positive environmental impact by assisting our clients to reduce their environmental impact and protect against or reduce environmental risks on their assets, products and services. Since 2019, the Group has been measuring and increasing our revenues from Green Services to adapt and extend these services progressively in order to meet our clients' needs in their transition to a low-carbon economy.

At Applus+, Green Services are defined according to the European Union's classification: "Those which make a substantial contribution to the goal of achieving a low-carbon economy by reducing the CO<sub>2</sub> emissions, as well as to improve the performance in relation to other environmental goals."

In 2020, circa €200 million (13% total revenue) came from services focused on reducing and/or mitigating environmental impacts. Some examples of these services are those related to renewables, control of the automotive emissions, surveys of environmental parameters, energy audits, waste management, and innovation projects for automotive eco-engines and lightweight aerospace materials.



### REDUCTION AND EMISSION CONTROL

#### Statutory vehicle inspection

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

#### Aerospace

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

#### Industry, energy, oil and gas and public administrations

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

#### Testing and automotive engineering

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



### PREVENTION OF SOIL CONTAMINATION AND POLLUTION DISCHARGES

#### Construction and civil infrastructure

- Improvement of the machinery in park management.

#### Companies of any sector and public administrations

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

#### Industry, oil and gas and mining

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



### CERTIFICATION AND VERIFICATION OF MANAGEMENT MODELS

#### Companies in any sector

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

#### Organisations and public administrations

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



### OPTIMISATION OF ENERGY AND WATER CONSUMPTION

#### Companies of any sector and public administrations

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

#### Electrical and electronic equipment

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

#### Construction

- Sustainable certifications: BREEAM, LEED and GREENLIGHT.



### MINIMISATION OF WASTE AND OPTIMISATION OF MANAGEMENT

#### Industry

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

#### Electrical and electronic equipment

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

#### Construction

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

#### Organisations and public administrations

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



### BIODIVERSITY AND ECOSYSTEMS PROTECTION

#### Energy and telecommunications

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

#### Organisations and public administrations

- Strategic Environmental Assessments.

#### Industry and oil & gas

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

#### Civil infrastructure and mining

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

## Relevant projects

Our greatest environmental contribution comes through our services. Although most of our TIC services generally contribute to sustainability through their very nature, we identified certain services that are specifically oriented towards climate-change mitigation, based on the taxonomy applied by the EU. In this regard, in 2020 13% of the Group's income came from these services, which support a sustainable economy. We highlight here some of these key services and projects.

### Verification of recycling in Portugal

From the Energy & Industry Division in Portugal, Applus+ contributes to the continued improvement of recycling figures in this country through our service to verify the quality of local-waste separation. According to the Association of Waste Management in Portugal (ESGRA), the collection of urban waste in the country increased by 18% in the first quarter of 2020 compared to the same period in 2019.

In addition to verifying the correct segregation of waste, Applus+ **studies the materials to develop new segregation methods** and monitors compliance with the applicable legislation.

### Vehicle emission inspections

The Applus+ Group works with governments at all levels (municipal, regional, state and international) to create **customised solutions that assist in maintaining cleaner air**, while providing quality services and fostering safer roads.

Applus+ manages comprehensive statutory vehicle inspection and maintenance programmes that together account for more than 20 million emissions control inspections a year.

Through our global technical expertise, **we actively contribute to ensuring greater control of vehicle emissions** and promote the **improvement of air quality in many countries around the world**.

### Technical assistance on new wind turbine-projects

Applus+ participates in the **most advanced engineering assignments in the wind turbine industry**, providing wide-ranging technical assistance. The wind turbine farms in Scotland and Mexico are some of the most noteworthy projects on which we collaborate.

Scotland's new offshore project for wind turbine generation will be the first in the world to feature wind turbines generating more than 9 MW, located 15 km off the coast of Aberdeen. Applus+ will certify the welding work on the complex marine structures by carrying out non-destructive testing (NDT).

Applus+ also participates in a wind turbine project in Fenicias (Mexico), ensuring that the project meets our customer's specifications in terms of quality, cost and time. The project will have a 168 MW power rating, with 42 wind turbines each generating 4 MW of power.

The services offered by Applus+ contribute towards **fostering renewable energy sources** that reduce GHG emissions and contribute towards environmental protection.



## BUILDING A BETTER SOCIETY

GRI 413-1

### Social action

In 2020, Applus+ continued our programme for **social action** in different countries, in which the following **projects** are noteworthy:

In Italy, Applus+ organised an **internal lottery** called "Lotteria della Befana", donating all the proceeds to the **Children's Oncology Department of Papa Giovanni XXIII Hospital**.

The Applus+ Group's supervisors who work at the **Karratha gas plant in Western Australia** attended a **training activity for cultural awareness**, organised by the **Murujuga Aboriginal Corporation**, to foster respect for the culture of Australian Aborigines.

With a tour through the Murujuga National Park, the supervisors could get to know one of the largest petroglyphs collections in the world, the local flora and the fauna used by the Aborigines in the past, and discover the cultural importance the Aborigines give to the North West Shelf region.

The training activities were completed with a presentation on local history, the Aboriginal tradition and culture, and the work that the Murujuga Aboriginal Corporation is doing to preserve both their history and the Murujuga National Park.

In Spain, Applus+ organised the "**Súmate, Operación Solidaria**" (Join the Solidarity Operation) to help those who suffer the most from the severe economic and social impact of the coronavirus pandemic and who encounter the greatest difficulty in accessing basic food and hygiene products.

Since the project was launched May 2020, **218 tonnes of basic products** have been distributed through "Banco de Alimentos de Madrid" (Madrid Food Bank), "Cáritas Diocesana de Madrid" (Diocesan Charity of Madrid) and "Cruz Roja Comunidad de Madrid" (Red Cross Community in Madrid), **contributing towards feeding 2,100 families for a month**. Applus+ participated in the deliveries of products, donations in kind, transport and logistics services, as well as with monetary contributions.

The project is supported by the Administration for the Community of Madrid, through the Department for Social Policy, Family, Equality and Childbirth, which resulted from a collaboration agreement signed through the KPMG Foundation.



In Indonesia, Applus+ has continued with our "**Giving Back**" **programme**, which is the result of our social commitment at a local level to contribute to the community by **supporting the flood-affected families** in the area.

For the past eight years, Applus+ has sponsored the **Solidarity Race** organised by the Universidad Autónoma de Barcelona (UAB). In each edition, the race has attracted 2,000 participants on average.

In 2020, the pandemic forced us to set up a new format to continue our contribution to the cause. Through a mobile application, each participant chose the route and their distance, and they totalled the solidarity kilometres run and donations. In doing so, many races in one event were run from many places, integrating both the collective and individual challenges.



In 2020, thanks to the “Sin Límites” (Without Limits) programme for social inclusion in Spain, our employees took the opportunity to **donate their Christmas hampers** to the foundations for people with different abilities with whom we collaborate.

In Costa Rica, Applus+ has run a solidarity project for the **daily donation of food** to families affected by COVID-19.

## Our services' contribution to development

At Applus+, we are **committed to local development** through different activities and services in the places we operate:



The Group's TIC services assist to protect operations, assets and the quality of products in sectors such as for energy, particularly from renewable sources, telecommunications, automation, oil and gas, construction, mining and aerospace. In many cases, we **support** the implementation of **key projects for a country's structural development, thereby contributing to social and economic growth locally.**

Moreover, at Applus+ we contribute to local communities by promoting their employability and training:

- **Fostering employment** by directly hiring local personnel and contracting local suppliers for our services. In 2020, locally hired personnel represented 88% and local suppliers represented 95%.
- **Training local experts to acquire specific technical skills** and sharing our experience acquired through the different areas of our business.

## Relevant projects

### Promoting health during the pandemic



#### Applus+ tests ventilators for the fight against COVID-19

In the early stages of the pandemic to overcome the shortage of equipment available to the health authority, we worked with manufacturers and the Spanish Medicines Agency to test artificial respirators required by the patients most severely affected by COVID-19. In a very short timeframe, manufacturers developed prototypes and the professionals at Applus+ collaborated with their expertise, and we provided facilities 24 hours a day, 7 days a week to speed up the validation of the equipment being developed.



#### Contributing vehicle-testing stations for COVID-19 tests in the USA

In 2020, Applus+ made several of our vehicle inspection facilities in Illinois and Washington available to third parties to perform COVID-19 test on the public from their vehicles. By lending our support, Applus+ is contributing to the fight against the spread of coronavirus in the United States.

#### Healthcare in the Netherlands

Applus+ is contributing to healthcare in the Netherlands. The traditional scanners used in brain and back diagnosis, such as hernias, tumours and Parkinson's disease, have been enabled to conduct examinations for COVID-19 by a leading technology-development company in the healthcare sector. These X-ray scanners were used at the Applus+ RTD's Elsloo (Netherlands) bunker and workshop for coronavirus research. Through this work, Applus+ is contributing to the future research to overcome COVID-19.



## Improving public infrastructure and services

### Bridge inspections in Tanzania

Applus+ delivered our first infrastructure inspection in Tanzania for a major client in the construction and civil engineering sector using ultrasonic testing (UT) to ascertain the cause of the cracks which appeared during the construction of the Nkrumah-P37 bridge. The use of UT allowed our customer to measure the depth of the cracks precisely without damaging the surface of the pavement.

### Engineering study of Route Y-290 in Chile

In Chile, Applus+ will prepare the detailed engineering study commissioned by the Chilean Ministry of Public Works to improve the road Y-290 to Cueva del Milodón, the Río Serrano Route in Última Esperanza province, and the route in the Magallanes and Antártica Chilena region.

The project is aimed at adapting the design and construction conditions to reduce the costs and environmental impact of the infrastructure.

### Rehabilitation of the sewage network in Delhi (India)

Applus+ is carrying out the repair and renovation of the household wastewater-sewage network in Delhi. The project will have a very significant impact and involves a major breakthrough in local environmental protection and social development.

### Support for rural and indigenous communities in Panama

Applus+ is inspecting and supervising the construction of 25 educational centres and sanitation facilities in Panama, two initiatives generating a significant positive social impact.

### Applus+ in Colombia participates in the initiative "Plan Todos Somos PAZíficos" (We are all Peaceful Plan)

This is an expansion of the project for technical, administrative, financial, legal, environmental and social intervention on projects financed by the "Plan Todos Somos PAZíficos" (PTSP) project.

The PTSP is an initiative set up by the Colombian Government to contribute to the social, economic and environmental development of the Pacific Coast, an area of influence covering 50 municipalities of the Departments of Chocó, Valle del Cauca, Cauca and Nariño. Applus+ is carrying out a comprehensive supervision of projects for electrification and the standardisation of electricity grids, which include renewable energy projects.

### Type approval of vehicles imported into Costa Rica

In Costa Rica, Applus+ is monitoring used vehicles for import to verify they have not been previously declared an accident write-off in any other country. The monitoring has two phases: a documentation inspection and full vehicle inspection, permitting importation only when the vehicle is type-approved following the inspection.





### *Local training initiatives*

#### **Applus+ in the Netherlands trains university students**

Over the past few years in the Netherlands, Applus+ has organised demonstration seminars for the students studying IKT-2 (level 2 of Inspection and Inspection Techniques) at the University of Applied Sciences of Utrecht, obtaining very satisfactory results. The person responsible for the training is a Technical Manager at Applus+ and a lecturer for the level 2 and 3 Inspection and Inspection Techniques courses.

#### **Online inspection-training programme**

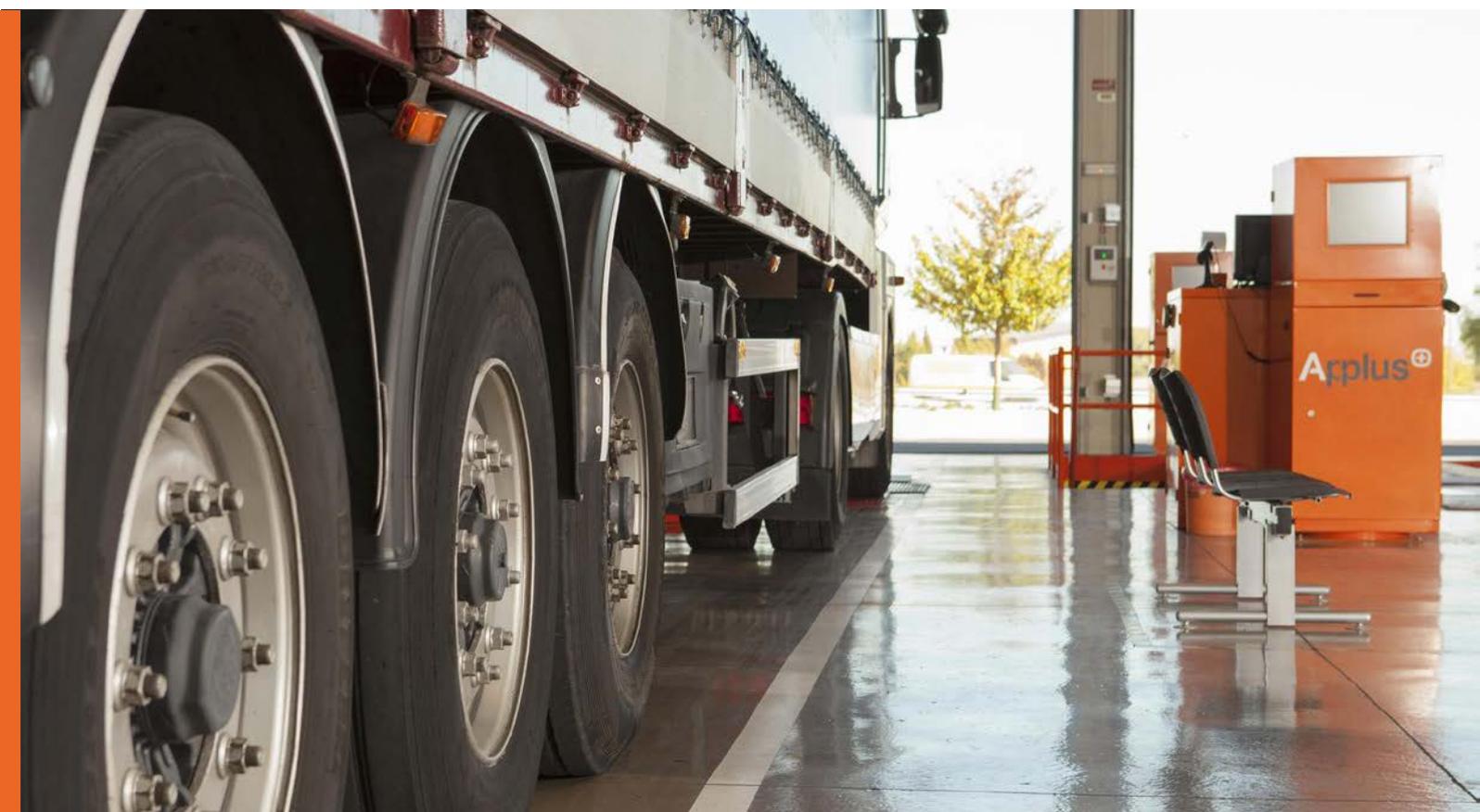
Applus+ in Spain has facilitated online training to external professionals on a programme for eligibility to become a Vehicle Inspector. The programme provided a total of 33,840 hours of training to 423 people through our ApplusNet tool.



### *Fostering the local development of new technologies*

#### **Artificial intelligence**

To adapt to new social needs, a project to automate statutory-vehicle-inspection centres is being developed in Spain. The automation using artificial intelligence technologies (Machine Learning) to allow us to offer clients more efficient services.



Statutory vehicle inspection services



## Heritage preservation

### Archaeology services at the Tamaya photovoltaic plant in Chile

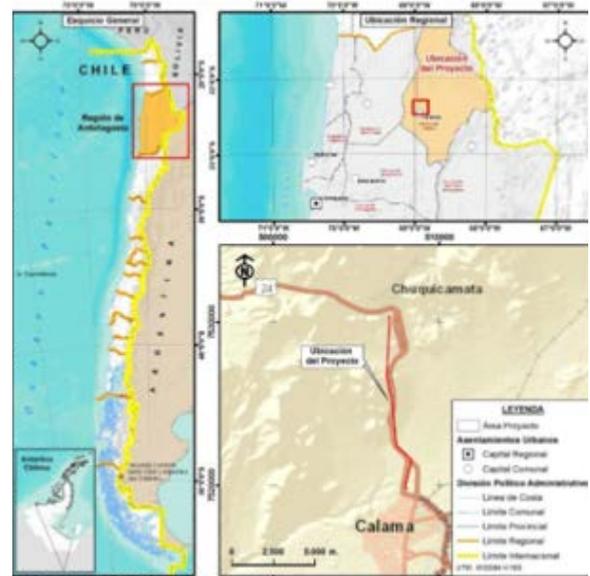


During the construction of a photovoltaic plant located in Tamaya Park in Chile, with a nominal capacity of approximately 122 MW, six heritage elements were found: four milestones, a bottle and a highly altered cattle trail.

Applus+ collaborated in preserving this discovery, carrying out the systematic recording and topographical survey of the linear feature and developing a historiographic study of the features from the bibliographic review. We collected the moveable cultural materials associated with the cattle trail, conducting permanent archaeological monitoring and giving heritage education talks to the staff involved in the construction works.

### Paleontological and archaeological monitoring during the erection of a power line in Chile

a 1. Ubicación de la Subestación Seccionadora Nueva Chuquicamata 2



Applus+ is delivering technical services for paleontological and archaeological monitoring during the construction of a new 2x220 kV electricity installation in New Chuquicamata, South East Calama in Chile to ensure the protection of cultural heritage during the works.

Our technical services are contributing to heritage preservation through paleontological monitoring during excavations and earthworks, recording sediment samples during the inspection of excavation fronts, providing induction training for the employees involved in the works, the implementation of a "fortuitous-find" protocol and report preparation just in case, and the definition of measures for paleontological-heritage protection.

# 04 Corporate Governance

GRI 102-16

## Approach to corporate governance

### FOUNDATIONS

The Applus+ Group is governed by a set of corporate rules, policies and processes that define, under applicable laws, our 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, which was amended in June 2020, and **internationally-accepted best practice**, including the feedback from our stakeholders. The continuous development, review and improvement of the **framework** are the cornerstones of the Applus+ Group's **strategy in the area of 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**. As a result of the CNMV's approval of their new version of the Good Governance Code in June 2020, and the Applus+ Group's continuous improvement plan, the Board of Directors at Applus+ has proceeded to amend and/or approve some of the existing documents, the regulations of the respective committees and a new policy:

BASIC RULES	POLICIES
Applus+ by-laws	<i>Remuneration Policy of the Directors</i>
Regulations of the Board of Directors	<i>Applus+ Environmental, Social and Corporate Governance Policy (ESG, formerly CSR)</i>
Regulations of the Board of Directors	<i>Policy for the Communication of Economic-financial, Non-financial and Corporate Information and Communication and Contact with Shareholders, Institutional Investors and Proxy Advisors.</i>
Internal regulations for conduct in the security markets	<i>Applus+ Director's Selection Policy</i>
Audit Committee Regulations	<i>Risk Management Policy</i>
Appointments and Remuneration Committee Regulations	<i>Diversity and Equality Policy</i>
Environmental, Social and Corporate Governance Committee Regulations (ESG, formerly CSR)	

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

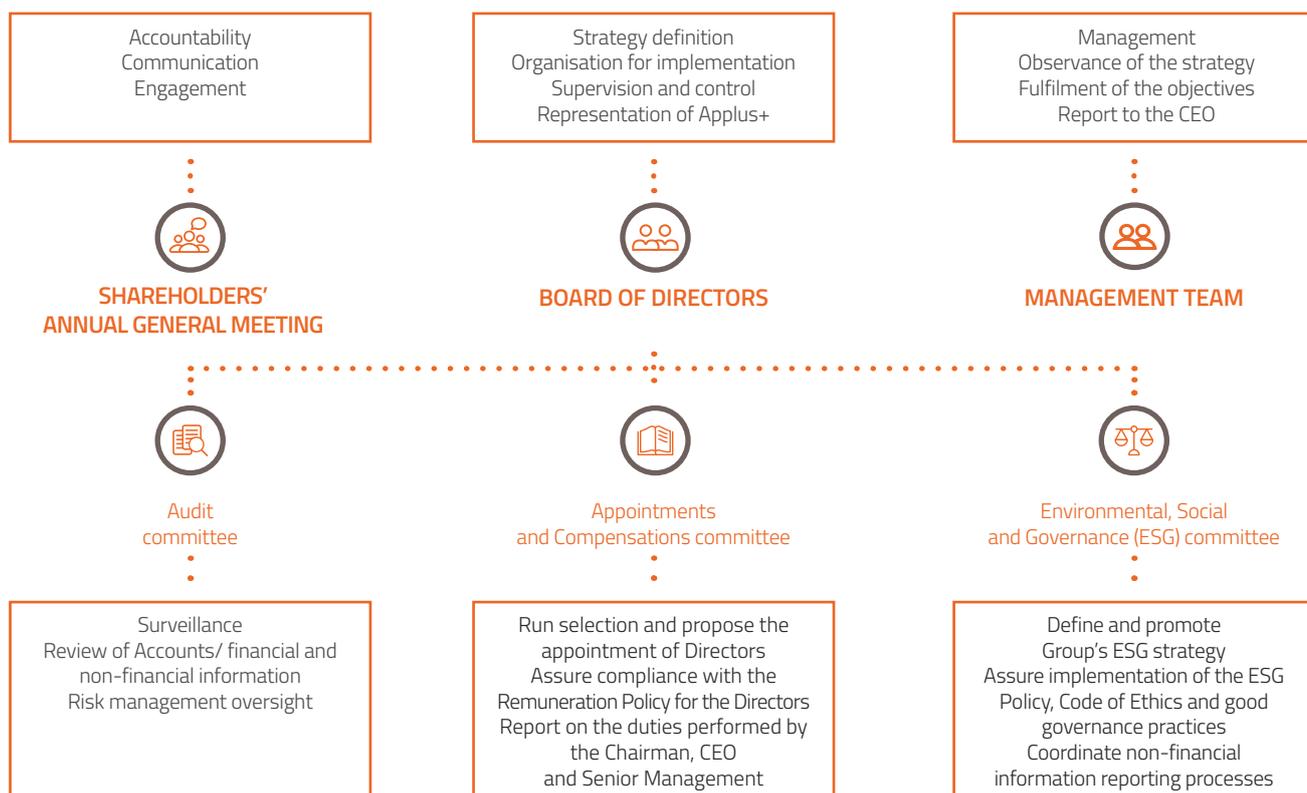
Overall, the ACGR shows a good level of performance by the Applus+ Group according to CNMV recommendations, with an **effective compliance ratio of 87%**. Of the 64 recommendations in total, 10 are not applicable to the Applus+ Group. Out of the remaining 54 recommendations applicable to the Group: 47 were complied with; and 7 are partially complied with.

## THE MAIN MILESTONES ACHIEVED IN 2020

1. Amendment to the *Regulations of the Board of Directors*, approved in December 2020, to adapt the policy to the amended **Good Governance Code**, among others.
2. Amendment to *Director's Selection Policy*, expressly stating the **goal of 40% of women members on the BOD for the year 2022, as well as stating our commitment to society for gender diversity and promotion of women to directorships**.
3. Amendment to the *ESG Policy* (formerly *CSR*).
4. Approval of the Regulations of each of our Committees: Audit, Appointments and Remuneration and ESG.
5. Approval of a new *Policy on Communication and Contacts with Shareholders, Institutional Investors and Proxy Advisors*, as well as a general policy regarding the **communication of financial, non-financial and corporate information through the media, social networks and other channels**.
6. Successful holding of a hybrid General Shareholders' Meeting partially online with high engagement from stakeholders.
7. Holding of 11 sessions of the Board of Directors to ensure the timely **monitoring of the effects of the crisis** caused by the coronavirus pandemic, among others.

## 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 ESG Committee to set the tone from the Board for the actions that follow throughout the company.

The Applus+ Group regularly reviews its ESG strategy and *Policy*, and provides support to internal structures to ensure the **effective deployment** and continuous improvement of performance.

The ESG 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 ESG performance in order to take management and operational decisions for improvements.

# Board of Directors

GRI 102-18

**Nicolás Villén**

- 1. Spain
- 2. Infrastructure | Pharmaceutical
- 3. Chief Executive Officer | Chief Financial Officer
- 4. Worldwide



**Christopher Cole**

- 1. UK
- 2. Engineering
- 3. Chief Executive Officer
- 4. Worldwide



**Fernando Basabe**

- 1. Spain
- 2. Finance | TIC\*
- 3. Chief Executive Officer | Chief Operating Officer
- 4. Worldwide



**Joan Amigó**

- 1. Spain
- 2. Consumer | TIC\*
- 3. Chief Financial Officer | Vice-President
- 4. Worldwide

**Richard Nelson**

- 1. UK
- 2. Finance | TIC\*
- 3. Chief Executive Officer
- 4. Worldwide



**María José Esteruelas**

- 1. Spain
- 2. Energy | Infrastructure
- 3. Executive Vice-President | Chief Executive Officer
- 4. North America, Latin America and Spain



GRI 405-1

## Board of Directors

Composition of the Board



**Ernesto Mata**

- 1. Spain
- 2. Energy | Infrastructure Consultancy | Finance
- 3. President | Vice-President
- 4. Spain and Latin America



**Essimari Kairisto**

- 1. Finland/Germany
- 2. Technology | Energy
- 3. Managing Director | Chief Financial Officer
- 4. Worldwide



**John Hofmeister**

- 1. Finland/Germany
- 2. Energy | Industrial manufacturing
- 3. President | HR Group Director
- 4. Worldwide



**Cristina Henríquez de Luna**

- 1. Spain
- 2. Consumer | Pharmaceutical
- 3. President and Managing Director | Chief Financial Officer
- 4. Europe, Latin America and Israel



- 1. Nationality
- 2. Executive industry experience
- 3. Functional experience
- 4. Primary geographic experience

\*Testing, Inspection and Certification

- Corporate Social Responsibility Committee
- Appointments and Remuneration Committee
- Audit Committee

- Executive
- Independent
- Other external directors

**7/10**  
Directors are independent

Separation of Chairman and CEO positions

**3/10**  
Directors are women

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

## INDEPENDENCE OF THE DIRECTORS

The Board's composition of independent Directors is essential for the good governance of the Applus+ Group:

- In 2020, eight out of ten directors were non-executive and seven 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 OF THE BOARD OF DIRECTORS

On 15<sup>th</sup> December 2020, Applus+ amended the ***Director's 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, since the Board reached the 30% target of women as Board members one year ahead of the 2020 recommendation, the *Policy* has been updated with the new Good Governance Code's current recommendation to have **at least 40%** of women represented on the Board by 2022.

Thanks to this policy, Applus+ is managing the selection of directors by ensuring that the processes favour **diversity in gender, experience and knowledge**, and does 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* today refers to the promotion of diversity through measures that encourage the company to have a significant number of women directors.

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

In 2020, the ***Remuneration Policy of Directors for 2019-2021*** remained in force. This policy 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, which is all in line with market practices and best international standards.

## PROFILES OF THE BOARD OF DIRECTORS



*Christopher Cole*

Non-Executive Chairman and Chairman of the Corporate Social Responsibility Committee

Mr Cole has a degree in Environmental Engineering from London South Bank University and is a UK qualified Chartered Engineer. He was a founder of WSP Group Plc, which was listed on the London Stock Exchange in 1987 and where he was CEO until it merged with Genivar Inc. in 2012 to become WSP Global Inc. Mr Cole remains as the Non-Executive Chairman. He is also Non-Executive Chairman of Tracsis Plc. He was Non-Executive Chairman position at Ashtead for 12 years where the company progressed to a FTSE 100 leading performer until last year when he left.

He was appointed as Non-Executive Independent Chairman on 7<sup>th</sup> May 2014, and thereafter re-elected by the AGM on May 31<sup>st</sup> 2018.



*Fernando Basabe*

Chief Executive Officer and Member of the Corporate Social Responsibility Committee

Mr Basabe holds a degree in Law from the Universidad Complutense de Madrid and an MBA from IESE (Barcelona).

Before joining Applus+, Mr Basabe spent 15 years at SGS S.A. in different senior management positions, ultimately becoming the Chief Operating Officer for Western Europe. He started his career at Manufacturers Hanover Trust Co. (JP Morgan & Co), where he held different positions within the corporate banking division.

He was appointed as Chief Executive Officer of Applus+ on 1<sup>st</sup> February 2011, and thereafter re-elected by the AGM on May 31<sup>st</sup> 2018.



*Joan Amigó*

Chief Financial Officer

Mr Amigó holds a degree in Economics from the Autonomous University of Barcelona, a PDD from IESE (Barcelona) and an AMP from ESADE (Barcelona and Wharton-Pennsylvania).

He started his career at Price Waterhouse Coopers in 1991 as an external auditor. In 1994, he joined Bimbo (Sara Lee), a consumer goods company based in Spain and Portugal, where he held various senior positions: Vice President and Chief Financial Officer, Financial Shared Services Director, Controller and Internal Audit Director. In 2006, he was appointed Vice President for Financial Planning and Control at Sara Lee Bakery's Europe Division.

He was appointed as Chief Financial Officer in December 2007 and thereafter as Director of Applus+ on 30<sup>th</sup> May 2019.



*Essimari Kairisto*

Non-Executive Director and Member of the Audit Committee

Ms Kairisto has a diploma in Business Administration from the University of Fachhochschule Bielefeld (Germany).

Ms Kairisto was the Chief Financial Officer and a Board Director for Hochtief Solutions AG until 2016, after which she has taken on independent consulting roles. These include since 2015, Supervisory Board Member of Freudenberg, the privately owned German technology company, and since 2018, Non-Executive Director and member of the Audit and Risk Committee of Fortum Oyj, the clean-energy generation and distribution company that is listed on the Helsinki stock exchange. Additionally, Ms Kairisto is member of the Supervisory Board of TenneT, the Dutch state owned leading European electricity transmission system operator (TSO) with its main activities in the Netherlands and Germany.

Prior to her move to Hochtief Solutions in 2013, Ms Kairisto had several high profile roles in finance and general management including at Sasol, RWE and Schlumberger.

She was appointed as Director of Applus+ on 10<sup>th</sup> April 2019.



*Ernesto Gerardo Mata*

Director and Member of the Audit Committee

Mr Mata has a degree in Economics from the University of Geneva and PADE from IESE (Barcelona).

Mr Mata has held many Board positions, including a Director of Unión Fenosa (Gas Natural), Chairman of Unión Fenosa Soluziona S.A., and Director of Abertis Infraestructuras S.A., where he was also Chairman of the Audit Committee.

He is currently Chairman of the Advisory Board of KPMG Spain and Quironsalud. He also sits on the Boards or Advisory Committees of other organisations and private companies in Spain.

He was appointed as Director of Applus+ on 29<sup>th</sup> November 2007, and thereafter re-elected by the AGM on May 31<sup>st</sup> 2018.



*Richard Nelson*

Non-Executive Director, Member of the Appointments and Remunerations Committee and Member of the Corporate Social Responsibility Committee

Mr Nelson has a degree in Economics from the London Business School, and he is a fellow of the Institute of Chartered Accountants in England & Wales.

Mr Nelson was the Chief Executive Officer of Intertek Group Plc, a UK listed FTSE 100 company in the testing, inspection and certification industry, until his retirement in 2006. Previously he was the Chairman of the International Federation of Inspection Agencies until it merged with another organisation into the TIC Council.

He was appointed as Director of Applus+ on 1<sup>st</sup> October 2009, and thereafter re-elected by the AGM on May 31<sup>st</sup> 2018.



*María José Esteruelas*

Non-Executive Director and Member of the Appointments and Remunerations Committee

Ms Esteruelas holds a degree in Industrial Electrical Engineering from ICAI (Madrid). She has a Master's degree in Operations from the Instituto de Empresa (Madrid) and a General Management Executive Programme from the IESE (Madrid).

Ms Esteruelas currently serves as Executive Vice President of America at Abengoa, leading all the subsidiaries of the Region. Previously she was CEO of the Power Division and formerly Executive Vice President of Latin America. Most of her career has been at Abengoa, which she joined in 1997, performing a variety of senior positions in Operations and Concessions.

From July 2014 to December 2017, she was member of the Atlantica Yield Board of Directors appointed by Abengoa.

She was appointed as Director of Applus+ on 20<sup>th</sup> February 2019.



*Cristina Henríquez de Luna*

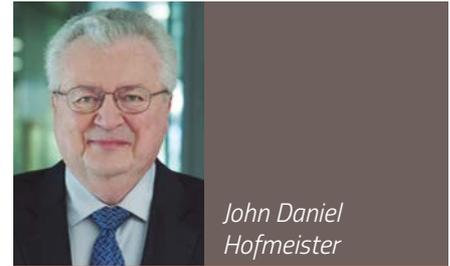
Non-Executive Director and Member of the Audit Committee

Ms Henriquez holds a degree in Business Administration and Economics from ICADE in Madrid.

She is the President and Managing Director Spain and Head of Iberia and Israel Cluster at GlaxoSmithKline, as well as Independent Director at Meliá Hotels International.

Previously she held a variety of senior finance roles at GSK, and was at Procter & Gamble Europe based in Switzerland after an extensive Latin American experience based in Peru and Mexico.

She was appointed as Director of Applus+ on 21<sup>st</sup> July 2016.



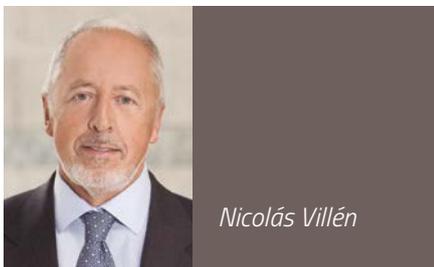
*John Daniel Hofmeister*

Non-Executive Director and Chairman of the Appointments and Remunerations Committee

Mr Hofmeister has an honorary doctorate from the University of Houston and is a Doctor of Letters at Kansas State University, where he obtained his Bachelor and Master's degree in Political Science.

At Royal Dutch Shell, Mr Hofmeister was Group Director of Human Resources before becoming the President of Shell Oil Company, the U.S. subsidiary of Royal Dutch Shell. Prior to this, he held executive leadership positions at General Electric Company, Nortel Network Corporation and AlliedSignal (Honeywell). He founded Citizens for Affordable Energy and remains a Member of the United States Energy Security Council. Currently, he serves as Non-Executive Director of Ioneer Ltd.

He was appointed as Director of Applus+ on 1<sup>st</sup> July 2013, and thereafter re-elected by the AGM on May 31<sup>st</sup> 2018.



*Nicolás Villén*

Non-Executive Director and Chairman of the Audit Committee

Mr Villén is an industrial engineer, graduated from the Polytechnic University of Madrid. He holds a Master in Electrical Engineering from the University of Florida, where he was a Fulbright Scholar, and he has an MBA from Columbia University.

Previously, Mr Villén was the Chief Executive Officer of Ferrovial Aeropuertos and Chief Financial Officer at Ferrovial. Prior to this, he was the CEO of Midland Montagu Ventures and Smith Kline & French, as well as other responsibilities at Abbott Laboratories and Corning Glass Works.

He currently sits on the Boards of FCC Aqualia and ACR Grupo. He is also external advisor for IFM Investors, an Australian infrastructure fund.

He was appointed as Director of Applus+ on 27<sup>th</sup> October 2015 and thereafter re-elected by the AGM on May 29<sup>th</sup> 2020.



*Vicente Conde*

Secretary Non-Director

Mr Conde has a degree in Law from the Universidad Autónoma de Madrid and a postgraduate degree in European Law from the Université Libre de Bruxelles.

He is a specialist in Corporate and Business law, Capital Markets and M&A and is a Partner in the Madrid offices of Osborne Clark. Previously, he was a Partner at Pérez-Llorca and worked at Uría Menéndez in Spain and Chile. He is also a lecturer at several universities and is a regular speaker at conferences.

He was appointed as Secretary Non-Director of Applus+ on 28<sup>th</sup> January 2016.

**30%**  
Women

**70%**  
Independent Directors

**64,4**  
Average age

## GROUP MANAGEMENT



*Fernando Basabe*

Chief Executive  
Officer (CEO)



*Joan Amigó*

Chief Financial  
Officer (CFO)



*José Delfín Pérez*

Human Resources,  
Marketing &  
Communications



*Javier López*

Corporate  
Development



*Eva Argilés*

Legal



*Jordi Brufau*

Laboratories  
Division



*Josep Maria  
Farrán*

IDIADA Division



*Aitor Retes*

Automotive  
Division



*Ramón Fernández*

Energy &  
Industry Division



*Brian Dawes*

Energy & Industry  
Division (Middle  
East & Africa)



*Don Heath*

Energy & Industry  
Division - Aerospace  
(North America)



*John Carr*

Energy & Industry  
Division - Oil and  
gas (North America)



*James Grant*

Energy & Industry  
Division - Canada  
(North America)



*Julián Mayor*

Energy &  
Industry Division  
(Mediterranean)



*Pablo San Juan*

Energy &  
Industry Division  
(Latin America)



*Dirk Van der Put*

Energy & Industry  
Division (Northern  
Europe)



*Cameron Waters*

Energy &  
Industry Division  
(Asia Pacific)



*Mª Teresa Sanfeliu*

Internal Quality,  
H&S and  
Innovation (HSQE)



*Anna Díaz*

Compliance



*Aston Swift*

Investor Relations

## Business ethics and compliance

GRI 102-12

GRI 102-16

GRI 102-17

GRI 205-2

GRI 206-1

GRI 412-2

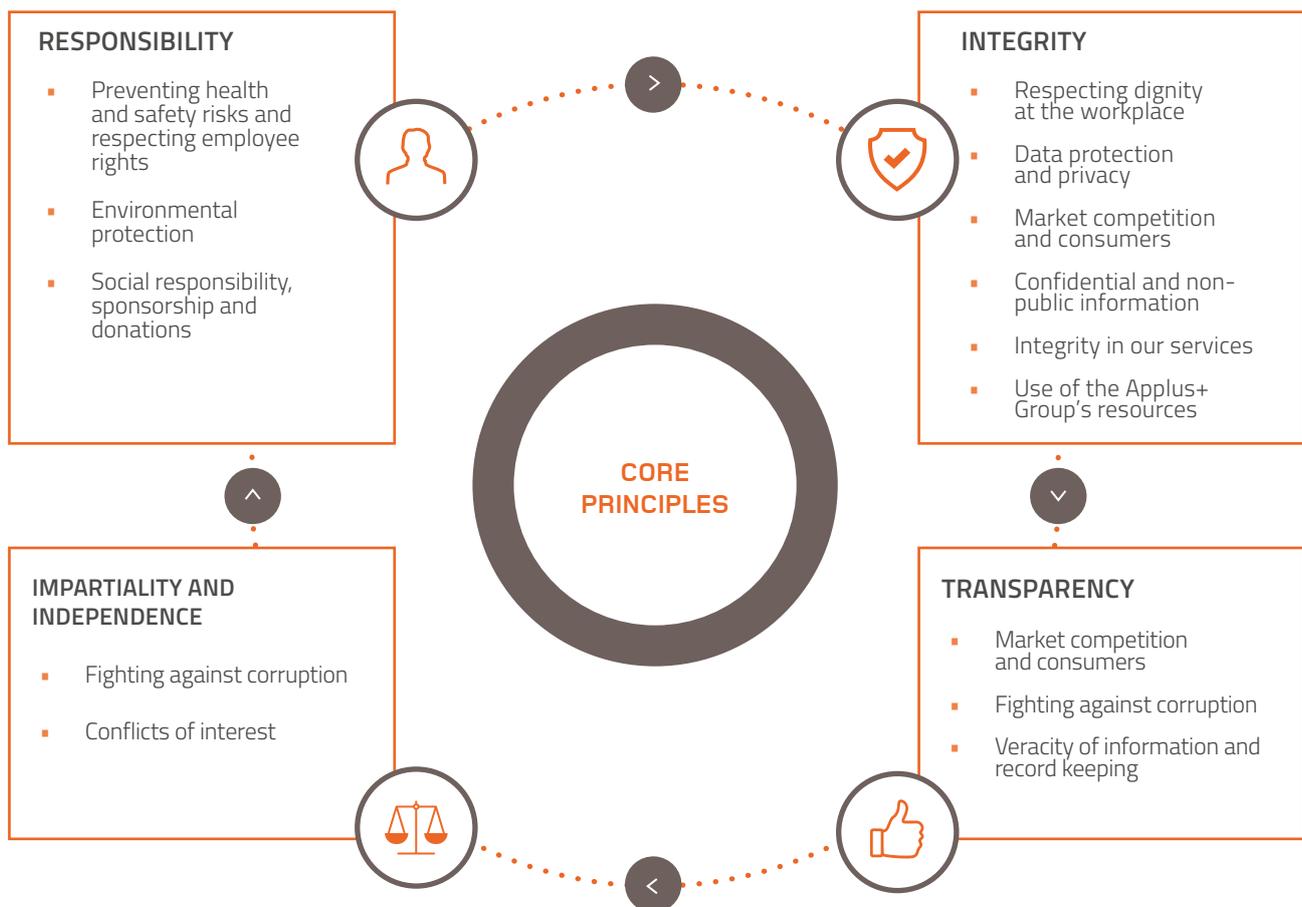
**We are firmly committed to strong business ethics, which help us to prevent, identify and stop any behaviour that threatens our principles of conduct.**

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.

The Group's commitment to business ethics is managed by the Board of Directors through the ESG 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 professionals' 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 **24 languages** to all of our stakeholders around the world, either at our website or at our Applus+ Global Intranet.

The *Code of Ethics* sets out the **values, principles and rules of conduct** that guide our operations and activities:



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

To ensure all of our professionals understand, align and follow the values and ethical principles set out in the *Code of Ethics* and related policies, each year we **deploy an annual online course** on the Group's Code of Ethics and Global Anti-Corruption Policy and Procedure. This training explores different topics and situations on ethical standards and is aimed to serve as **a reminder for all of our professionals at Applus+**, and forms 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.



Every year during the annual training course on the *Code of Ethics*, **each professional renews their commitment to the Code**. Each signs an initial commitment to the *Code of Ethics* and related policies when they join the company as part of their work contract.

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 all languages on the Group's website.

In addition, **our suppliers** have access to our Code of Ethics and Global Anti-Corruption Policy and Procedure and sign a **General Compliance certification** where they state their 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 those 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.

The pandemic caused by **the COVID-19** has not altered the training process for *Code of Ethics* or its associated policies, since it was already being taught online through the Applusnet corporate-training platform. However, the travel restrictions caused by the pandemic have forced the company to adapt to new ways of conducting compliance investigations, essentially in regards to interviews and follow-up meetings on the implementation of a number of policies and procedures with the various functional areas of the business.

## 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 internal regulations at Applus+ (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 reprisal), and explains how to submit a query or complaint, as well as outlining the process for managing any complaint.

We also have the *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 2020, there were 104 communications received, with 93 of these opened for investigation into potential breaches. Out of the 93 communications opened for investigation, 77 cases were closed in 2020, and 16 continue to be open and under investigation and management by the CCO. Out of the 77 cases investigated, there was evidence found in 41 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 104 communications, 83 came from internal sources and 21 came from people external to the Group. 68 percent of the cases used the formal communication channels of the company to send the allegations; 25% 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 (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, such as the *Policy on Conflicts of Interest*, *Purchasing Policies*, *Suppliers Policies*, or the *Policy on the use of company resources*. The CMS is included in the scope of the periodic controls carried out by the Internal Audit Department.

Our commitment to a creditable, effective and efficient business ethics has led us to **adapt the Global Purchasing and Supplier's Policies** to reduce bureaucratic burden, focusing all efforts on the most important suppliers.

Furthermore, in awareness of the increasing importance of diversity and inclusion, the Compliance Department has collaborated in the drafting of the new Group's *Policy on Diversity and Equality*.



To monitor and manage situations of a conflict of interest at Applus+ that may arise in the activities between employees' personal interest and the interest of the company, to which all professionals owe a duty of loyalty, a conflict-of-interest form has been created, aimed at all new recruits, but not applicable to existing employees. The questionnaire deals with a number of contexts that could involve a conflict of interest between the parties, particularly areas that could lead to nepotism.

The answers given in the forms are analysed by Human Resources, who check that personnel are not faced with hierarchical-related problems that could give rise to subjective decisions on employment issues or professional advancement.

The Chief Compliance Officer, under the supervision of the ESG Committee, is responsible for taking the necessary measures to raise awareness of the CMS among the professionals at Applus+ 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.

Having consolidated its CMS policies and procedures, in 2020 the Compliance Department focused its global efforts on **ensuring the policies' effective implementation across the company's divisions and regions**.

To understand the possible challenges in the implementation of the policies, Applus+ held regular meetings with the different corporate functional areas in each country, as a means to address these problems.

Correspondingly, the **internal control system** was adapted to the current regulations to ensure all managers follow applicable compliance requirements. Compliance controls include all of the Applus+ Group's internal policies and procedures comprised within our CMS. Managers must sign a statement of compliance to demonstrate it is being applied correctly.

## 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 our business; and to ensure that professionals at Applus+ and other third parties carry out business in a consistent manner.
- Fighting against bribery, kickbacks, improper or illegal payments, gifts or contributions, and any other improper method of seeking favourable treatment. The divisional Executive Vice-Presidents, under the leadership of the CCO, are responsible for monitoring compliance with the *Policy and Procedure*.

As stated in the *Global Anti-Corruption Policy and Procedure*, any sponsorship or donation must be legitimated, formalised and authorised. In 2020, we contributed € 29,630 to foundations and not-for-profit entities. Following our policies, Applus+ has not given donations to political parties.

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

Based on our continuous-improvement process, our crime prevention model will include new developments in the future.



## MARKET COMPETITION

**Compliance with antitrust and competition laws is one of the values** covered by the Group's *Code of Ethics*. The Group's ***Competition Policy*** and ***Bids and Tenders Policy*** defines the criteria to ensure compliance.

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

In **2020**, no legal proceeding was initiated against the Applus+ Group, **nor has the company 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

**Personal data protection and privacy is one of the values** upheld within our *Code of Ethics*. Therefore, we strive to **protect an individual's privacy** and their corresponding fundamental rights **when processing personal data**.

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, Policy and Procedure for Management of Individual Rights and Data Breach Policy.**

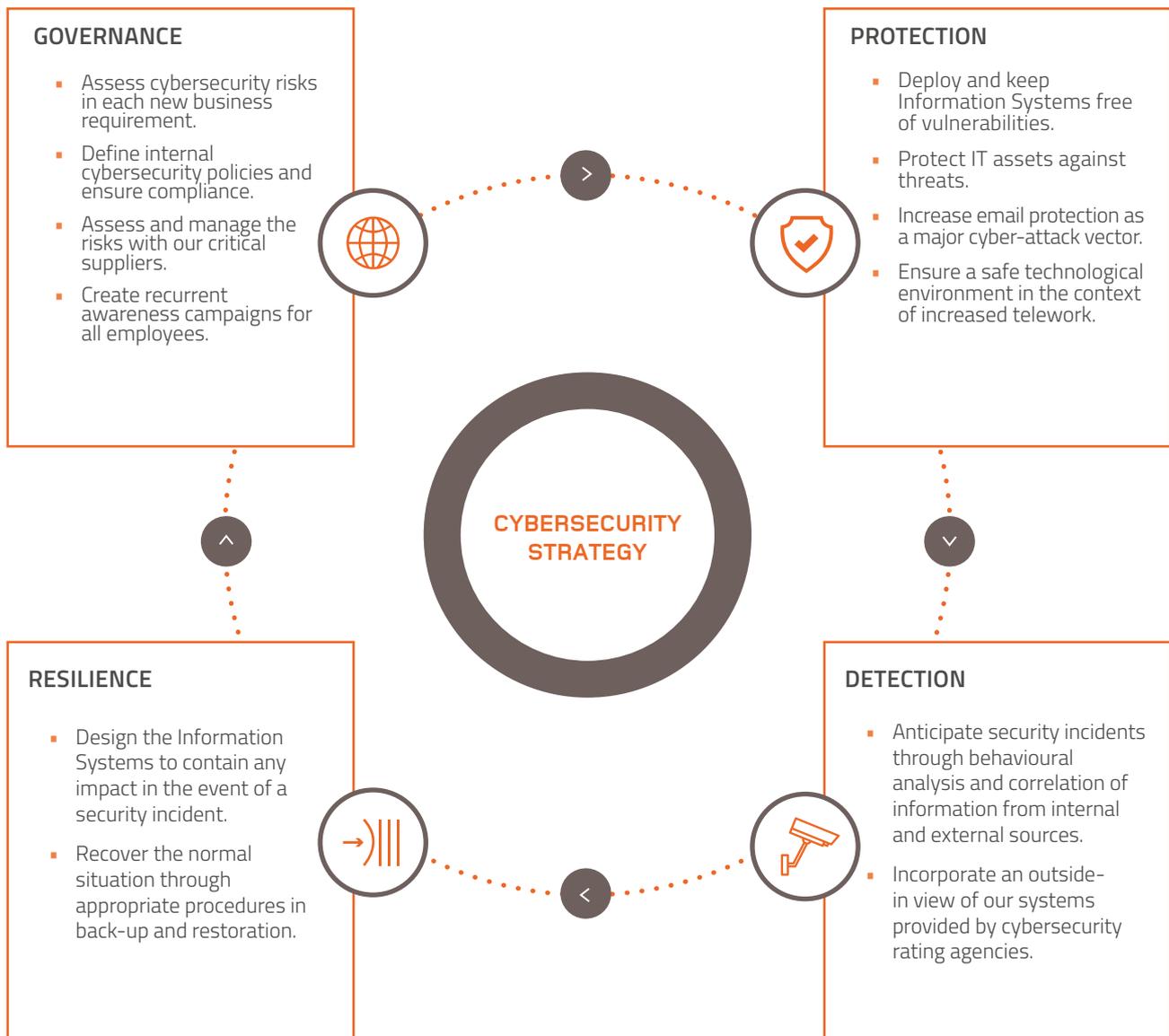
**Information security** is also safeguarded through the Applus+ Group's policy on the **use of IT resources**, and through the **confidentiality clauses** included in the **contracts** signed by our **employees** and **clients** (confidentiality clauses and non-disclosure agreements) and subsequent 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 managers**, 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 2020, due to the disruption caused by the coronavirus pandemic among others, the Group had to postpone its training plans, but will launch online training for our EU employees in the first half of 2021, which benefits the newly-joined employees arriving through the recent acquisitions.

In **2020**, the Group did not suffer **any material leakage, theft or loss of information**, and the Group did **not receive any claim or complaint** in relation to information security or data protection. However, **during 2020**, Applus+ answered **approximately 3,500 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 2020, the Appplus+ Group continued to develop the **continuous-improvement programme in cybersecurity**, which includes different initiatives related to the **four pillars of its strategy**:



# 05 About the report

GRI 101

GRI 102-46

## Focus of sustainability reporting

This report reflects the Group's activities carried out during **2020** (1<sup>st</sup> January to 31<sup>st</sup> December) and is published **annually**.

The content has been prepared in accordance with:

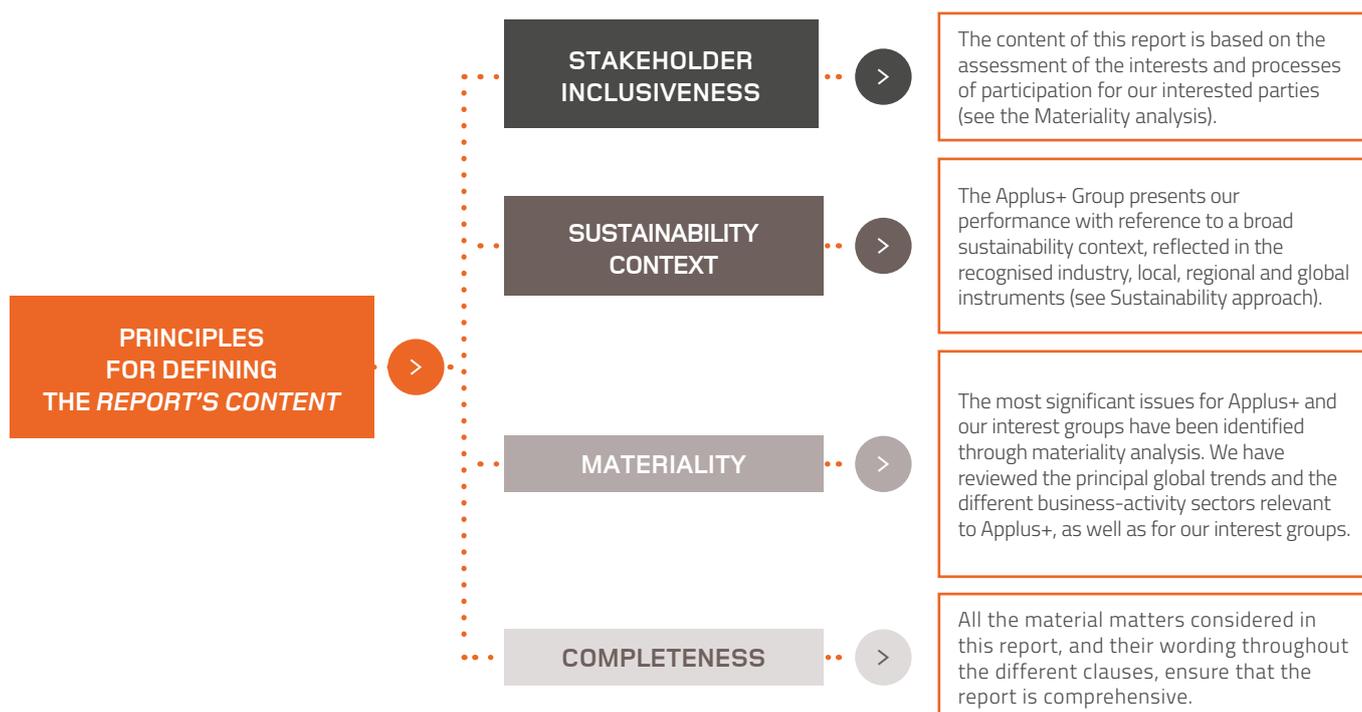
- **GRI Standards, essential option.**
- **Spanish Law 11/2018**, which amends the Commercial Code's revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, and the Audit Act 22/2015, 20<sup>th</sup> July 2015, on the matters of non-financial information and diversity.

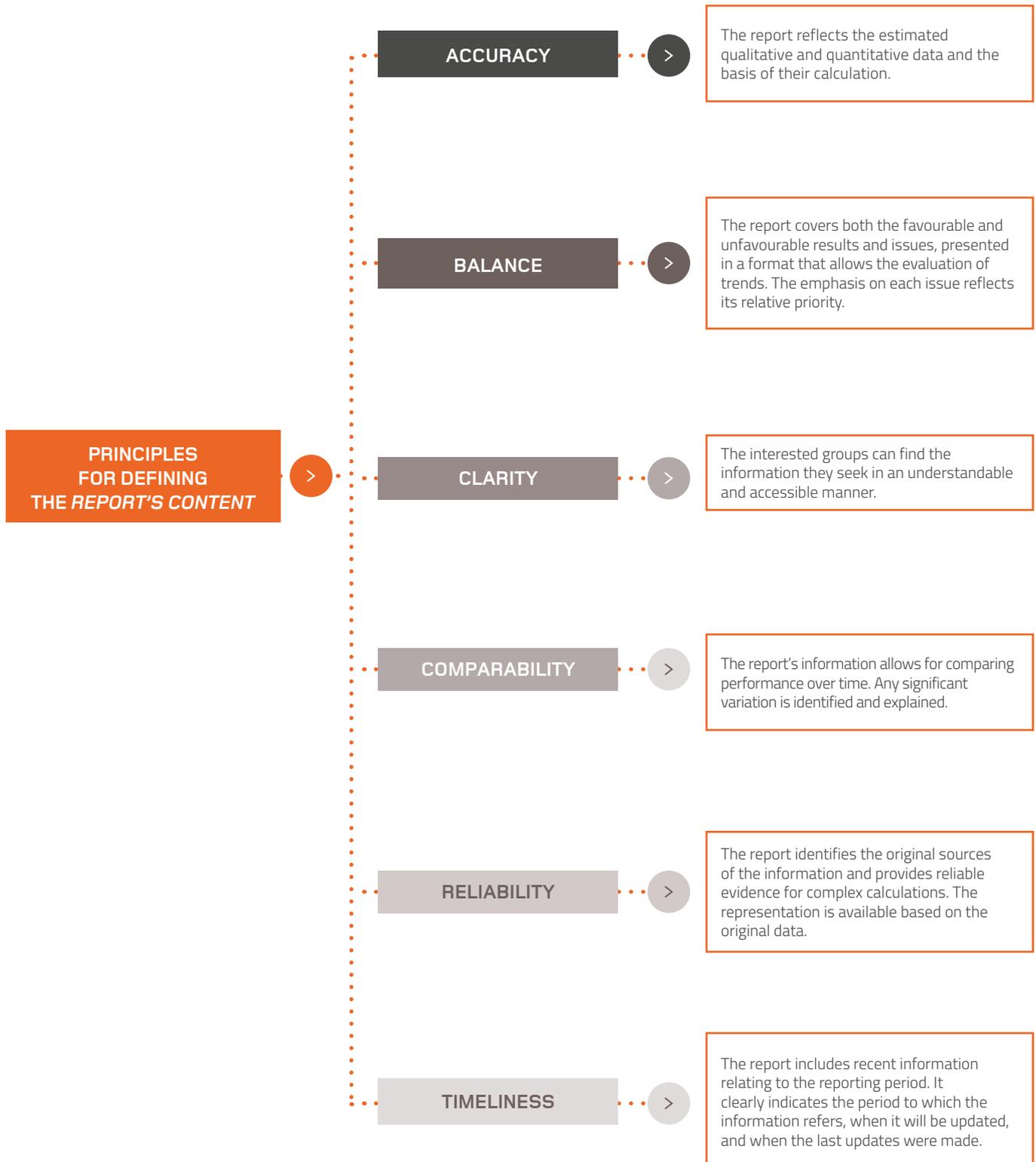
Similarly, this report is part of the Applus+ Group's '**Communication on Progress**' (CoP) of the **UN's Global Compact 2020**.

The appendices to this document include a table of cross references relating to the information required under the GRI Standards, the United Nations' Global Compact, and Act 11/2018, 28<sup>th</sup> December.

Similarly, for the first time this report includes detailed financial information, which was priority included in the Applus+ Group's *Annual Report*.

The following principles have been used to define the content and quality of this report:





## Commitment to our stakeholders

GRI 102-40

GRI 102-42

GRI 102-43

GRI 102-44

GRI 102-46

GRI 102-47

GRI 102-49

GRI 103-1

GRI 103-2

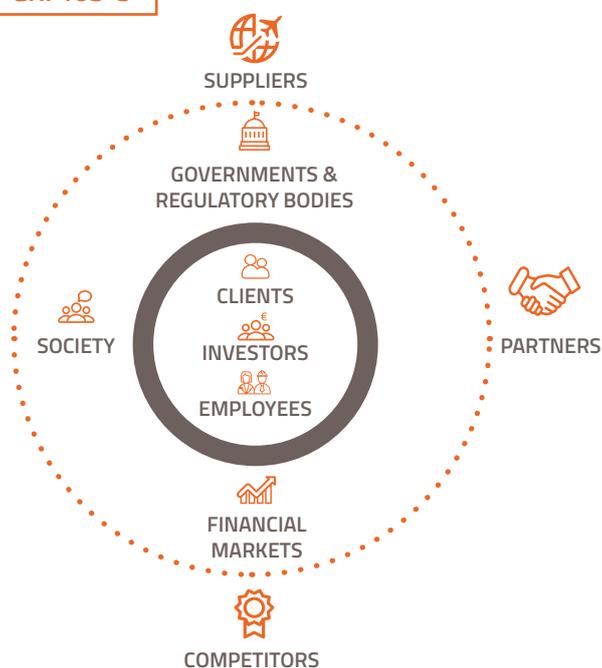
GRI 103-3

### STRUCTURE OF OUR STAKEHOLDER GROUPS

We relate to three different levels of stakeholders, considering the degree of affectation that our services and operations can have, as well as how these may affect our ability to successfully manage our business.

**Our clients, employees and investors** occupy a preferential place in our commitment to meet their needs.

Maintaining an **ongoing dialogue** with our stakeholders allows us **to align our business model** and initiatives with their expectations and concerns, **creating value for the company and long-term sustainability for the Group**.



### MATERIALITY ANALYSIS

The content of this report has been defined based on the principles of **inclusion, sustainability, context, materiality and comprehensiveness**, considering the **impacts of our activities and the expectations and concerns of our stakeholder groups**.

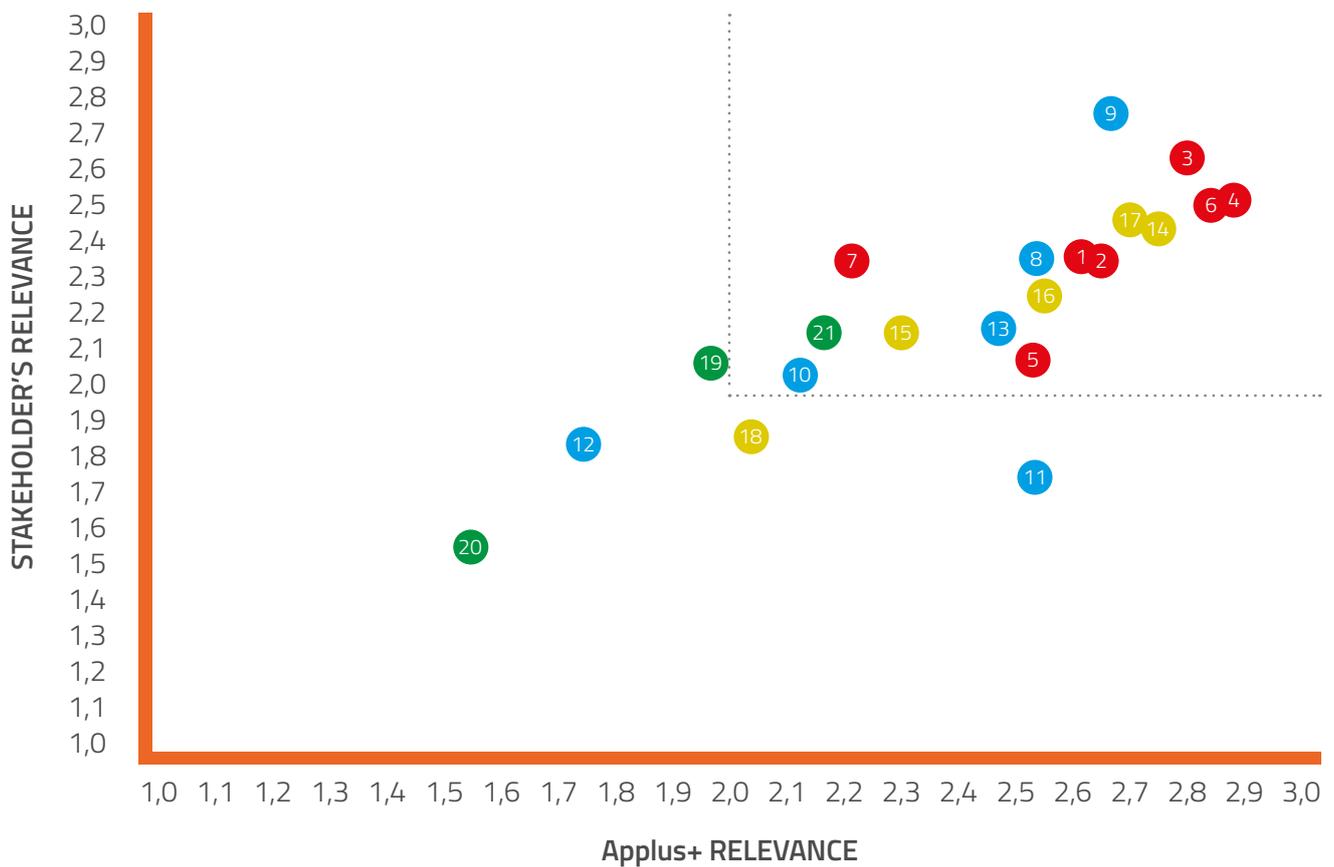
In 2020, we updated our **materiality assessment** using the following **process**:

- First, we identified the relevant issues, analysing the results of the prior year and comparing the information of some competitors in the TIC sector, clients and other companies in relevant sectors (Oil and gas, Automotive, Engineering, Construction and Aerospace), as well as both stock market and sustainability indices. As a result, we obtained a list of **21 issues**, organised into **four areas: Governance, Operations, Company and Environment**.

With regards to the **prior year's issues**, some eliminations have been made ("Role in the development of public policies", "Financial transparency" and "Operational eco-efficiency") due to the low scores attained in the materiality analysis for 2019, and several issues have been integrated on conclusion that these were clearly related ("Business model" with "Investment and growth strategy"; "Recognitions" with "Management systems"; and "Talent attraction and loyalty" with "Talent development and recognition"). The new issue "Green services" was included due to its growing importance to the Applus+ Group and to our stakeholders in respect of its relationship to environmental protection and climate change.

- Through personal interviews with company directors (divisional and corporate functions) and regional managers from all the Group's geographical areas, we assessed each issue according to its relevance by considering both the points of view at Applus+ and the points of view of our main stakeholder groups.

The results of the interviews led to the **new Materiality Matrix**, which synthesises the importance of the issues material to Applus+ vis-a-vis those relevant to our stakeholders.



#### GOVERNANCE

1. **Risk Management.** Risk assessment and management procedures.
2. **Business model and strategy.** Our company's plan for operating.
3. **Brand and reputation.** Strategy regarding our image and credibility.
4. **Economic performance.** Strategic objectives linked to growth and margins.
5. **Corporate Governance.** Rules, practices and processes by which our company is run.
6. **Codes of Ethics and Compliance.** Integrity and responsibility by which we run our operations and decision-making.
7. **Stakeholders' engagement.** Dialogue and commitment with our stakeholders.

#### OPERATION

8. **Innovation.** Innovation projects for developing our products and services.
9. **Service quality and customer relationship.** Overall performance of our service and measured customer experience.
10. **Privacy and data security.** Data protection practices for customers and employees.
11. **Management systems and acknowledges (accreditations/certifications).** Set of processes used to ensure that we can achieve our requirements and third party recognition to deliver our services.
12. **Sustainable supply chain management.** Our suppliers' practices to reduce their impact.
13. **IT Strategy and digital transformation.** Strategy for improving our company's digitalization and cybersecurity.

#### SOCIETY

14. **Health and Safety.** Practices to guarantee our employees' health and safety.
15. **Talent management.** Practices to attract, support and retain skilled employees.
16. **Diversity, inclusion and equality.** Fair opportunities, recognition, treatment and remuneration for all employees
17. **Respect for human rights.** Practices to promote and protect human rights in our operations, including contractors.
18. **Local impact and socioeconomic contribution.** Encourage of local communities' development (employment, training, technology, etc.).

#### ENVIRONMENT

19. **Energy and climate change.** Commitment & practices for the reduction of energy consumption and GHG emissions.
20. **Biodiversity and natural areas protection.** Practices to preserve species and ecosystems.
21. **Green services.** Services helping our clients to reduce or mitigate their environmental impact.

Despite the omission of "Energy and climate change" within the relevant issues, the Applus+ Group also reports on these issues due to their relevance to our stakeholders.

## CONCERNS OF THE STAKEHOLDERS

We have identified the main **issues of concern** by selecting the six issues with the greatest score per stakeholder group. To provide our stakeholders with the best response in relation to these issues, we provide them with specific **communications channels** that allow us to **understand their expectations and decide how the company can best meet these**.

STAKEHOLDERS	TOPICS OF CONCERN	DIALOGUE ON THEIR CONCERNS
 Clients	Service quality and customer relationship Codes of Ethics and Compliance Stakeholders' engagement Economic performance Brand and reputation Corporate Governance	Satisfaction survey for clients Project meetings Open days and road shows Conferences and forums Client complaints Applus+ Ethics and Compliance Communication Channel Financial and Non-financial Report Associations and other forums
 Employees	Health and Safety Service quality and customer relationship Brand and reputation Codes of Ethics and Compliance Diversity, inclusion and equality Respect for human rights	Satisfaction survey for employees Applus+ Ethics and Compliance Communication Channel Local human resource managers Trade union organisations Financial and Non-financial Report
 Investors	Economic performance Risk Management Brand and reputation Innovation Respect for human rights Stakeholders' engagement	Vice-President of Investor relations Annual General Meeting (AGM) Annual institutional investor and proxy advisor road show Our website <a href="http://www.applus.com">www.applus.com</a> Financial and Non-financial Report
 Governments and regulatory bodies	Health and Safety Corporate Governance Codes of Ethics and Compliance Stakeholders' engagement Management systems and acknowledges (accreditations/certifications) Respect for human rights	Official channels indicated by the authorities Official reports Our website <a href="http://www.applus.com">www.applus.com</a> Financial and Non-financial Report
 Financial markets	Codes of Ethics and Compliance Economic performance Risk Management Health and Safety Talent management Management systems and acknowledges (accreditations/certifications)	Stock exchange markets Economic and market indices Vice-President of Investor Relations Financial and Non-financial Report
 Society	Health and Safety Diversity, inclusion and equality Green services Energy and climate change Privacy and data security IT Strategy and digital transformation	Financial and Non-financial Report Our website <a href="http://www.applus.com">www.applus.com</a> Associations and other forums Applus+ Ethics and Compliance Communication Channel
 Suppliers	Brand and reputation Business model and strategy Talent management Energy and climate change Respect for human rights Diversity, inclusion and equality	Fairs and exhibitions Applus+ Ethics and Compliance Communication Channel Specific channel for suppliers Supplier portal
 Partners	IT Strategy and digital transformation Business model and strategy Sustainable supply chain management Management systems and acknowledges (accreditations/certifications) Economic performance Corporate Governance	Fairs and exhibitions Applus+ Ethics and Compliance Communication Channel Project meetings Associations and other forums Our website <a href="http://www.applus.com">www.applus.com</a>
 Competitors	Business model and strategy Economic performance Sustainable supply chain management Local impact and socioeconomic contribution Codes of Ethics and Compliance Corporate Governance	Fairs and exhibitions Our website <a href="http://www.applus.com">www.applus.com</a> Benchmarking and market research Associations and other forums

## Assessment of impacts

### GRI 203-2

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

### DIRECT IMPACTS

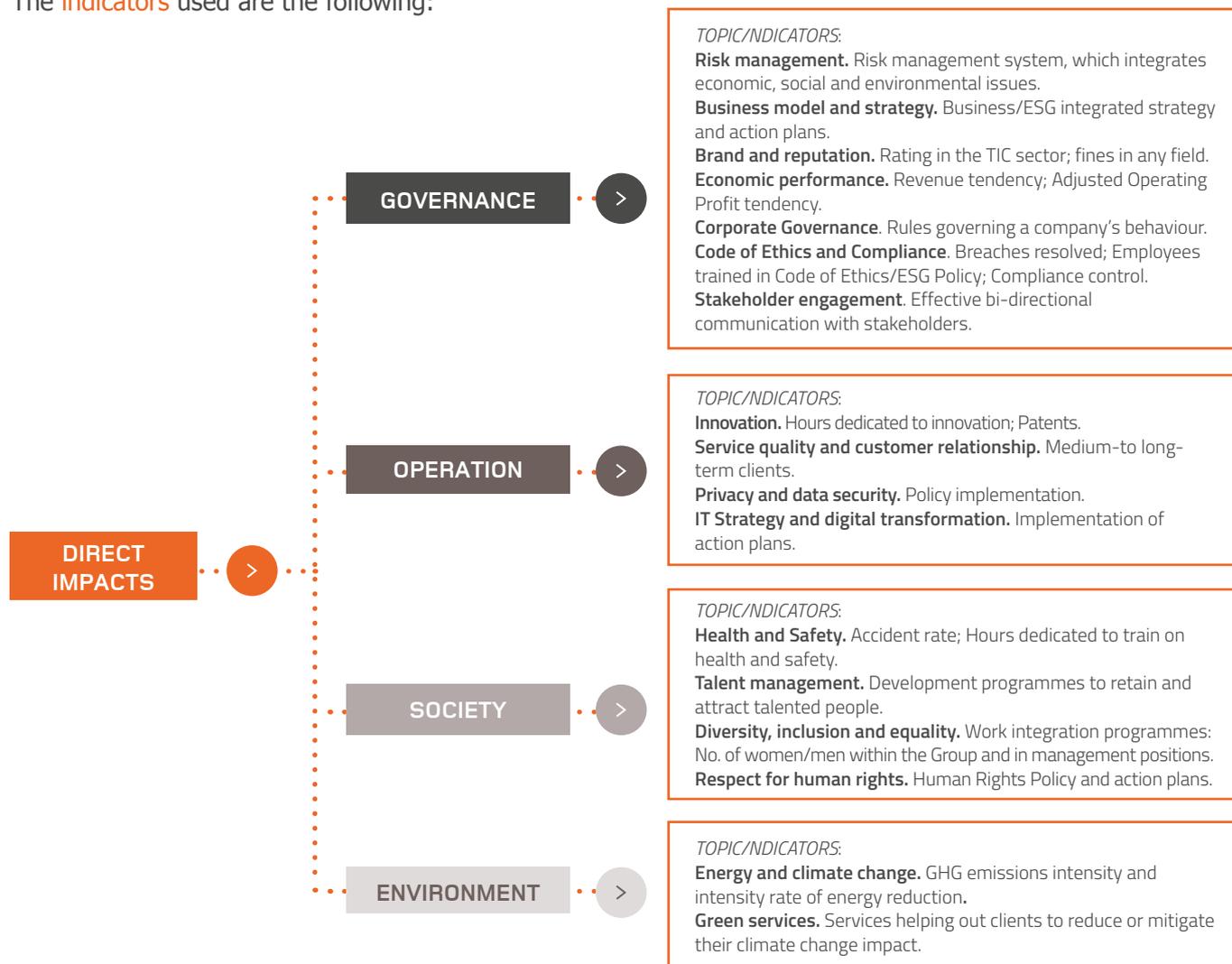
We calculate the direct impact taking into consideration **17 issues**, including the 16 issues that concluded to be **material** in the materiality analysis performed in 2020, as well as "Energy and climate change" due to the issue's relevance to our stakeholder groups.

AREA	ISSUES
GOVERNANCE	Risk management
	Business model and strategy
	Brand and reputation
	Economic performance
	Corporate governance
	Code of Ethics and Compliance
	Stakeholder engagement
OPERATIONS	Innovation
	Service quality and customer relationship
	Privacy and data security
	IT strategy and digital transformation
COMPANY	Health and Safety
	Talent management
	Diversity, inclusion and equality
	Respect for human rights
ENVIRONMENT	Energy and climate change
	Green services

The methodology used to calculate direct impacts is based on the use of **performance indicators** relating to each material issue. Each issue is weighted from 0% to 100% using the following criteria:

- Prioritisation of the material issues by the stakeholder groups.
- Prioritisation of the material issues by the Applus+ Group.

The **indicators** used are the following:



First, each value obtained for **each material issue is weighted** according to its importance to Applus+ and to our stakeholder groups. The stakeholder groups' expectations and the external context are considered as part of this evaluation process.

To conclude, a value between 1 to 5 is obtained for each indicator by assigning **quantitative or qualitative criteria**, taking into account **our company's performance** within the framework defined by the stakeholders' expectations.

The **main impacts** are the following:

- **Service quality and the relationship with the client.** It is most important for the Applus+ Group to orient its services towards exceeding our clients' expectations. This issue is also important for our stakeholder groups because it is directly related to technological progress and socio-economic development.
- **Code of Ethics and Compliance.** The stakeholders and Applus+ positively value and welcome the implementation of practices that ensure the development of a responsible and sustainable business.
- **Health and safety.** At Applus+, we consider safe working and behaviour from employees to be crucial, and this has been especially relevant during the current pandemic.
- **Brand and reputation.** It is fundamental to Applus+ that our stakeholders perceive the company's image as consistent with the values we hold.

On analysing the information according to the different grouping to which the different material issues belong, we observe that the areas of **"Operations"** and **"Environment"** are those with the **greatest impact** (values greater than 70%), followed by the areas of **"Society"** and **"Governance"**, with an **intermediate impact** (>60%). These results have been impacted by the pandemic.

## INDIRECT IMPACTS

Similarly, to analyse the indirect impacts of our activities on our stakeholders, we focus on the 16 issues that were material in the analysis for 2020 and on the “Energy and climate change” issue because of its relevance for our stakeholder groups.

Applus+ INDIRECT IMPACTS								
Topic	Indirect Impact							
		Employees	Clients	Investors	Society	Partners	Governments	Suppliers
GOVERNANCE	Risk management	●	●	●		●		●
	Business model and strategy	●	●	●		●		●
	Brand and reputation	●	●	●	●	●	●	●
	Economic performance	●	●	●		●		●
	Corporate Governance	●	●			●		●
	Code of ethics and Compliance	●	●	●	●	●	●	●
	Stakeholder engagement	●	●	●	●	●	●	●
OPERATION	Innovation		●	●	●	●		
	Service quality and customer relationship		●	●	●			
	Privacy and data security	●	●				●	●
	IT Strategy and digital transformation		●		●			
SOCIETY	Health and Safety	●	●		●	●	●	●
	Talent management	●	●	●	●	●	●	●
	Diversity, inclusion and equality	●	●		●	●		●
	Respect for human rights	●			●			
ENVIRONMENT	Energy and climate change		●	●	●			
	Green services		●	●				

# 06 Annex

## GRI 102-5

### Shareholder information

We set up annual **corporate-governance road shows** to maintain the constructive dialogue held with institutional investors and proxy advisors, in line with our *Policy for the communication of economic-financial, non-financial and corporate information and communication and contact with shareholders, institutional investors and proxy advisors*. In 2020, the Group's executives attended 268 meetings and conference calls with investors, at 17 conferences and roadshows, as well as on an ad-hoc basis.

On 31<sup>st</sup> December 2020, the share capital of the head company, Applus Services, SA amounted to €14,301,843, which was represented by 143,018,430 shares, each with a value of €0.10. Each share ranks equally with the same economic and voting rights. The shares are listed on the Spanish Stock Exchanges through the automated quotation system (*Sistema de Interconexión Bursátil or Mercado Continuo*).

On the 9<sup>th</sup> May 2014, the company listed 130,016,755 shares in its initial public offering and on the 29<sup>th</sup> September 2017 a further 13,001,675 shares were admitted following a capital increase.

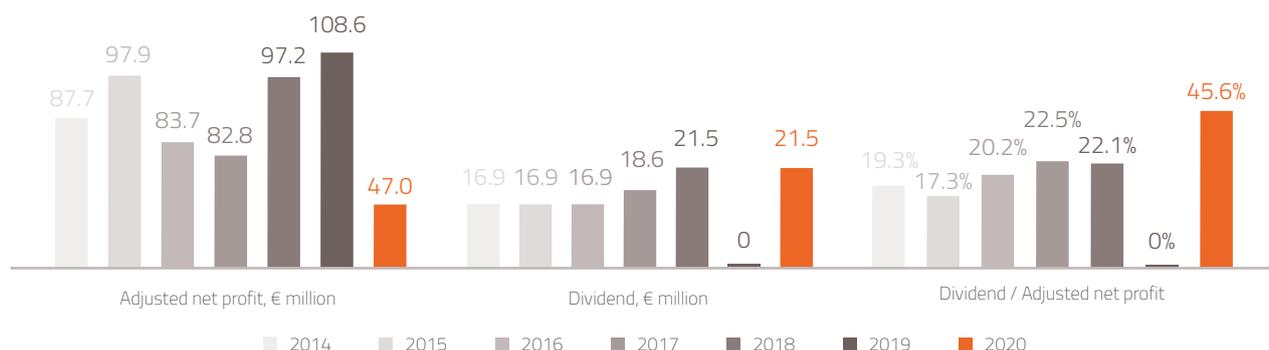
Per the notifications of the number of shares submitted to the Spanish National Securities Market (CNMV), the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 31<sup>st</sup> December 2020 were as follows:

SHAREHOLDER	PERCENTAGE
River & Mercantile Group P.L.C.	5.0%
Norges Bank	5.0%
Southeastern Asset Management, Inc.	3.3%
Threadneedle Asset Management Limited	3.1%
Invesco Ltd	3.1%

### DIVIDEND INFORMATION

On 28<sup>th</sup> May 2021, at the Group's AGM, the Board will propose the payment of a dividend of €0.15 per-share. This is equivalent to €21.5 million (2019: Nil) and represents 45.6% of the adjusted net profit of €47.0 million. On approval by the shareholders at the AGM, the dividend will be paid on 8<sup>th</sup> July 2021.

Dividend paid compared to adjusted net profit



The total cumulative amounts of Adjusted net profit and the Dividends paid over the seven year period since the Company was listed on the Stock Exchange are shown in the table below showing the Dividend to Adjusted net profit % over this period has been 18.6%.

TOTAL 2014-2020	
Adjusted net profit, € million	604.9
Dividend, € million	112.3
Dividend/Adjusted net profit, %	18.6%

## FINANCIAL CALENDAR

EVENT	DATE*
Q1 2021 Results Announcement	10 <sup>th</sup> May 2021
Annual General Meeting of Shareholders	28 <sup>th</sup> May 2021
Q2 and H1 2021 Results Announcement	27 <sup>th</sup> July 2021
Q3 2021 Results Announcement	26 <sup>th</sup> October 2021
Q4 and Full Year 2021 Results Announcement	22 <sup>nd</sup> February 2022

\*These dates may be subject to variation. All the updates can be found on the Applus+ website.

## CONTACTS AND SHARE INFORMATION

### Investor Relations

investors@applus.com  
+34 900 103 067

### Auditors

Deloitte, S.L. Avenida Diagonal 654 08034 Barcelona (Spain)

### Applus Services, S.A. Head Offices

- Parque Empresarial Las Mercedes Campezo, 1, Edif. 3, 4<sup>a</sup> planta 28022 Madrid
- Campus UAB – Ronda de la Font del Carme, s/n 08193 Bellaterra – Barcelona

### Share Information

Security number: 79396

ISIN: ES0105022000

CIF: A64622970

Shares issued as of the date of this report: 143,018,430

Listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges within Mercado Continuo.

Ticker Symbol: APPS-MC.

## Data related to human resources

GRI 202-1

GRI 401-2

GRI 404-1

GRI 405-1

### Number of employees



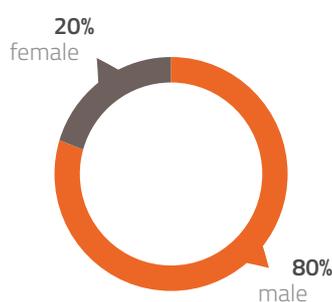
### Workforce profile

EMPLOYEES BY GENDER		
	Male	Female
2018	81%	19%
2019	80%	20%
2020	80%	20%

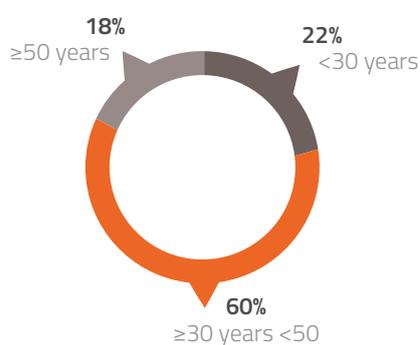
EMPLOYEES BY AGE			
	<30 years	≥ 30 years <50	≥50 years
2018	24%	60%	16%
2019	23%	60%	17%
2020	22%	60%	18%

LOCAL EMPLOYEES		
	Local	Not Local
2018	88%	12%
2019	86%	14%
2020	88%	12%

Employees by gender in 2020



Employees by age in 2020



Local Employees in 2020

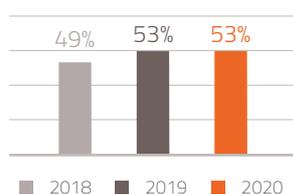


### Employees covered by collective agreements

EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS	
2018	49%
2019	53%
2020	53%

NUMBER OF COUNTRIES WITH COLLECTIVE-BARGAINING AGREEMENTS	
2018	21
2019	16
2020	25

% Employees covered by collective agreements 2020

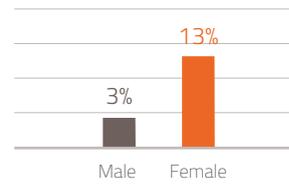


Currently, there are 25 countries where the Group has collective-bargaining agreements. The majority of these agreements include Health and Safety issues.

## Organisation of work

	% PART-TIME		
	2018	2019	2020
Male	3%	3%	3%
Female	15%	14%	13%

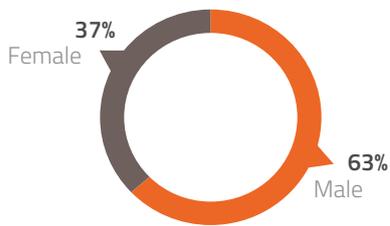
Part-time hours in 2020



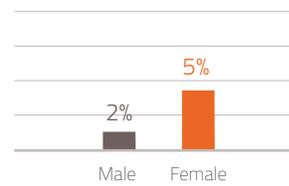
## Maternity and paternity leave

641 employees benefited from this leave with their families in 2020, with 63% returning at the end of the leave period.

Employees taking parental leave in 2020



Employees taking parental leave/total in 2020



	NUMBER OF EMPLOYEES TAKING PARENTAL LEAVE %			EMPLOYEES TAKING PARENTAL LEAVE %			EMPLOYEES TAKING PARENTAL LEAVE IN 2020/NUMBER OF EMPLOYEES (%)		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Male	357	387	405	68%	59%	63%	2%	2%	2%
Female	168	268	236	32%	41%	37%	4%	6%	5%

	FROM EMPLOYEES ENTITLED TO PARENTAL LEAVE, TOTAL NUMBER OF EMPLOYEES THAT RETURNED TO WORK IN THE REPORTING PERIOD AFTER PARENTAL LEAVE ENDED		
	2018	2019	2020
% returning	90.10%	58.17%	63.34%

## Employees with functional diversity

	EMPLOYEES WITH FUNCTIONAL DIVERSITY	RATIO
2018	227	1.00%
2019	259	1.13%
2020	293	1.26%

The figures cover 99% of Applus+ employees

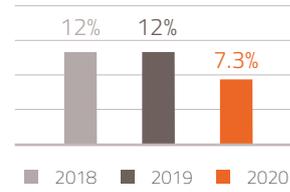
## Talent management

### Voluntary turnover

VOLUNTARY TURNOVER	
2018	12%
2019	12%
2020	7.3%

The figures cover 99% of Applus+ employees

### Voluntary turnover

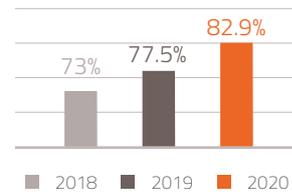


### Internal promotion

INTERNAL PROMOTION	
2018	73%
2019	77.5%
2020	82.9%

The figures cover 99% of Applus+ employees

### Internal promotion rate Management positions Tier 1,2 & 3



## Training

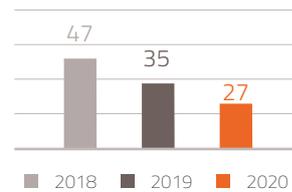
### Training hours

TRAINING HOURS	
2018	1,065,640
2019	801,161
2020	630,880

TRAINING HOURS PER EMPLOYEE	
2018	47
2019	35
2020	27



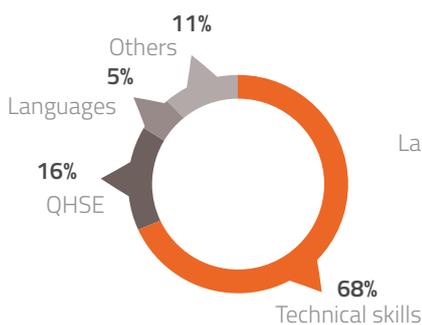
### Training hours per employee



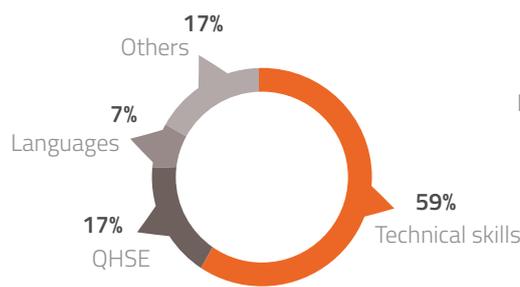
The figures cover 99% of Applus+ employees

## Training hours by area

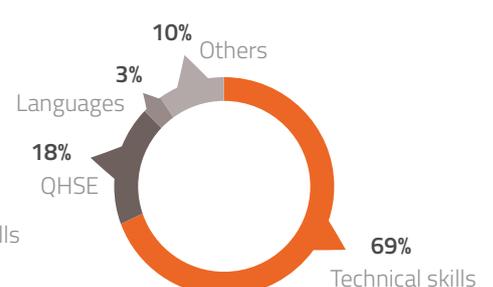
### Training hours by area 2018



### Training hours by area 2019



### Training hours by area 2020



## Training hours by area

	TECHNICAL SKILLS	QHSE	LANGUAGES	OTHERS
2018	68%	16%	5%	11%
2019	59%	17%	7%	17%
2020	69%	18%	3%	10%

The figures cover 99% of Applus+ employees

## Training by Tier

Organisational Level	2018		2019		2020	
	Training hours	% Training hours	Training hours	% Training hours	Training hours	% Training hours
Tier 1, 2 & 3	12,995	1.2%	8,758	1.1%	4,342	0.7%
Tier 4	13,169	1.2%	20,776	2.6%	12,373	2.0%
Operational Employees and Others	1,039,476	97.5%	771,627	96.3%	614,166	97.4%
<b>TOTAL</b>	<b>1,065,640</b>	<b>100%</b>	<b>801,161</b>	<b>100%</b>	<b>630.880</b>	<b>100%</b>

The figures cover 99% of Applus+ employees

## Breakdown of the data related to human resources

### Number of employees by organisational level

ORGANISATIONAL LEVEL	2018	2019	2020
Tier 1, 2 & 3	580	463	501
Tier 4	1,241	768	995
Operational employees and Others	21,031	21,820	21,891
<b>Total</b>	<b>22,852</b>	<b>23,051</b>	<b>23,387</b>

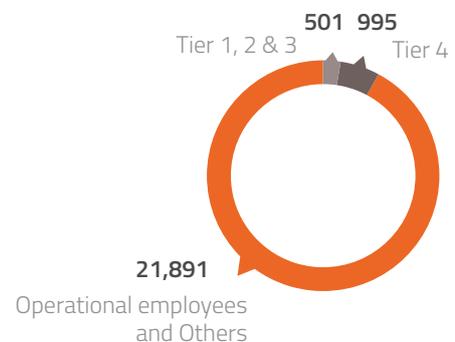
Tier 1: Managers who report directly to Applus+ Group's CEO

Tier 2: Managers who report directly to Tier 1 (corporate area directors, regionals, business unit area managers or country managers if they report directly to Tier 1)

Tier 3: Managers who report directly to Tier 2 (corporate areas managers, heads of departments, regionals, business unit area managers or country managers, key account managers, business line managers if they report directly to Tier 2).

Tier 4: Managers who report directly to Tier 3.

Operational employees and Others: Any other employee not included in the categories detailed above.



## Number of employees by organisational level and gender

NUMBER OF EMPLOYEES BY TIER & GENDER	2018	2019	2020
Overall employees	Tier 4 81% M - 19% F	Tier 4 79% M - 21% F	Tier 4 80% M - 20% F
	Operational employees and Others 81% M - 19% F	Operational employees and Others 80% M - 20% F	Operational employees and Others 80% M - 20% F
Management	Tier 1, 2 & 3 84% M - 16% F	Tier 1, 2 & 3 78% M - 22% F	Tier 1, 2 & 3 77% M - 23% F

The figures cover 99% of Applus+ employees

## Number of employees by organisational level and gender in 2020

REGION	REGION/COUNTRY	GENDER	TIER 1, 2 & 3	TIER 4	OPERATIONAL EMPLOYEES & OTHERS	TOTAL
Asia Pacific	Australia	M-Male	3	10	464	477
		F-Female	2	1	64	67
	Other Countries	M-Male	47	60	776	883
		F-Female	13	36	305	354
Latin America	Brazil	M-Male	11	12	470	493
		F-Female	3	1	62	66
	Chile	M-Male	2	33	709	744
		F-Female	-	4	256	260
	Colombia	M-Male	1	12	1,323	1,336
		F-Female	1	2	545	548
	Guatemala	M-Male	-	-	26	26
		F-Female	-	-	2	2
	Panama	M-Male	1	4	232	237
		F-Female	-	2	74	76
Other countries	M-Male	13	41	1,054	1,108	
	F-Female	2	8	261	271	
Middle East and Africa	Oman	M-Male	1	14	366	381
		F-Female	-	-	14	14
	Qatar	M-Male	-	8	292	300
		F-Female	-	1	24	25
	Saudi Arabia	M-Male	2	12	966	980
		F-Female	-	-	7	7
Other Countries	M-Male	14	33	470	517	
	F-Female	1	6	58	65	
Rest of Europe	Germany	M-Male	6	12	372	390
		F-Female	4	4	55	63
	Ireland	M-Male	14	7	671	692
		F-Female	1	1	138	140
	Netherlands	M-Male	13	193	296	502
		F-Female	7	30	26	63
Other Countries	M-Male	34	96	1,529	1,659	
	F-Female	7	20	227	254	
Spain	Spain	M-Male	180	141	5,685	6,006
		F-Female	59	48	1,921	2,028
USA and Canada	USA and Canada	M-Male	43	98	1,644	1,785
		F-Female	13	38	365	416
<b>Total</b>			<b>498</b>	<b>988</b>	<b>21,749</b>	<b>23,235</b>

The figures cover 99% of Applus+ employees

## Number of employees by organisational level and gender in 2019

REGION	REGION/ COUNTRY	GENDER	TIER 1, 2 & 3	TIER 4	OPERATIONAL EMPLOYEES AND OHTERS	TOTAL
Asia Pacific	Australia	M-Male	3	13	503	519
		F-Female	2	1	71	74
	Other countries	M-Male	36	71	755	862
		F-Female	8	25	269	302
Latin America	Brazil	M-Male	11	13	497	521
		F-Female	4	1	62	67
	Chile	M-Male	2	24	523	549
		F-Female	1	4	201	206
	Colombia	M-Male	2	9	1,494	1,505
		F-Female	0	1	525	526
	Guatemala	M-Male	1	2	44	47
		F-Female	0	1	4	5
	Panama	M-Male	1	5	219	225
		F-Female	0	2	76	78
Other countries	M-Male	14	41	1,127	1,182	
	F-Female	2	9	244	255	
Middle East and Africa	Oman	M-Male	1	14	527	542
		F-Female	0	0	16	16
	Qatar	M-Male	0	9	357	366
		F-Female	0	1	28	29
	Saudi Arabia	M-Male	2	9	992	1,003
		F-Female	0	0	5	5
Other countries	M-Male	9	30	519	558	
	F-Female	0	3	60	63	
Rest of Europe	Germany	M-Male	17	17	407	441
		F-Female	5	2	70	77
	Ireland	M-Male	12	7	645	664
		F-Female	3	1	144	148
	Netherlands	M-Male	4	9	531	544
		F-Female	1	0	70	71
Other countries	M-Male	29	83	1,009	1,121	
	F-Female	9	9	157	175	
Spain	Spain	M-Male	175	162	5,438	5,775
		F-Female	57	62	1,867	1,986
USA and Canada	USA and Canada	M-Male	37	86	1,769	1,892
		F-Female	11	35	402	448
Total			459	761	21,627	22,847

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 by gender and age in 2020

REGION	REGION/ COUNTRY	MALE<30 YEARS OLD	FEMALE<30 YEARS OLD	MALE 30≥YEARS OLD<50	FEMALE 30≥YEARS OLD<50	MALE≥50 YEARS OLD	FEMALE≥50 YEARS OLD
Asia Pacific	Australia	38	17	342	42	97	8
	Other Countries	271	122	516	221	96	11
Latin America	Brazil	115	26	326	38	52	2
	Chile	192	59	403	167	149	34
	Colombia	319	271	890	262	127	15
	Guatemala	13	-	13	2	-	-
	Panama	126	49	95	24	16	3
	Other Countries	396	114	606	146	106	11
Middle East and Africa	Oman	92	5	221	9	68	-
	Saudi Arabia	301	5	576	2	103	-
	Other Countries	103	16	623	69	91	5
Rest of Europa	Germany	23	7	223	33	144	23
	Ireland	77	15	448	82	167	43
	Netherlands	52	9	289	29	161	25
	Other Countries	265	69	894	136	500	49
Spain	Spain	1,300	274	3,670	1,453	1,036	301
USA and Canada	USA and Canada	359	86	962	201	464	129
<b>Total</b>		<b>4,042</b>	<b>1,144</b>	<b>11,097</b>	<b>2,916</b>	<b>3,377</b>	<b>659</b>

The figures cover 99% of Applus+ employees

## Number of employees by gender and age in 2019

REGION	REGION/ COUNTRY	MALE <30 YEARS OLD	FEMALE <30 YEARS OLD	MALE 30≥YEARS OLD<50	FEMALE 30≥YEARS OLD<50	MALE ≥50 YEARS OLD	FEMALE ≥50 YEARS OLD
Asia Pacific	Australia	49	17	366	44	104	13
	Other countries	185	99	544	182	133	21
Latin America	Brazil	92	35	365	27	64	5
	Chile	112	50	309	134	128	22
	Colombia	401	245	951	270	153	11
	Guatemala	44	4	3	1	0	0
	Panama	121	45	88	30	16	3
	Other countries	421	97	656	148	105	10
Middle East and Africa	Oman	139	9	325	7	78	0
	Saudi Arabia	329	3	565	2	109	0
	Other countries	132	18	716	69	76	5
Rest of Europe	Germany	38	15	243	35	160	27
	Ireland	66	12	442	92	156	44
	Netherlands	74	11	305	32	165	28
	Other countries	210	42	598	101	313	32
Spain	Spain	1,274	292	3,540	1,426	961	268
USA and Canada	USA and Canada	409	103	1,004	216	479	129
<b>Total</b>		<b>4,096</b>	<b>1,097</b>	<b>11,020</b>	<b>2,816</b>	<b>3,200</b>	<b>618</b>

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 dismissals by gender and organisational level

GENDER	MALE		FEMALE		TOTAL	
	Tier 2 & Tier 3	Others	Tier 2 & Tier 3	Others	Dismissals	%
2018	26	1,211	14	230	1,481	8.4%
2019	11	1,766	-	315	2,092	9.2%
2020	12	1,527	3	275	1,817	7.8%

## Number of employees by gender and contract in 2020

REGION	REGION/COUNTRY	GENDER	PERMANENT	NON-PERMANENT	TOTAL
Asia Pacific	Australia	M-Male	336	141	477
		F-Female	56	11	67
	Other Countries	M-Male	525	358	883
		F-Female	237	117	354
Latin America	Brazil	M-Male	444	49	493
		F-Female	63	3	66
	Chile	M-Male	744	-	744
		F-Female	260	-	260
	Colombia	M-Male	260	1,076	1,336
		F-Female	72	476	548
	Guatemala	M-Male	26	-	26
		F-Female	2	-	2
	Panama	M-Male	227	10	237
		F-Female	70	6	76
Other countries	M-Male	760	348	1,108	
	F-Female	195	76	271	
Middle East and Africa	Oman	M-Male	207	174	381
		F-Female	14	-	14
	Qatar	M-Male	109	191	300
		F-Female	24	1	25
	Saudi Arabia	M-Male	980	-	980
		F-Female	7	-	7
Other Countries	M-Male	351	166	517	
	F-Female	48	17	65	
Rest of Europe	Germany	M-Male	363	27	390
		F-Female	61	2	63
	Ireland	M-Male	622	70	692
		F-Female	76	64	140
	Netherlands	M-Male	493	9	502
		F-Female	62	1	63
Other Countries	M-Male	1,560	99	1,659	
	F-Female	239	15	254	
Spain	Spain	M-Male	4,478	1,528	6,006
		F-Female	1,561	467	2,028
USA and Canada	USA and Canada	M-Male	1,776	9	1,785
		F-Female	413	3	416
<b>Total</b>			<b>17,721</b>	<b>5,514</b>	<b>23,235</b>

The figures cover 99% of Applus+ employees

## Number of employees by gender and contract in 2019

REGION	REGION/ COUNTRY	GENDER	PERMANENT	NON-PERMANENT	TOTAL
Asia Pacific	Australia	M-Male	377	142	519
		F-Female	58	16	74
	Other countries	M-Male	359	503	862
		F-Female	142	160	302
Latin America	Brazil	M-Male	466	55	521
		F-Female	62	5	67
	Chile	M-Male	549	0	549
		F-Female	206	0	206
	Colombia	M-Male	1,505	0	1,505
		F-Female	526	0	526
	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	
Middle East and Africa	Oman	M-Male	287	255	542
		F-Female	16	0	16
	Qatar	M-Male	118	248	366
		F-Female	24	5	29
	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
Rest of Europe	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
Other countries	M-Male	1,044	77	1,121	
	F-Female	152	23	175	
Spain	Spain	M-Male	4,385	1,390	5,775
		F-Female	1,515	471	1,986
USA and Canada	USA and Canada	M-Male	1,878	14	1,892
		F-Female	441	7	448
Total			<b>18,544</b>	<b>4,303</b>	<b>22,847</b>

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%

## Parental leave by gender in 2020

PARENTAL LEAVE BY GENDER 2020		TOTAL NUMBER OF EMPLOYEES WHO ENJOYED PARENTAL LEAVE WITHIN THE PERIOD OF THIS REPORT		FROM THESE EMPLOYEES, TOTAL NUMBER WHO RETURNED TO WORK IN THE REPORTING PERIOD AFTER THE PARENTAL LEAVE ENDED		% RETURN	
		Male	Female	Male	Female	Male	Female
Asia Pacific	Australia	-	4	-	2	0%	50%
	Other Countries	8	7	7	5	88%	71%
Latin America	Brazil	-	6	-	-	0%	0%
	Chile	-	77	6	8	0%	10%
	Colombia	19	27	19	21	100%	78%
	Guatemala	-	1	-	1	0%	100%
	Panama	-	1	-	-	0%	0%
	Other Countries	13	9	13	6	100%	67%
	Middle East and Africa	Oman	-	-	-	-	0%
	Qatar	-	1	-	-	0%	0%
	Saudi Arabia	-	-	-	-	0%	0%
	Other Countries	-	1	-	1	0%	100%
Rest of Europe	Germany	12	4	8	1	67%	25%
	Ireland	20	6	20	6	100%	100%
	Netherlands	13	1	-	-	0%	0%
	Other Countries	139	38	96	5	69%	13%
Spain	Spain	181	50	145	34	80%	68%
USA and Canada	USA and Canada	-	3	-	2	0%	67%
<b>Total</b>		<b>405</b>	<b>236</b>	<b>314</b>	<b>92</b>	<b>78%</b>	<b>39%</b>

## Parental leave by gender in 2019

REGION	REGION/COUNTRY	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%
	Middle East and Africa	Oman	0	1	0	1	
	Saudi Arabia	0	2	0	0		0%
	Other countries	0	0	0	0		
Rest of Europe	Germany	0	5	0	1		20%
	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	USA and Canada	17	6	0	1	0%	17%
<b>Total</b>		<b>387</b>	<b>268</b>	<b>251</b>	<b>130</b>	<b>65%</b>	<b>46%</b>

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 covered by collective agreements in 2020

REGION	REGION/COUNTRY	EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS	% EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS
Asia Pacific	Australia	135	25%
	Other Countries	353	29%
Latin America	Brazil	535	96%
	Chile	137	14%
	Other Countries	286	8%
Middle East and Africa	Other Countries	-	-
Rest of Europe	Germany	343	76%
	Ireland	809	97%
	Netherlands	554	98%
	Other Countries	558	29%
Spain	Spain	8,034	100%
USA and Canada	USA and Canada	647	29%
<b>Total</b>		<b>12,391</b>	<b>53%</b>

The figures cover 99% of Applus+ employees

## Number of employees covered by collective agreements in 2019

REGION	REGION/ COUNTRY	EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS	% EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS
Asia Pacific	Australia	175	30%
	Other countries	330	28%
Latin America	Brazil	588	100%
	Chile	111	15%
	Other countries	295	8%
Middle East and Africa	Other countries	-	0%
Rest of Europe	Germany	332	64%
	Ireland	789	97%
	Países Bajos	598	97%
	Other countries	469	36%
Spain	Spain	7,761	100%
USA and Canda	USA and Canda	640	27%
<b>Total</b>		<b>12,088</b>	<b>53%</b>

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 by gender and dedication in 2020

REGION	REGION/COUNTRY	GENDER	FULL TIME	PART TIME	TOTAL
Asia Pacific	Australia	M-Male	477	-	477
		F-Female	59	8	67
	Other Countries	M-Male	882	1	883
		F-Female	349	5	354
Latin America	Brazil	M-Male	446	47	493
		F-Female	66	-	66
	Chile	M-Male	744	-	744
		F-Female	259	1	260
	Colombia	M-Male	1,336	-	1,336
		F-Female	548	-	548
	Guatemala	M-Male	26	-	26
		F-Female	2	-	2
	Panama	M-Male	237	-	237
		F-Female	75	1	76
Other Countries	M-Male	1,107	1	1,108	
	F-Female	269	2	271	
Middle East and Africa	Oman	M-Male	381	-	381
		F-Female	14	-	14
	Qatar	M-Male	300	-	300
		F-Female	25	-	25
	Saudi Arabia	M-Male	980	-	980
		F-Female	7	-	7
Other Countries	M-Male	511	6	517	
	F-Female	65	-	65	
Rest of Europe	Germany	M-Male	384	6	390
		F-Female	35	28	63
	Ireland	M-Male	660	32	692
		F-Female	76	64	140
	Netherlands	M-Male	486	16	502
		F-Female	31	32	63
Other Countries	M-Male	1,570	89	1,659	
	F-Female	213	41	254	
Spain	Spain	M-Male	5,833	173	6,006
		F-Female	1,630	398	2,028
USA and Canada	USA and Canada	M-Male	1,679	106	1,785
		F-Female	381	35	416
<b>Total</b>			<b>22,143</b>	<b>1,092</b>	<b>23,235</b>

The figures cover 99% of Applus+ employees

## Number of employees by gender and dedication in 2019

REGION	REGION/ COUNTRIES	GENDER	FULL TIME	PART TIME	TOTAL
Asia Pacific	Australia	M-Male	519	0	519
		F-Female	74	0	74
	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
	Chile	M-Male	549	0	549
		F-Female	206	0	206
	Colombia	M-Male	1,505	0	1,505
		F-Female	526	0	526
	Guatemala	M-Male	47	0	47
		F-Female	5	0	5
	Panama	M-Male	225	0	225
		F-Female	77	1	78
	Other countries	M-Male	1,180	2	1,182
		F-Female	252	3	255
Middle East and Africa	Oman	M-Male	542	0	542
		F-Female	16	0	16
	Qatar	M-Male	366	0	366
		F-Female	29	0	29
	Saudi Arabia	M-Male	1,003	0	1,003
		F-Female	5	0	5
Other countries	M-Male	542	16	558	
	F-Female	58	5	63	
Rest of Europe	Germany	M-Male	427	14	441
		F-Female	40	37	77
	Ireland	M-Male	636	28	664
		F-Female	69	79	148
	Netherlands	M-Male	526	18	544
		F-Female	35	36	71
Other countries	M-Male	1,081	40	1,121	
	F-Female	143	32	175	
Spain	Spain	M-Male	5,612	163	5,775
		F-Female	1,574	412	1,986
USA and Canada	USA and Canada	M-Male	1,749	143	1,892
		F-Female	401	47	448
Total			21,733	1,114	22,847

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%

## Annual comparison ratio

ANNUAL COMPARISON RATIO		RATIO 2019	RATIO 2020
Asia Pacific	Australia	4.2	4.0
	Other Countries	16.6	14.2
Latin America	Brazil	3.1	7.5
	Chile	7.8	8.4
	Colombia	10.7	10.0
	Guatemala	N/A	N/A
	Panama	5.7	5.1
	Other Countries	11.4	11.3
Middle East and Africa	Oman	12.2	8.3
	Qatar	4.3	17.4
	Saudi Arabia	7.4	6.3
	Other Countries	13.3	16.4
Resto of Europe	Germany	3.2	2.9
	Ireland	4.2	3.0
	Netherlands	4.8	3.5
	Other Countries	7.8	6.9
Spain	Spain	6.0	5.4
USA and Canada	USA and Canada	5.9	4.5

The figures cover 98% of Applus+ employees. Executive Committee in Spain not included.

Ratio: Annual Compensation of the highest paid individual compared to the AVG Compensation W/O the highest paid individual.

## Ratio of minimum salary in 2020

RATIO OF MINIMUM SALARY AND AVG SALARY BY LAW WITHIN THE COUNTRY COMPARED TO THE LOCAL COUNTRY 2020		MINIMUM SALARY WITHIN THE REGION/COUNTRY BY LAW		MINIMUM SALARY WITHIN THE REGION/COUNTRY (Applus+)		MINIMUM SALARY GAP BY GENDER (Applus+)	% Δ Minimum salary		% Δ Medium salary	
		Male	Female	Male	Female		Male	Female	Male	Female
Asia Pacific	Australia	25,285	25,285	34,203	32,917	-4%	35%	30%		
	Other Countries	1,134	1,134	5,691	6,358	12%	402%	461%	19%	-1%
Latn America	Brazil	2,169	2,169	2,364	3,262	38%	9%	50%		
	Chile	4,730	4,730	7,137	5,200	-27%	51%	10%	59%	85%
	Colombia	2,729	2,729	2,729	2,729	0%	0%	0%		
	Guatemala	-	-	-	-					
	Panama	8,356	8,356	8,356	8,356	0%	0%	0%		
	Other Countries	869	869	5,952	4,086	-31%	585%	370%	6%	-6%
Middle East and Africa	Oman	-	-	3,890	6,771	74%				
	Qatar	-	-	3,165	9,495	200%				
	Saudi Arabia	-	-	6,706	15,326	129%	0%	0%		
	Other Countries	633	633	14,138	9,628	-32%	2,133%	1,420%	1,520%	2,971%
Resto of Europe	Germany	19,610	19,610	24,335	23,681	-3%	24%	21%	-4%	-4%
	Ireland	22,422	22,422	28,505	28,505	0%	27%	27%		
	Netherlands	20,160	20,160	51,911	37,172	-28%	157%	84%		
	Other Countries	4,174	4,174	21,136	24,310	15%	406%	482%	73%	75%
Spain	Spain	14,509	14,509	24,592	21,113	-14%	69%	46%		
USA and Canada	USA and Canada	14,575	14,575	28,112	25,135	-11%	93%	72%	4%	9%

The figures cover 98% of Applus+ employees. Executive Committee in Spain not included.

Minimum salary within the Region/Country by law: minimum salary by law provided by HR local teams.

Minimum salary within the Region/Country (Applus+): minimum salary received by an employee within the region/country.

Minimum salary gap by Gender (Applus+): gap between male and female minimum salary as a percentage of male minimum salary.

% Δ Minimum salary: gap between the minimum salary paid in Applus+ and the minimum salary by law, compared to the latter if available.

% Δ AVG salary: gap between the average salary in Applus+ and the published average salary, compared to the latter if available.

## Ratio of minimum salary in 2019

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		% Δ Medium salary		
		Male	Female	Male	Female		Male	Female	Male	Female	
Asia Pacific	Australia	23,933	23,933	30,228	29,017	-4%	26%	21%	-	-	
	Other countries	1,170	1,170	9,948	9,963	0%	750%	725%	57%	2%	
Latin America	Brazil	2,724	2,724	4,236	5,770	36%	55%	112%	411%	539%	
	Chile	4,639	4,639	5,084	5,546	9%	10%	20%	154%	169%	
	Colombia	2,702	2,702	2,702	4,241	57%	0%	57%	-	-	
	Guatemala	-	-	-	-	-	-	-	-	-	-
	Panama	7,572	7,572	7,572	7,572	0%	0%	0%	-	-	
	Other countries	1,793	1,793	6,468	5,913	-9%	261%	230%	-	-	
Middle East and Africa	Oman	5,761	5,761	6,188	15,394	149%	7%	167%	-	-	
	Qatar	-	-	2,849	8,786	208%	-	-	-	-	
	Saudi Arabia	8,569	8,569	11,139	9,997	-10%	30%	17%	-	-	
	Other countries	2,087	2,087	7,690	14,485	88%	268%	594%	0%	50%	
Rest of Europe	Germany	17,976	17,976	28,538	31,012	9%	59%	73%	-4%	15%	
	Ireland	19,874	19,874	26,040	26,040	0%	31%	31%	-1%	-3%	
	Netherlands	21,197	21,197	25,849	35,222	36%	22%	66%	-	-	
	Other countries	2,523	2,523	18,526	19,860	7%	634%	687%	82%	101%	
Spain	Spain	12,600	12,600	18,998	19,895	5%	51%	58%	-	-	
USA and Canada	USA and Canada	13,460	13,460	27,864	30,224	8%	107%	125%	24%	9%	

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%

## Benefits in 2020

NUMBER OF EMPLOYEES WITH BENEFITS		LIFE INSURANCE		HEALTH CARE		EDUCATIONAL ALLOWANCE		DISAB INVALID
		PERMANENT	TEMPORARY /PART-TIME	PERMANENT	TEMPORARY /PART-TIME	PERMANENT	TEMPORARY /PART-TIME	PERMANENT
Asia Pacific	Australia	-	-	-	-	-	-	373
	Other countries	458	150	603	495	51	15	244
Latin America	Brazil	1,248	228	1,248	228	72	-	436
	Chile	1,244	27	236	-	-	-	-
	Colombia	370	1,451	50	7	1	-	113
	Guatemala	19	-	-	-	-	-	-
	Panama	258	13	1	1	-	-	-
	Other countries	65	370	22	-	3	-	3
Middle East and Africa	Oman	-	4	-	4	-	-	-
	Qatar	4	256	4	256	-	-	-
	Saudi Arabia	-	-	34	-	-	-	-
	Other countries	311	106	349	160	-	-	-
Rest of Europe	Germany	307	37	31	-	1	-	-
	Ireland	-	81	53	-	-	-	22
	Netherlands	555	10	-	-	-	-	544
	Other countries	854	31	795	35	237	6	19
Spain	Spain	124	-	427	4	-	-	1,202
USA and Canada	USA and Canada	1,320	-	1,156	-	127	-	458
<b>Total</b>		<b>7,888</b>	<b>2,765</b>	<b>5,009</b>	<b>1,190</b>	<b>492</b>	<b>21</b>	<b>3,414</b>

The figures cover 98% of Applus+ employees. Executive Committee in Spain not included.

**Life insurance.** Employees who had life insurance as a benefit. In Spain most of the collective agreements have this due to business trips.

**Health Care.** Employees who had Health Care as benefit.

**Educational allowance.** Employees who enjoyed specific training programmes as Masters, PhD, etc.

**Disability and Invalidity cover.** Employees who enjoyed disability or invalidity cover.

**Parental leave.** Employees who enjoyed parental leave.

**Retirement provision.** Employees who received monetary assignments in their retirement plans to top of the local regulations.

**Stock ownership.** Employees who received RSUs

**Others.** Employees who received any other benefit.

ABILITY AND DIVERSITY COVER	PARENTAL LEAVE		RETIREMENT PROVISION		STOCK OWNERSHIP		OTHERS	
	TEMPORARY /PART-TIME	PERMANENT	TEMPORARY /PART-TIME	PERMANENT	TEMPORARY /PART-TIME	PERMANENT	TEMPORARY /PART-TIME	PERMANENT
84	4	-	390	154	-	-	-	-
62	9	6	12	2	-	-	-	-
-	6	-	-	-	1	-	-	-
-	77	-	-	-	-	-	-	-
651		34	361	1,436	2	-	4	-
-	1	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-
71	5	17	-	-	2	-	7	-
-	-	-	-	-	-	-	-	-
-	1	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1	-	1	-	1	1	-	-
-	15							
-		4	491	10	1	-	752	81
10	14	-	550	10	1	-	-	-
2		1	212	8	2	-	252	-
489	192	39	38	-	69	-	160	-
-	3	-	672	-	3	-	1	-
<b>1,369</b>	<b>539</b>	<b>102</b>	<b>2,727</b>	<b>1,620</b>	<b>82</b>	<b>1</b>	<b>1,176</b>	<b>81</b>

## Benefits in 2019

Number of employees with benefits		Life Insurance		Health Care		Educational Allowance		Disabil Invalidit
		Permanent	Temporary /Part-time	Permanent	Temporary /Part-time	Permanent	Temporary /Part-time	Permanent
Asia Pacific	Australia	-	-	-	-	-	-	-
	Other countries	315	22	410	354	44	1	51
Latin America	Brazil	110	33	111	33	17	-	-
	Chile	170	12	29	-	-	-	15
	Colombia	214	-	1	-	-	-	108
	Guatemala	-	-	-	-	-	-	-
	Panama	112	-	1	-	12	-	-
	Other countries	63	513	85	-	1	-	5
Middle East and Africa	Oman	286	238	286	238	1	-	-
	Qatar	24	331	28	331	-	-	1
	Saudi Arabia	-	-	193	-	-	-	-
	Other countries	134	55	119	124	-	-	-
Rest of Europe	Germany	271	63	27	6	-	1	1
	Ireland	698	114	23	-	-	-	-
	Netherlands	491	112	494	121	-	-	491
	Other countries	90	15	97	22	117	4	36
Spain	Spain	447	6	669	17	3	-	1,396
USA and Canada	USA and Canada	918	-	815	3	476	-	425
<b>Total</b>		<b>4,343</b>	<b>1,514</b>	<b>3,388</b>	<b>1,249</b>	<b>671</b>	<b>6</b>	<b>2,529</b>

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%

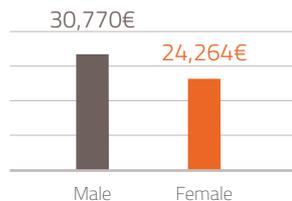
ity and y Cover	Parental Leave		Retirement Provision		Stock Ownership		Others	
	Temporary /Part-time	Permanent	Temporary /Part-time	Permanent	Temporary /Part-time	Permanent	Temporary /Part-time	Permanent
-	16	-	19	28	-	-	-	-
-	25	1	15	3	2	-	1	-
-	-	-	-	-	1	-	-	-
-	10	-	-	-	1	-	-	-
-	28	-	-	-	-	-	63	-
-	3	-	-	-	-	-	-	-
-	7	4	-	-	-	-	-	-
41	9	11	-	-	2	-	41	-
-	1	-	-	-	1	-	-	-
1	2	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	5	-	1	-	3	-	175	54
-	13	4	-	-	-	-	-	-
-	17	6	643	-	1	-	117	6
112	14	-	491	112	3	-	-	-
20	31	7	172	25	1	-	4,004	-
589	328	90	141	-	48	-	2,448	6
2	21	2	883	2	4	-	1	-
<b>765</b>	<b>530</b>	<b>125</b>	<b>2,365</b>	<b>170</b>	<b>67</b>	<b>-</b>	<b>6,850</b>	<b>66</b>

## Salary gap

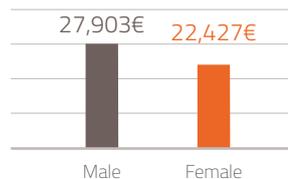
### Salary gap by gender

	2019		2020	
	AVG by Gender	Gap Gender	AVG by Gender	Gap Gender
Male	30,770 €	-21.15%	27,903 €	-19.62%
Female	24,264 €		22,427 €	

Salary gap by gender in 2019



Salary gap by gender in 2020



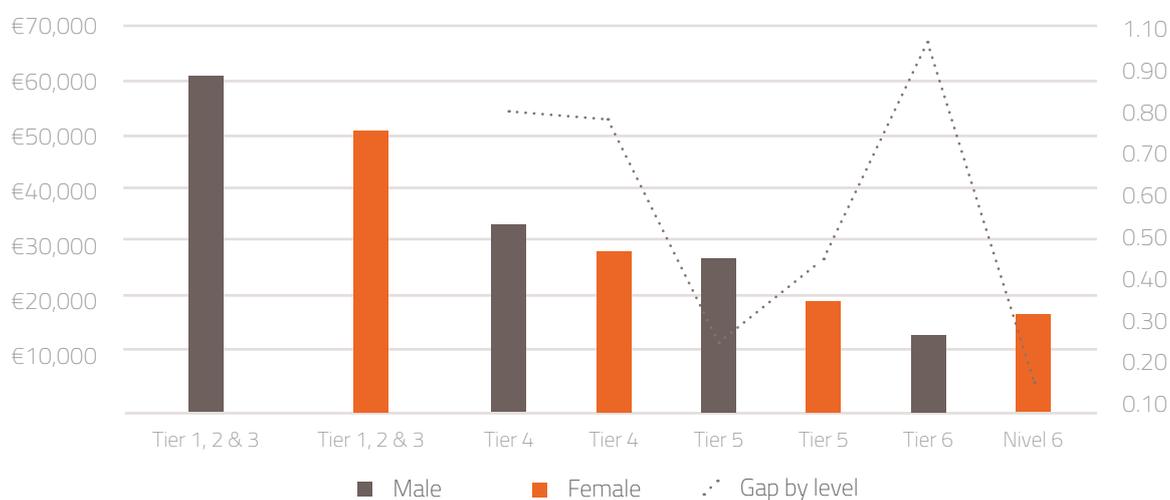
The figures cover 98% of Applus+ employees. Executive Committee in Spain not included.

(\*) Salary gap: understood as the difference between the gross hourly wage of men and of women, expressed as a percentage of the gross hourly wage of men. Advisedly, the calculation of this indicator is not adjusted to the individual characteristics and may explain part of the salary differences between men and women.

(\*\*) The remuneration data provided in this Annex only considers our employees' base salary because, due to the peculiarity of our activities, allowances, overtime and bonus systems are closely linked to the projects performed; and therefore including these would distort the data provided for gender. Moreover, to guarantee the comparability of the information, data regarding part-time and employees contracted for less than a year has been extrapolated to full-time employees for the whole year.

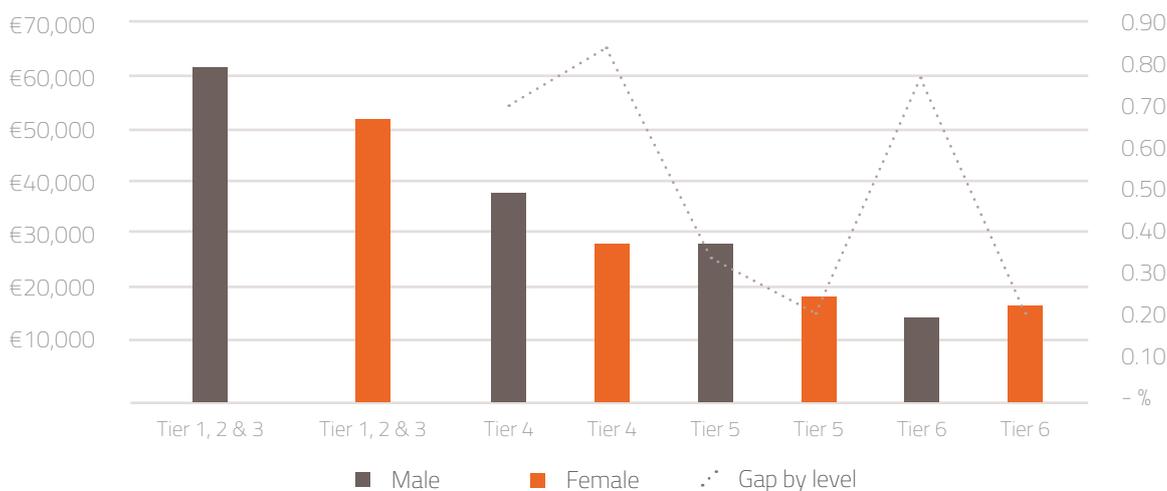
### Salary gap by organisational level in 2020

Salary gap by organisational level (€) 2020			
Tier	Gender	AVG by Level	Gap by Level
Tier 1, 2 & 3	Male	61,620	
Tier 1, 2 & 3	Female	51,220	
Tier 4	Male	33,338	85%
Tier 4	Female	28,000	83%
Tier 5	Male	26,468	26%
Tier 5	Female	19,599	43%
Tier 6	Male	13,045	103%
Tier 6	Female	16,989	15%



Salary gap by organisational level in 2019

Salary gap by organisational level (€) 2019			
Tier	Gender	AVG by Level	Gap by Level
Tier 1, 2 & 3	Male	63,836.37	
Tier 1, 2 & 3	Female	51,956.60	
Tier 4	Male	37,916.11	68%
Tier 4	Female	27,998.30	86%
Tier 5	Male	28,260.22	34%
Tier 5	Female	22,342.48	25%
Tier 6	Male	15,848.03	78%
Tier 6	Female	18,286.23	22%

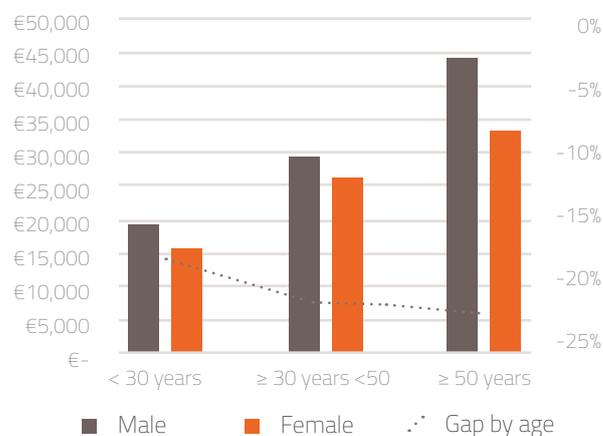
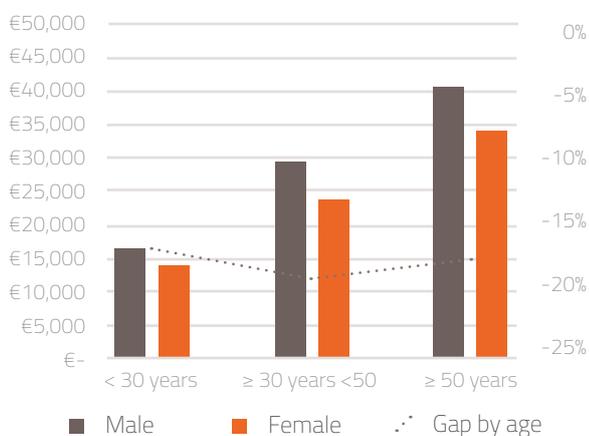


Salary gap by age in 2020

	Salary gap by age 2020		
	<30 years	≥ 30 years <50	≥50 years
Male	16,867	28,579	40,704
Female	14,114	23,176	33,642
Salary Gap by Age	-16%	-19%	-17%

Salary gap by age in 2019

	Salary gap by age 2019		
	<30 years	≥ 30 years <50	≥50 years
Male	19,535.08	31,663.25	42,865.51
Female	16,049.13	25,113.47	33,519.08
Salary Gap by Age	-18%	-21%	-22%



The figures cover 98% of Applus+ employees.

## Financial contribution

GRI 202-1

GRI 207-1

GRI 207-2

### ECONOMIC VALUE ADDED (EVA) BREAKDOWN

EVA BREAKDOWN	2018	2019	2020
<b>Economic value generated (thousands of Euros)</b>	<b>1,676,234</b>	<b>1,782,620</b>	<b>1,563,315</b>
Revenue	1,675,942	1,777,944	1,557,614
Revenues equity method	13	0	0
Financial income	2,510	1,638	2,284
Results on disposals of non-current assets	(2,231)	3,038	3,417
<b>Economic value distributed (thousands of Euros)</b>	<b>1,509,706</b>	<b>1,547,604</b>	<b>1,380,975</b>
Procurements	159,242	156,517	145,683
Staff costs	919,205	979,371	886,235
Other operating expenses	379,524	345,561	307,292
Other costs	4,646	10,244	15,813
Financial costs	23,739	25,535	27,123
Corporate income tax	23,350	30,376	-1,171
<b>Economic value retained (thousands of Euros)</b>	<b>166,528</b>	<b>235,016</b>	<b>182,340</b>

In 2020, 88.3% out of the EVA generated by Applus+ was distributed and 11.7% was retained by the organisation.

### TAX BREAKDOWN

REGION	THOUSANDS OF EUROS IN 2020						
	Number of employees	Revenues - Unrelated Party	Revenues - Related Party	Profit before Tax (individual) (*)	Tangible Assets other than Cash and Cash Equivalents	Corporate Income Tax Paid (on a cash basis)	Corporate Income Tax Accrued
Spain	8,047	496,622	71,573	(44,708)	85,386	(1,345)	21,808
Rest of Europe	3,769	312,171	38,474	(5,787)	56,572	(2,356)	(2,098)
Latin America	5,167	161,681	1,723	19,067	26,967	(6,395)	(10,113)
US and Canada	2,334	286,558	4,081	(14,401)	46,396	(1,442)	(2,448)
Asia Pacific	1,781	152,501	14,465	(2,921)	12,536	(2,219)	(4,769)
Middle East and Africa	2,289	149,734	2,779	6,843	4,721	(2,920)	(1,209)
<b>Total</b>	<b>23,387</b>	<b>1,559,267</b>	<b>133,095</b>	<b>(41,908)</b>	<b>232,578</b>	<b>(16,677)</b>	<b>1,171</b>

REGION	THOUSANDS OF EUROS IN 2019						
	Number of employees	Revenues - Unrelated Party	Revenues - Related Party	Profit before Tax (individual)(*)	Tangible Assets other than Cash and Cash Equivalents	Corporate Income Tax Paid (on a cash basis)	Corporate Income Tax Accrued
Spain	7,829	539,276	80,234	66,491	79,008	(15,673)	(1,039)
Rest of Europe	3,336	369,695	45,762	19,085	50,826	(5,706)	(7,179)
Latin America	5,166	190,437	2,152	22,064	28,823	(10,382)	(7,845)
US and Canada	2,340	334,600	4,534	10,946	53,875	(5,459)	(7,522)
Asia Pacific	1,758	175,693	13,816	12,485	7,838	(1,737)	(3,814)
Middle East and Africa	2,622	170,275	3,253	22,817	6,365	(2,388)	(2,977)
<b>Total</b>	<b>23,051</b>	<b>1,779,976</b>	<b>149,752</b>	<b>153,889</b>	<b>226,734</b>	<b>(41,346)</b>	<b>(30,376)</b>

(\*) The individual profit before tax per regions 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 combinations.

REGION	THOUSANDS OF EUROS IN 2018						
	Number of employees	Revenues - Unrelated Party	Revenues - Related Party	Profit before Tax (individual) (*)	Tangible Assets other than Cash and Cash Equivalents	Corporate Income Tax Paid (on a cash basis)	Corporate Income Tax Accrued
Spain	7,533	504,200	76,383	62,170	76,341	(6,745)	(1,270)
Rest of Europe	3,303	368,758	46,617	(4,628)	39,963	(6,580)	(6,214)
Latin America	5,337	168,025	2,357	24,137	30,817	(5,651)	(9,839)
US and Canada	2,281	326,671	2,306	1,064	62,095	(76)	(1,150)
Asia Pacific	1,563	144,488	16,706	7,355	6,045	(1,759)	(1,786)
Middle East and Africa	2,835	165,601	3,985	18,277	5,313	(3,142)	(3,091)
<b>Total</b>	<b>22,852</b>	<b>1,677,743</b>	<b>148,355</b>	<b>108,374</b>	<b>220,574</b>	<b>(23,952)</b>	<b>(23,350)</b>

(\*) The individual profit before tax per regions 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 combinations.

## Methodology for calculating the energy and emissions indicators

GRI 302-1

GRI 302-3

GRI 305-1

GRI 305-2

GRI 305-3

GRI 305-4

### ENERGY CONSUMPTION AND GHG EMISSIONS FOR SCOPES 1 AND 2

The Group uses the ASM platform to obtain energy and GHG emissions data from all the facilities from which we operate.

The consumption period under consideration runs from the 1<sup>st</sup> November 2019 until 31<sup>st</sup> October 2020. The scope for countries is the same as that of the financial perimeter.

#### Electricity

The energy consumption of electricity and heating in kilowatt hours (kWh) is converted into gigajoules (GJ). The carbon dioxide (CO<sub>2</sub>) emissions of the electricity are the product of the energy consumption in kWh and each country's emission factors.

The **sources** for the **conversion factors** are:

- **GJ value:** Massachusetts Institute of Technology (MIT) (2013), Units & Conversions.
- **TCO<sub>2</sub> value:** International Energy Agency (IEA). Emission factors: Database documentation (2019 edition). CO<sub>2</sub> emission factors for electricity and heat generation for world countries (in CO<sub>2</sub> per kWh, 1990 to 2017).

#### Gaseous Fuel and Liquid Fuel

The gaseous fuel may be reported in cubic metres (m<sup>3</sup>), cubic feet (ft<sup>3</sup>), kilowatt hours (kWh) or in kilograms (kg), although the standard unit is cubic metres. The liquid fuel liquid may be reported in litres (L), gallons (gal) or monetary units, and the reference unit for calculations is in litre(s).

In both cases, the m<sup>3</sup> of gaseous fuel and the litres of liquid fuel are converted to energy units in gigajoules (GJ), using the product of the volume (m<sup>3</sup> or L), the density (kg/m<sup>3</sup> or kg/L) and the lower calorific power (GJ/kg).

To ascertain the GHG emissions of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O, we use the product of the energy units and the emission factors for each gas. And finally, to calculate the carbon-dioxide equivalent emissions (CO<sub>2</sub>eq), we use the GWP (Global Warming Potential) index.

The sources for the **conversion factors** are:

- **Fuel price:** Global Petrol Prices, (2020); Energy Efficiency & Renewable Energy from the U.S. Department of Energy; Numbeo (2020).
- **Density:** Engineering ToolBox (2020); CNMC, the National Commission of Markets and Competition; The National Energy Commission and the table of equivalences of SEDIGAS and GASNAM, Massachusetts Institute of Technology (2013).
- **Lower calorific power:** Intergovernmental Panel on Climate Change. IPCC Guidelines for National Greenhouse Gas Inventories 2006 (Ch.1, Vol. 2).
- **Emission factors:** Intergovernmental Panel on Climate Change. IPCC Guidelines for National Greenhouse Gas Inventories 2006 (Ch.2, Vol. 2).

The scope of countries included in this calculation are the following: Andorra, Angola, Argentina, Australia, Bahrain, Bolivia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Czech Republic, Denmark, Ecuador, Egypt, Finland, France, Germany, Ghana, India, Indonesia, Ireland, Italy, Kuwait, Malaysia, Mexico, Mongolia, Netherlands, Nicaragua, Nigeria, Norway, Oman, Panama, Papua New Guinea, Peru, Poland, Portugal, Qatar, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Turkey, United Arab Emirates, United Kingdom, Uruguay and USA.

## GHG EMISSIONS FOR SCOPE 3

### Fuel and energy-related activities (not included in Scopes 1 or 2)

The emissions not included in Scopes 1 or 2 relating to fuel and energy come from the emissions due to losses from the transport and distribution of the electricity, and those due to the value chain of the fuels and electricity.

To calculate the **emission factor of the losses in the transmission and distribution of electricity**, we use the gross-production indicators for each country and the electricity transmission and distribution losses from *Electricity Information* (2020), published by the International Energy Agency (IEA). For the countries in which these indicators are not available, we use the indicators for their region.

To calculate the **emission factor associated with the electricity value chain** by country, we use the following electricity-generation sources and their percentage of electricity generation on the total electric energy produced in each country: nuclear, hydroelectric, geothermal, solar, wind turbine, coal, oil, natural gas, biofuels, energy from waste and others (offshore wind farms, wave and tidal power, etc.), according to the *Electricity Information* (2020) report published by the IEA. For the countries in which these indicators are not available, we use the indicators for their region.

For the aforementioned sources, we use the Well-to-Tank emission factors from the *WELL-TO-TANK report* Appendix 2 - Version 4a published by the European Commission to obtain the related CO<sub>2</sub> emissions per kWh. As in some cases, the types of fuel used by the IEA do not coincide with those used by the European Commission; we select the data following these criteria:

**Oil:** According to the International Energy Agency, within the Oil category there are the fossil fuels (Diesel oil, Petrol, Petroleum coke, etc.). In *WELL-TO-TANK* Appendix 2, we find the CO<sub>2</sub> emissions of petrol and diesel oil on using them to generate electricity. We used the Diesel oil value as it is more restrictive.

**Other:** According to the methodology of the International Energy Agency, the Other category encompasses processes that do not need fuel to produce energy; therefore, their emissions associated with the value chain are zero.

The **electricity-emissions factor** is obtained using the electric-emissions factor for each of the countries included in the population, according to data from the IEA. For the countries in which the electricity-emissions factor is not available, we used the factor for their region.

For the **factor associated with the combustion of fuels**, we use the Well-to-Tank factors contained in the *WELL-TO-TANK report* Appendix 2 (Version 4a) published by the European Commission. And for Biodiesel, we used the value of the *POME process: Meal as AF<sub>7</sub>, no CH<sub>4</sub> rec., no-heat credit, glycerine-to-biogas* to produce biodiesel as palm oil is the most used vegetable oil worldwide for producing biodiesel, and it is the most restrictive of the oils included in the related Appendix 2. As there is no factor associated with propane, and it is mainly extracted from natural gas, we used the natural-gas factor. Finally, for LPG we used the most restrictive one, the process *LNG, road, vap.*

The **factors associated with commuting**: on the whole, to calculate both direct and indirect emissions, the reporting uses DEFRA's "Conversion-Factors-2020-Full-set-for-advanced-users" guide. In the case of vehicles for which consumption is assumed to be 100% electric (i.e. electric cars, motorcycles and scooters, and underground rail networks), the reporting calculates conversion factors for distance/energy consumption from other sources because DEFRA does not publish this information.

The countries included in the calculation of fuel and energy-related activities (not included in Scopes 1 or 2) are the same as those used to calculate Scope 1 and 2.

## Business travel by plane, train and taxi

The travel agencies through which we book travel provide us with CO<sub>2</sub> emissions data per passenger, which are calculated based on the kilometres travelled, the occupancy of the aircraft (weight) and the type of aircraft, which are based on the rules set out by the UK's Department for Environment, Food and Rural Affairs (DEFRA).

The scope of the countries included in the calculation is: Angola, Australia, Chile, Colombia, Mexico, Netherlands, Spain, United Kingdom and USA.

With regards to the emissions generated during travel by taxi, Applus+ calculates the emissions of the journeys of our employees by using a **taxi-management application**. The emissions generated when travelling by taxi, requested through the application, are calculated based on the distance travelled and the fleet-emissions ratio, which is measured with the percentage of hybrid and electric cars operated in their fleet.

The scope of the countries included in the calculation is: Spain.

## Employee commuting

The commuting emissions are related to the mode of transport used by our employees. The car, train, and bicycle, among others, are the vehicles taken into account to know our employees' commute to the workplace.

In 2019, the Group launched a **global questionnaire** to ascertain these mobility habits. The results allowed us to understand the different modes of transport used at each location where we operate.

The emissions of each employee were calculated based on the mode of transport, the distance travelled and the number of days travelling per year, applying emission factors.

Most of the **factors** used were published by DEFRA in the *Conversion Factors 2020 Full set for advanced users* document, both for calculating the direct emissions and for the indirect ones. In the case of vehicles of which the consumption is assumed to be 100% electric (electric car and motorbike, electric scooter and the underground railway), we used distance/energy consumption conversion factors from other sources since DEFRA does not provide this information.

Due to the global crisis caused by the pandemic, to calculate our employees commuting we made an estimation by using the figures from 2019 and the number of total employees, excluding those who worked from home and therefore did not commute in 2020.

The scope of the countries included in the calculation is: Australia, Canada, Chile, Colombia, Germany, Ireland, Netherlands, Panama, Spain and USA.



Bridge Inspection and Road Construction Surveying

## Reference tables: GRI and Global Compact

### GRI 102-55

GENERAL CONTENTS			
GRI INDICATOR	DEFINITION	FINANCIAL AND NON-FINANCIAL INFORMATION REPORT 2020	UN GLOBAL COMPACT
101	Foundation	Approach to sustainability reporting	
102-1	Name of the organisation	Applus Services, S.A.	
102-2	Activities, brands, products and services	A+ at a glance Business excellence. Services and clients	
102-3	Location of headquarters	Applus Services, S.A. head offices: <ul style="list-style-type: none"> <li>▪ Parque Empresarial Las Mercedes Campezo, 1, Edif. 3, 4<sup>a</sup> planta 28022 Madrid</li> <li>▪ Campus UAB – Ronda de la Font del Carme, s/n 08193 Bellaterra – Barcelona</li> </ul>	Organisation's profile and operational context
102-4	Location of operations	A+ at a glance	
102-5	Ownership	Shareholder information	
102-6	Markets served	A+ at a glance	
102-7	Scale of the organisation	A+ at a glance	Principle 6
102-8	Information on employees and other workers	Non-financial information. Our people	Principle 6
102-9	Supply chain	Business excellence. Our suppliers	Principle 1 Principle 7 Principle 10
102-10	Significant changes to the organisation and its supply chain	Applus+ has not made significant organisational changes, nor regarding its supply chain, during 2020	
102-11	Precautionary principle or approach	Non-financial information. Caring for the environment	Principle 7
102-12	External initiatives	Business ethics and Compliance Sustainability approach Business excellence Non-financial information. Our people. Caring for the environment	Sustainability context
102-13	Membership of associations	Business excellence. Strategic alliances	
102-14	Statement from senior decision-maker	Letter from the Chairman and the CEO	Statement by the Chief Executive
102-15	Key impacts, risks and opportunities	Financial information. Business and climate change risks	
102-16	Values, principles, standards and norms of behaviour	Sustainability approach Corporate governance approach Business ethics and Compliance	Principle 10 Decision-making processes
102-17	Mechanisms for advice and concerns about ethics	Business ethics and Compliance	Principle 10
102-18	Governance structure	Board of directors	Decision-making processes
102-40	List of stakeholder groups	Commitment to our stakeholders	

GENERAL CONTENTS			
GRI INDICATOR	DEFINITION	FINANCIAL AND NON-FINANCIAL INFORMATION REPORT 2020	UN GLOBAL COMPACT
102-41	Collective bargaining agreements	Non-financial information. Our people	Principle 3
102-42	Identifying and selecting stakeholders	Commitment to our stakeholders	Stakeholder engagement
102-43	Approach to stakeholder engagement	Commitment to our stakeholders	
102-44	Key topics and concerns raised	Commitment to our stakeholders	Commitments, strategies or policies, and management systems to integrate the principles
102-45	Entities included in the consolidated financial statements	Financial information. Summary of Consolidated Financial Statements. Management report	
102-46	Defining report content and topic Boundaries	Approach to sustainability reporting	
102-47	List of material topics	Commitment to our stakeholders	
102-48	Restatements of information	No restatements of information	
102-49	Changes in reporting	Commitment to our stakeholders	
102-50	Reporting period	January 1st to December 31st 2020°	
102-51	Date of most recent report	February 2020	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	teresa.sanfeliu@applus.com	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI standards' Core option	
102-55	GRI content index	Cross-references table: GRI and Global Compact	
102-56	External assurance	Report's verification statement	
103-1	Explanation of the material topic and its boundary	Commitment to our stakeholders	
103-2	The management approach and components	At a glance Sustainability approach Commitment to our stakeholders	Completeness Practical actions description and measurement of outcomes
103-3	Evaluation of the management approach	Business excellence Financial and non-financial information	
ECONOMIC TOPICS			
201-1	Direct economic value generated and distributed	Annex. Financial contribution	
201-2	Financial implications and other risks and opportunities due to climate change	Financial information. Business and climate change risks	Principle 7
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Annex. Data related to human resources	Principle 6

ECONOMIC TOPICS			
GRI INDICATOR	DEFINITION	FINANCIAL AND NON-FINANCIAL INFORMATION REPORT 2020	UN GLOBAL COMPACT
203-2	Significant indirect economic impacts	Impact assessment Business excellence. Innovation Non-financial information. Building a better society	
204-1	Proportion of spending on local suppliers	Business excellence. Our suppliers	
205-2	Communication and training about anti-corruption policies and procedures	Business ethics and Compliance	Principle 10
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Business ethics and Compliance	Principle 10
207-1	Approach to tax	Sustainability approach. Sustainability framework	
207-2	Tax governance, control, and risk management	Sustainability approach. Sustainability framework Financial information. Business risks Annex. Financial contribution	
207-3	Stakeholder engagement and management of concerns related to tax	Sustainability approach. Sustainability framework Financial information. Business risks Annex. Financial contribution	
207-4	Country-by-country reporting	Annex. Financial contribution	
ENVIRONMENTAL TOPICS			
301	Materials	Due to the nature of our activity, all environmental impacts derived from activities inherent to manufacturing processes (use of raw materials or products, packaging, freight forwarding, etc.) are excluded from our management framework.	
302-1	Energy consumption within the organisation	Non-financial information. Caring for the environment Annex. Methodology for calculating energy and emissions indicators	Principle 7 Principle 8 Principle 9
302-3	Energy intensity	Non-financial information. Caring for the environment Annex. Methodology for calculating energy and emissions indicators	
303-1	Interactions with water as a shared resource	Non-financial information. Caring for the environment	Principle 7 Principle 8 Principle 9
303-2	Management of water discharge-related impacts		
303-3	Water withdrawal		

ENVIRONMENTAL TOPICS			
GRI INDICATOR	DEFINITION	FINANCIAL AND NON-FINANCIAL INFORMATION REPORT 2020	UN GLOBAL COMPACT
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	Non-financial information. Caring for the environment Annex. Methodology for calculating energy and emissions indicators	Principle 7
305-2	Energy indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
305-4	GHG emissions intensity		
306-1	Water discharge by quality and destination	Non-financial information. Caring for the environment	Principle 7
307-1	Non-compliance with environmental laws and regulations	Applus+ has not identified relevant/material issues of non-compliance with environmental laws and/or regulations	Principle 8
308-1	New suppliers that were screened using environmental criteria	Business excellence. Our suppliers Non-financial information. Caring for the environment	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.	Non-financial information. Our people Annex. Data related to human resources	Principle 6
402-1	Minimum notice periods regarding operational changes	Non-financial information. Our people	Principle 3
403-1	Occupational health and safety management system	Non-financial information. Our people.	Principle 1
403-2	Hazard identification, risk assessment, and incident investigation		
403-3	Occupational health services		
403-4	Worker participation, consultation, and communication on occupational health and safety		
403-5	Worker training on occupational health and safety		
403-6	Promotion of worker health		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		

SOCIAL TOPICS			
GRI INDICATOR	DEFINITION	FINANCIAL AND NON-FINANCIAL INFORMATION REPORT 2020	UN GLOBAL COMPACT
404-1	Average hours of training per year per employee	Annex. Data related to human resources	Principle 6
405-1	Diversity of governance bodies and employees	Board of Directors Non-financial information. Our people Annex. 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 in Non-financial information. Our people).	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	Non-financial information. Our people	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	Non-financial information. Building a better society	Principle 1
414-1	New suppliers that were screened using social criteria	Business excellence. Our suppliers	Principle 1 Principle 7 Principle 10
415-1	Political contributions	The Applus+ Group explicitly prohibits monetary contributions to parties and/or monetary contributions to political 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	Business excellence. 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.	Principle 10

## Reference tables: Spanish Act 11/2018

Spanish law contents		GRI standard	Financial and non-financial information Report 2020
<b>BUSINESS MODEL</b>	<b>Description of the Group's business model</b>	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	
<b>INFORMATION ON ENVIRONMENTAL MATTERS</b>	<b>Policies</b>	GRI 103-2 The management approach and its components	Sustainability approach Non-financial information. Caring for the environment
		GRI 103-3 Evaluation of the management approach	
	<b>Risk principles</b>	GRI 102-15 Key impacts, risks, and opportunities	Financial information. Climate change risks
	<b>General</b>	GRI 307-1 Non-compliance with environmental laws and regulations	Non-financial information. Caring for the environment. 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.
		GRI 102-11 Precautionary Principle or approach	
	<b>Contamination</b>	GRI 103-2 The management approach and its components	Non-financial information. Caring for the environment
	<b>Circular economy and waste prevention and management</b>	GRI 103-2 The management approach and its components	Non-financial information. Caring for the environment
	<b>Sustainable use of resources</b>	GRI 103-2 The management approach and its components	Non-financial information. Caring for the environment
		GRI 102-2 Activities, brands, products, and services	
		GRI 302-1 Energy consumption within the organization	
		GRI 302-3 Energy intensity	
		GRI 303-1 Interactions with water as a shared resource	
GRI 303-2 Management of water discharge-related impacts			
<b>Climate change</b>	GRI 303-3 Water withdrawal	Non-financial information. Caring for the environment	
	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		
<b>Protection of biodiversity</b>	GRI 103-2 The management approach and its components	Non-financial information. Caring for the environment. 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).	
	GRI 103-2 The management approach and its components		

Spanish law contents	GRI standard	Financial and non-financial information Report 2020	
<b>INFORMATION ON SOCIAL AND PERSONNEL MATTERS</b>	<b>Policies</b>	GRI 103-2 The management approach and its components	Sustainability approach Corporate governance approach Business ethics and Compliance Non-financial information. Our people
		GRI 103-3 Evaluation of the management approach	
	<b>Risk principles</b>	GRI 103-3 Evaluation of the management approach	Financial information. Business and climate change risks
	<b>Employment</b>	GRI 102-7 Scale of the organization	A+ at a glance Non-financial information. Our people Annex. Data related to Human Resources
		GRI 102-8 Information on employees and other workers	
		GRI 405-1 Diversity of governance bodies and employees	
		GRI 102-8 Information on employees and other workers	
		GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	
	<b>Work organisation</b>	GRI 405-1 Diversity of governance bodies and employees	Non-financial information. Our people Annex. Data related to Human Resources
		GRI 102-8 Information on employees and other workers	
	<b>Health &amp; Safety</b>	GRI 103-2 The management approach and its components	Non-financial information. Our people
		GRI 403-1 Occupational health and safety management system	
		GRI 403-2 Hazard identification, risk assessment, and incident investigation	
		GRI 403-3 Occupational health services	
		GRI 403-4 Worker participation, consultation, and communication on occupational health and safety	
		GRI 403-5 Worker training on occupational health and safety	
		GRI 403-6 Promotion of worker health	
		GRI 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
		<b>Company relations</b>	
GRI 402-1 Minimum notice periods regarding operational changes			
GRI 102-41 Collective bargaining agreements			
<b>Training</b>	GRI 103-2 The management approach and its components	Non-financial information. Our people Annex. Data related to Human Resources	
	GRI 404-1 Average hours of training per year per employee		
<b>Accessibility</b>	GRI 103-2 The management approach and its components	Non-financial information. Our people	
<b>Equality</b>	GRI 103-2 The management approach and its components	Non-financial information. Our people Annex. Data related to Human Resources	
	GRI 103-2 The management approach and its components		
	GRI 406-1 Incidents of discrimination and corrective actions taken		

Spanish law contents		GRI standard	Financial and non-financial information Report 2020
<b>INFORMATION ON THE RESPECT OF HUMAN RIGHTS</b>	<b>Policies</b>	GRI 103-2 The management approach and its components	Business ethics and Compliance Non-financial information. Our people
		GRI 412-2 Employee training on human rights policies or procedures	
	<b>Risk principles</b>	GRI 103-3 Evaluation of the management approach	Financial information. Business and climate change risks
	<b>Human Rights</b>	GRI 103-2 The management approach and its components	Business ethics and Compliance Non-financial information. Our people
		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	
<b>INFORMATION RELATED TO COMBATING BRIBERY AND CORRUPTION</b>	<b>Policies</b>	GRI 103-2 The management approach and its components	Business ethics and Compliance
		GRI 103-3 Evaluation of the management approach	
		GRI 205-2 Communication and training about anti-corruption policies and procedures	
	<b>Risk principles</b>	GRI 103-3 Evaluation of the management approach	Financial information. Business and climate change risks
	<b>Bribery and corruption</b>	GRI 103-2 The management approach and its components	Financial information. Business and climate change risks Business ethics and Compliance
		GRI 203-2 Significant indirect economic impacts	
GRI 415-1 Political contributions			

Spanish law contents		GRI standard	Financial and non-financial information Report 2020
<b>INFORMATION ON THE COMPANY</b>	<b>Policies</b>	GRI 103-2 The management and its components	Business ethics and Compliance Sustainability approach
		GRI 102-9 Supply chain	Business excellence. Our suppliers
	<b>Risk principles</b>	GRI 103-3 Evaluation of the management approach	Financial information. Business and climate change risks
	<b>The company's commitment to sustainable development</b>	GRI 203-2 Significant indirect economic impacts	Financial information Commitment to our stakeholders Business excellence. Our suppliers Non-financial information. Building a better society. Caring for the environment Impact assessment
		GRI 204-1 Proportion of spending on local suppliers	
		GRI 413-1 Operations with local community engagement, impact assessments, and development programmes	
		GRI 203-2 Significant indirect economic impacts	
		GRI 102-43 Approach to stakeholder engagement	
		GRI 102-13 Membership of associations	
	<b>Subcontracting and suppliers</b>	GRI 103-2 The management approach and its components	Business ethics and Compliance Business excellence. Our suppliers
		GRI 102-9 Supply chain	
		GRI 308-1 New suppliers that were screened using environmental criteria	
	<b>Clients</b>	GRI 103-2 The management approach and its components	Business excellence
		GRI 418-1 Substantiated complaints concerning breaches of customer	
	<b>Tax information</b>	GRI 103-3 Evaluation of the management approach	Sustainability approach Financial information Annex. Financial contribution
		GRI 207-1 Approach to tax	
		GRI-207-2 Tax governance, control, and risk management	
		GRI 207-3 Stakeholder engagement and management of concerns related to tax	
		GRI 207-4 Country-by-country reporting	

## Report's verification statement

GRI 102-56

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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 OF THE NON-FINANCIAL INFORMATION

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

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Financial and Non-Financial Report (ESG), which contains the Non-Financial Information Statement (NFIS) for the year ended December 31, 2020 of Applus Services S.A. and subsidiaries ("Applus" or "the Group"), which forms part of the Consolidated Directors' Report of Applus.

The ESG 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 ESG.

#### Responsibilities of the Directors

The preparation and content of the Applus ESG are the responsibility of the Board of Directors of Applus. The ESG was prepared in accordance with GRI standards in their core option. The NFIS included in the ESG 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 ESG.

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 ESG 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 ESG 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.

Deloitte, S.L. inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188; hoja M-54414; inscripción 967; C.I.F.: B-79104469.  
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

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.

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### Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed that refers exclusively to 2020. 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 ESG, which includes the NFIS, reviewing the processes used to compile and validate the information presented in the ESG 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 "Commitment to our stakeholders" section of chapter 5 of the ESG, also considering contents required by current Spanish corporate legislation.
- Analysis of the processes used to gather and validate the data presented in the 2020 ESG.
- 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 ESG, and the appropriate compilation thereof based on the data furnished by Applus information sources.

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

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### 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 2020 CSR of Applus was not prepared, in all material respects, including the adequacy of the contests 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 2020 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 ESG.

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### 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

February 19, 2021



**Applus<sup>+</sup>**

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