

Financial and non-financial information (ESG) 2021

Arplus⁺

Together
beyond
standards

Index

1. About Applus+
2. Letter from the Chairman and the CEO
3. Our company
4. Value to customer
5. Governance
6. Value to people
7. Environment
8. Value to community
9. Financial information
10. Annex





1. About Applus+



102-2 • 102-4 • 102-6 • 102-7

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

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



25,278
people in 2021



70+
countries across
all continents

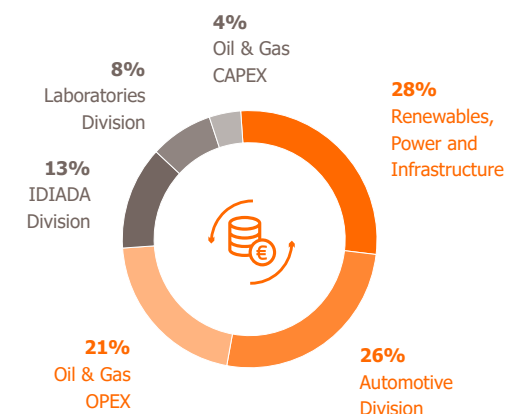


€1,776.7M
Total revenue in 2021

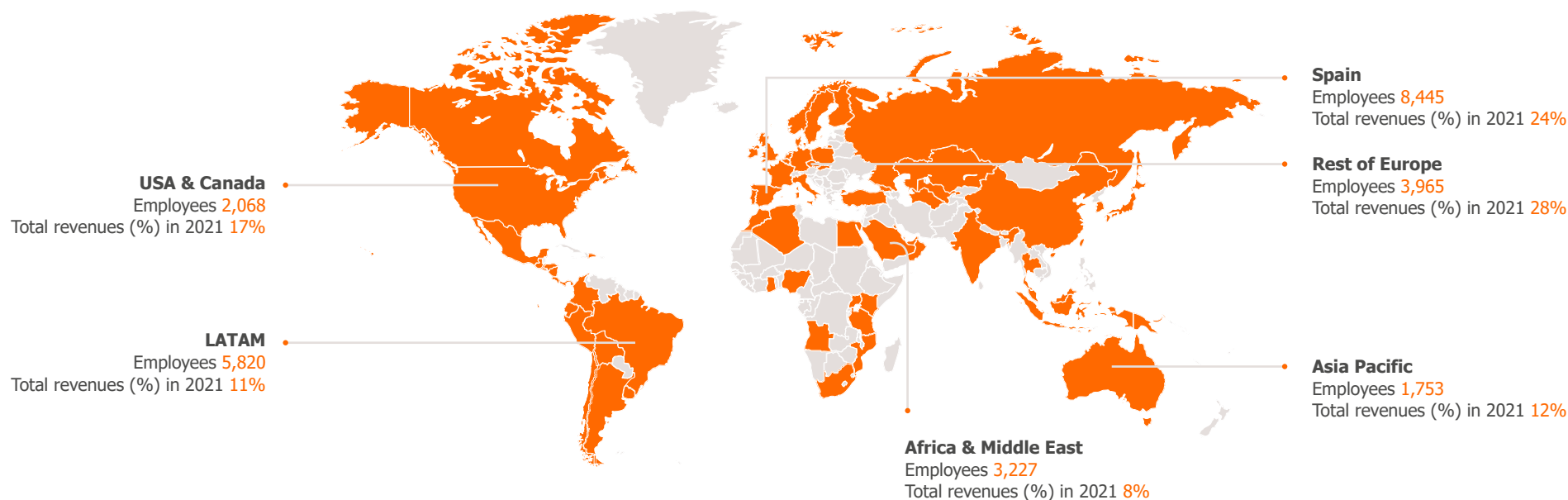


Accredited
by major international
organisations

REVENUE BY DIVISION/END MARKET



GLOBAL PRESENCE



OUR DIVISIONS AND INDUSTRIES WHERE WE OPERATE

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

Energy & Industry Division

We help our clients to develop and control industry processes, protect assets and increase operational and environmental safety, through the design and the deployment of proprietary technology and industry know-how across diverse sectors.

Key services:

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

End Markets



Power



Renewables



Infrastructure and building



Other industries



Oil and gas



Mining



Aerospace



Maritime



Telecommunications



Government and Public organisations



15,518

Employees



€942.5M

Revenues



Laboratories Division

We provide testing, certification and development engineering services to improve the competitiveness of our clients' products and encourage innovation. The Division has a network of multidisciplinary laboratories in Europe, Asia and North America.

Main technologies:

- Mechanical and Structural
- Electrical and Electronics (EMC)
- Cybersecurity
- Fire and Building Materials
- Metrology and Calibration
- Systems Certification

End Markets



Construction materials



Automotive



Electronics



Aerospace



Industry



Cybersecurity



1,822

Employees



€153.2M

Revenues



Automotive Division

We deliver statutory-vehicle-inspection services globally in jurisdictions where transport and systems must comply with statutory technical-safety and environmental regulations. We operate 30-plus programmes in 14 countries.

In 2021, the Division has carried out over 15 million vehicle inspections and, in addition, a further 10 million inspections were delivered by third parties.

Key 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

IDIADA Division

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.

Key services:

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

End Markets



Government



Public transport agencies



5,322

Employees



€456.8M

Revenues

End Market



Automotive



2,616

Employees



€224.3M

Revenues





2. Letter from the Chairman and the CEO



102-14

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



Christopher Cole
 Chairman of the Board of Directors

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

To drive this momentum, we developed a new strategic plan in 2021 for 2022 to 2024, with a focus on new targets for ESG actions linked to the remuneration of the Group's management. These ambitions for the environment include reducing our Scope 1 and 2 emissions by 30% by 2024, becoming carbon neutral by 2023 and a net-zero company by 2050.

These targets are integral to the three major global trends changing the economy and identified in the Group's strategic planning for 2022-2024: energy transition, electrification, and connectivity.



Fernando Basabe
 Chief Executive Officer (CEO)

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

In 2021, the Group had strong year on financial performance with progressive improvement throughout the year. In addition, leverage, cash flow and liquidity are healthy supporting the investment growth strategy as outlined in the 2022 – 2024 strategic plan.

Four acquisitions were made in 2021 of businesses delivering services for renewable energy and sustainable models for transport.

Revenue of €1,777 million was generated which was 14% higher than in 2020 and in line with the revenue generated pre-pandemic in 2019.

Our financial key performance indicator of adjusted operating profit, was €175 million giving a margin of 9.9%, significantly above the previous year that was impacted by the coronavirus pandemic. The resulting adjusted earnings per share of €0.65 was double the previous year. This strong performance will allow the Board to recommend a dividend payment of 0.15 euros per share at the shareholders AGM on 31st May 2022.

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

Environmental:

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

Social:

- Projects to foster **diversity and equality: programmes of female mentoring / shadowing and 60% of workforce represented on diversity and equality councils**.
- Initiatives to **integrate people with different abilities into the Group, such as "Without Limits"**.
- Training and awareness on **keeping our people safe, such as the annual Safety Day and Golden Safety Rules**.
- Achievements in Human Resource management, with **15 awards such as "Best Use of Blended Learning" and "Best Leadership Development Programme"**.

Governance:

- Continued development of programmes following our commitment with the **UN's Global Compact and SDGs**.
- Commitment to **equality on the Board of Directors, 40% women in 2021 ahead of target date**.
- New policies and monitoring procedures **to ensure a responsible management, such as new Remuneration Policy linked to ESG targets**.
- **Development of policies, monitoring and training procedures** to ensure the deployment and fulfilment of our ethical principles at Applus+, and through our supply chain, **such as our Code of Ethics and annual training**.
- Acknowledgements through external ESG ratings agencies: **MSCI ESG Ratings (AA), Gaia (71/100), CDP (B)** and being included in the **FTSE4GoodIBEX**, as well as a "low-risk" rating in a new acknowledgement by **Sustainalytics**.

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

Thanks to the efforts of the Group's professionals, and with our clients' trust and partners' collaboration, we are confident our company is well-positioned to maximize the opportunities in the newly emerging business and economic environment.

A photograph of a truck driver's perspective from the driver's seat. The driver's hands are on the steering wheel. A large computer monitor is mounted on the dashboard, displaying a software interface with green and red numbers. The background shows a highway with other vehicles and mountains in the distance.

3. Our company

- 3.1 Highlights
- 3.2 Business model and value creation
- 3.3 Sustainability approach
- 3.4 Strategic Plan 2022-2024
- 3.5 Sustainability ambitions
- 3.6 Acquisitions and diversification
- 3.7 Living with COVID-19
- 3.8 Stakeholder engagement and materiality
- 3.9 Supply chain management
- 3.10 Contribution to the Sustainable Development Goals



102-3 · 102-9 · 102-11 · 102-12 · 102-13 · 102-16 · 102-40 ·
102-42 · 102-43 · 102-44 · 102-46 · 102-47 · 102-49 · 103-1 ·
103-2 · 203-2 · 204-1 · 207-1 · 207-2 · 308-1 · 414-1

3.1 Highlights



| ECONOMIC/BUSINESS

14%

Revenue growth

4

Acquisitions in the renewable energy sector and industries with higher added value

47

New patents

ESG means "Environment, Social and Governance"



| ENVIRONMENT

SBTi **adhesion**

Development of mid-term reduction of emissions targets to limit global temperature rise to 1.5°C, and to be a net zero company by 2050

22%

Consumed energy that comes from renewable sources

9%

Reduction of our GHG emissions per employee



| SOCIAL

74%

Employees committed to the company, 25% more than in the previous survey

+60%

Workforce represented on the Diversity and Equality Committee

15

Acknowledgments to our human resources management

20%

Reduction in the rate of recordable accidents from the base year (2017)



| GOVERNANCE

40%

Women on the Board of Directors

100%

Employees trained and committed to the *Code of Ethics*

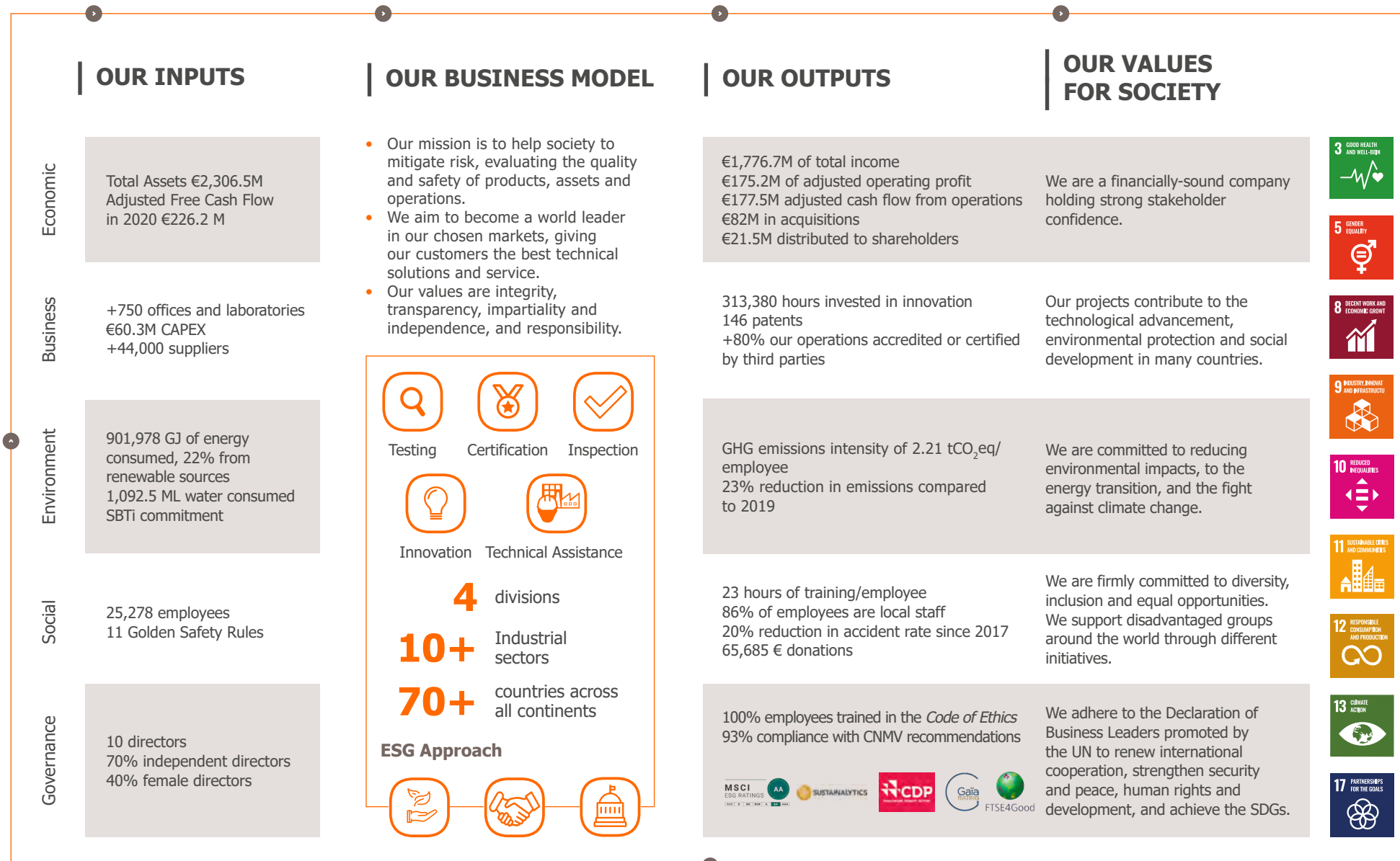
ESG Indices

Maintenance and improvement in our ESG ratings. New recognition, Sustainalytics, with a low-risk rating

ESG Objectives

Linked to remuneration

3.2 Business model and value creation



3.3 Sustainability approach

BUSINESS CONTEXT

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

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

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

(1) BP Energy Outlook 2020, Wind and Solar Investment 2020-50 under Rapid and Net Zero scenarios.
 (2) International Energy Agency, Announced Pledges by 2050 scenario. (3) Hydrogen Council, assumes all announced projects come to fruition. (4) Hydrogen Council, includes Hydrogen Council Members only. (5) McKinsey as of September 2021, includes investments in companies under the most likely accelerated scenario.
 (8) McKinsey, based on announced buildup plans. (9) McKinsey. (10) Cybersecurity Ventures.

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

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

Digitalization

Innovation

Cybersecurity

Sustainable and safe mobility

Renewable energy

Smart cities

Circular economy

Health



FINANCIAL MANAGEMENT

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

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

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

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

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

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

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

Integrity

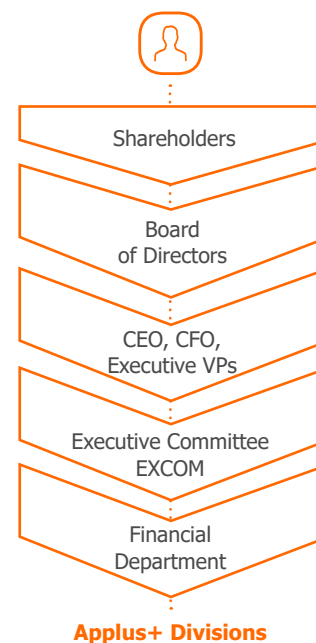
Impartiality

Responsibility

Transparency

Independence

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) APPROACH

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

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

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

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

OUR PEOPLE



We promote appropriate working conditions based on effective occupational health and safety programmes, principles of non-discrimination and human and workforce rights.

We strive for a fair and competitive environment that provides opportunities for professional development and growth while retaining and attracting talented professionals.

We promote diversity among our employees based on the *Global Anti-Discrimination Policy* and the *Diversity and Equality Policy*.

We train our professionals to develop their competencies and acquire new skills.

We work to increase their level of satisfaction and commitment.

SUSTAINABLE PERFORMANCE



We are involved in the preservation of our environment and firmly committed to the actions to mitigate climate change.

We apply policies and procedures to manage our operations based on the prevention of potential environmental impacts.

We define comprehensive controls to ensure compliance with the environmental laws that apply to us in all the countries where we operate.

We develop innovative services that help reduce the potential environmental impacts of our customers around the world.

INNOVATION



We foster innovation by building ESG principles into the expertise of our professionals and the services we develop.

We create a working environment that fosters innovation, incorporating digitalisation as an inherent part of any new development, providing the necessary resources.

We integrate innovation programmes in our different business units, stimulating and organising initiatives to promote innovative thinking among our employees.

CORPORATE GOVERNANCE AND BUSINESS ETHICS



We are governed by corporate rules, policies and processes that define our corporate governance model.

We ensure compliance with our corporate governance model through our Board of Directors, ESG Committee and Chief Compliance Officer.

We ensure the dissemination of our Code of Ethics and promote compliance through our divisions, partners and suppliers.

We manage internal risks with policies in areas such as anti-corruption and others to prevent malpractice, and monitor them through our Internal Audit department.

STAKEHOLDER ENGAGEMENT



We strive to provide our stakeholders with the best results by operating ethically and responsibly.

We foster close communication with our customers to enable us to understand and anticipate their needs and meet their expectations.

We develop a transparent investor relations strategy, managing their expectations and providing a two-way dialogue on their concerns.

We foster partnerships that create synergies to expand our financial and non-financial performance. We convey our principles to our supply chain.

We engage with local communities in all the countries that we serve, supporting their development and helping to improve their opportunities.

We work to improve communication channels to provide fast and effective responses to all our stakeholders.

ESG ALLIANCES

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

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



INCREASING OUR ESG RATINGS

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



3.4 Strategic Plan 2022-2024

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

The strategy is built upon three pillars:

1

LEADERSHIP

We look for a leadership position in our key end markets, as this is critical in our industry.

It provides investment capacity, regional or global coverage that attracts the best talent and supports the reputation and trust that we enjoy. We provide mission critical services to our clients who have a desire to work with only the most reliable companies.



Leadership



Leadership positions in key end markets

2

INNOVATION & TECHNOLOGY

We must be able to offer the best technical solutions, always, to our clients looking for ways to improve accuracy and information, reduce down-time and costs and improve the safety of the testing process.

This pillar supports our leadership position.



Innovation and Technology



High investment in innovation

3

TRUSTED PARTNER

In the business of providing quality and technical assurance and reducing risk in operations of our clients, they must trust us. Integrity is therefore central to our business, supporting the ability to constantly provide a good service and value. These aspects of service confidence have helped the Group to build and maintain long-term relationships with our customers.



Trusted Partner



Strong reputation with long term customer base

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



OUR THREE-YEAR STRATEGY PLAN 2022-2024

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

The purpose behind this new plan is “Unlocking Value” for the benefit of our shareholders and other stakeholders.

The Group has made material progress over the last 12 months in improving our portfolio mix towards higher growth end markets and at the same time taking actions to further mitigate business risks.

The plan targets superior shareholder return generation through the winning formula of the three strategic pillars whilst evolving the portfolio of businesses towards higher growth end markets to mitigate business risks through both active portfolio management and accelerating growth in structurally attractive segments aligning to the global megatrends of Energy Transition, Electrification and Connectivity.

The key tenets to the Plan are:



PORTFOLIO EVOLUTION

Towards higher growth end markets and to mitigate business risks



ACCELERATE GROWTH ALIGNED TO GLOBAL MEGATRENDS

Energy transition, Electrification and Connectivity



ENHANCE RETURNS TO SHAREHOLDERS

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



CONTINUED FOCUS ON ESG

2024 targets linked to management remuneration as of 2022

The long-term testing, inspection and certification drivers of increasing regulations, increasing complexity of products and increasing levels of outsourcing from industry to specialised providers like Applus+ support the growth in these markets. And by linking the focus on ESG to management remuneration ensures the full commitment by all to the benefit of the business and all stakeholders. Shareholder returns will be enhanced through these actions and including annual dividend distributions and a share buyback target.

The Energy Transition global megatrend is driving many parts of Applus+ portfolio of businesses from growth in testing and inspection required in the Renewables and Infrastructure sectors to testing and inspection of green vehicles.


Electrification and Connectivity are also powerful global drivers of all things electrical from personal transportation and batteries to the cybersecurity risks that ensue from this. All four divisions of the Applus+ Group have significant portions of their businesses aligned to these megatrends and marketing, resources and investment is being directed to those areas that are most likely to benefit.

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



NEW FINANCIAL TARGETS

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

 FINANCIAL TARGETS	Revenue growth 2021-24 CAGR above 10%*
	<ul style="list-style-type: none"> • Mid to high single digit organic • M&A
	Adjusted operating profit margin to improve to 12%**
	Adjusted EPS CAGR 21-24 above 13% pre buyback
	Average cash conversion rate above 70%
	ROCE 2024: >12%

* Continuing operations

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

NEW CAPITAL ALLOCATION POLICY

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



M&A of €300-400 M over Plan period, partly funded by disposals



Continued investment in organic growth



Dividend distribution of at least 20% of adjusted net profit



Target leverage < 3x






Target 5% share buyback in 2022



3.5 Sustainability ambitions

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

	ESG GOAL	TARGET	2021
	Corporate governance and business ethics		
	% Compliance with applicable CNMV recommendations	≥85%	93%
	% Employees receiving <i>Code of Ethics</i> training (induction and refresher training) and signatories to their commitment to the Group's <i>Code of Ethics</i>	>98%	100%
	Our people		
	Voluntary turnover ratio	≤12%	11.03%
	Ratio of internal promotion for vacancies in management positions	≥75%	73.2%
	% Employees covered by Diversity and Equality Councils	>50%	>60%
	Local employment ratio	≥86%	86%
	Ratio of people with diverse capacities in the Applus+ workforce	≥1.7%	1.11%
	Fatal accidents	0	0
	The Environment		
	% of energy from renewable sources in electricity consumption and reduce the environmental impacts of our customers' operations through the services Applus+ offers	>20%	70%
	% of reduction in emission-per-employee intensity ratio (Scope 1 and 2) compared to 2019	>7%	9%

Uphold the principles of good governance and operate ethically and responsibly to provide our stakeholders with the best results

Attract a diverse, committed and talented workforce, providing a safe and healthy workplace under the Group's vision of zero accidents

Minimise our environmental footprint; build resilience to impacts related to climate change; and reduce the environmental impacts of our clients' operations through the services Applus+ provides

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

VISION

2024 TARGETS

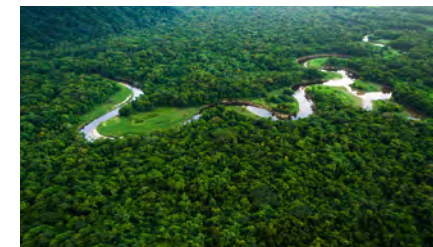


Environment

Contribute to the environment by improvements in our operations and assisting our clients, and mitigate the negative impact of climate change on the Group's businesses.

30% reduction in Scope 1 and 2 emissions relative to 2019 results.

Be carbon neutral in Scope 1 and 2 by 2023
Plan to be *net zero* by 2050 according to SBTi.



Social

Attract diverse, engaged and talented people and empower our professionals to reach their full potential in a safe and fulfilling work environment.

> 40% of management positions and positions in Group Corporate Services filled by women.

10% reduction in Lost Time Injury Frequency.



Governance

Respect our principles of good governance and operate ethically and responsibly, with the highest integrity that our stakeholders expect and deserve.

> 90% compliance with applicable CNMV recommendations.

> 98% of professionals completing the course and signing the *Code of Ethics* commitment.



Acknowledgements

- MSCI ESG Index (AA) – Top quintil of its category
- CDP (B) – Above average and in "Management" category
- Sustainalytics – 15.6 Low risk

- Gaïa (71/100) – Among 20% of the best rated companies
- FTSE4Good IBEX - Inclusion



3.6 Acquisitions and diversification

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

2021

MARCH



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

These companies provide engineering and consulting services focused on electricity generation, transmission and distribution, and develop large construction projects, both industrial and civil.

With this acquisition, we are broadening our scope of activities in the **renewable energy sector**.

MAY



IMA Dresden is an independent European structural and material testing laboratory for product development, located in Dresden (Germany).

By adding IMA Dresden to our Laboratories Division, we complete the range of services we provide to our clients, enabling the **evolution of transportation systems towards more efficient and sustainable models**.

JULY



Enertis is a Spanish company that operates in the photovoltaic solar energy and energy storage sectors. It is present in Spain, the United States and Latin America.

Joining our Energy & Industry Division, this acquisition represents an important reinforcement of Applus+ services, which are aimed at the **renewable energy sector**.

OCTOBER



The **Instrumentation Area and Metrology Laboratory of the company Mipel, S.A.**, located in Leganés (Madrid), is integrated as part of our Laboratories Division.

This acquisition is part of the strategic development plan for the Applus+ Metrology area, and allows us to provide a wider range of services in the **metrology sector** in Spain.

3.7 Living with COVID-19

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



PROTECTING OUR EMPLOYEES' HEALTH

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

ADAPTING OUR ACTIVITIES AND SERVICES

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



PROVIDING MAXIMUM SUPPORT TO SOCIETY

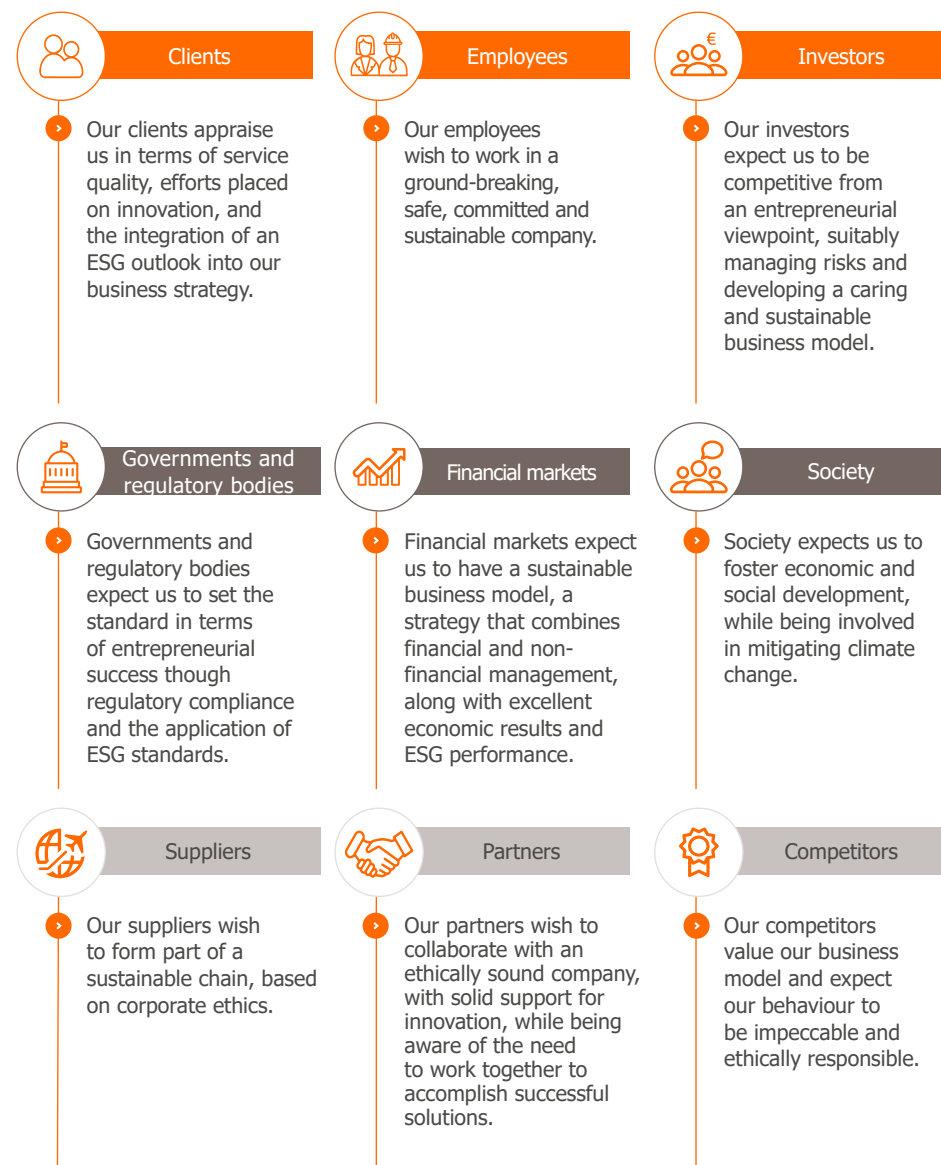
- We provide support in diverse countries to social groups who have suffered from the pandemic's consequences more markedly. For example, in Costa Rica we have:
 - ◇ Implemented a voluntary programme at Applus+ that has delivered foodstuffs to families at risk.
 - ◇ Installed, through the project entitled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

3.8 Stakeholder engagement and materiality

BREAKDOWN OF OUR STAKEHOLDERS RELATIONSHIP

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

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



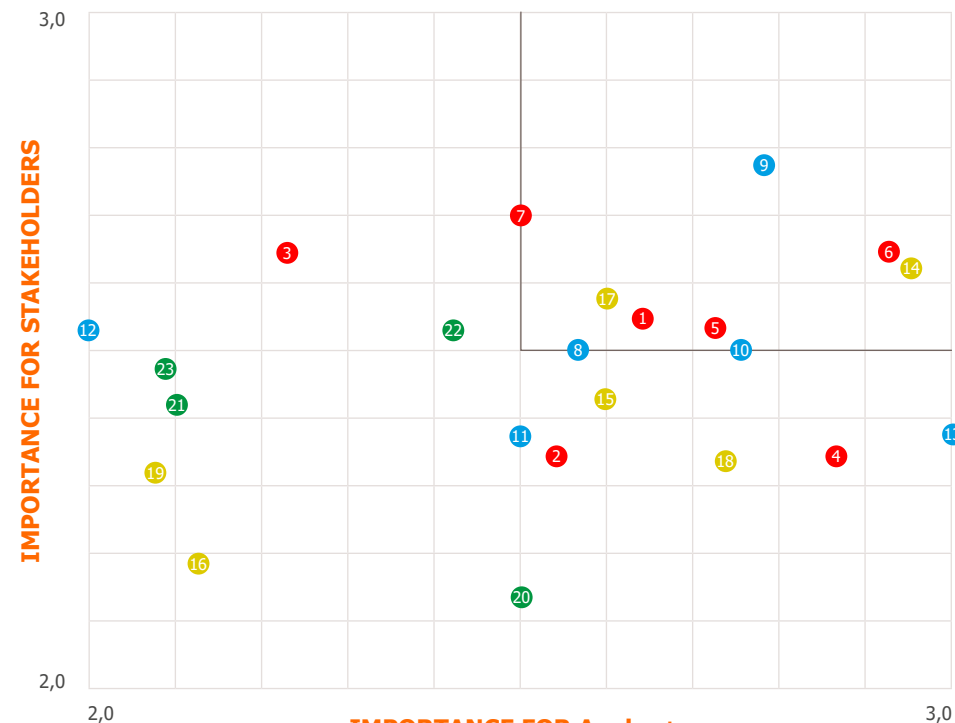
MATERIALITY ANALYSIS

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

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

23 topics have been identified and arranged into four areas: **Governance, Operation, Society and the Environment**.

2. Through surveys to company executives (divisional and corporate functions) and regional managers of all geographical regions, each topic is appraised according to its importance, considering them from the outlook of Applus+, as well as that of the main stakeholders.
3. The results of the survey produced the new **Materiality Matrix**, which encapsulates the significance of the material topics for Applus+, vis-à-vis the importance for our stakeholders.



IMPORTANCE FOR Applus+			
Government	Operation	Society	Environment
1 Risk management	8 Innovation and digital transformation	14 Occupational Health and Safety	20 Energy transition and climate change
2 Sustainable business model and strategy	9 Service quality and customer relationship	15 Talent management	21 Biodiversity and protection of natural areas
3 Brand	10 Competitiveness	16 Employee commitment	22 Sustainable services
4 Economic performance	11 Privacy and data protection	17 Diversity, inclusion and equity	23 Waste management
5 Corporate governance	12 Sustainable management of the supply chain	18 Respect for human rights	
6 Compliance and reputation	13 IT strategy and cybersecurity	19 Local impact and socio-economic contribution	
7 Stakeholders' engagement			

Annex, 10.2

DIALOGUE WITH OUR STAKEHOLDERS

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



Clients

Topics of concern

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

Communications channels

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



Employees

Topics of concern

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

Communications channels

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



Investors

Topics of concern

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

Communications channels

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





Governments and regulatory bodies

Topics of concern

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

Communications channels

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



Suppliers

Topics of concern

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

Communications channels

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



Financial markets

Topics of concern

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

Communications channels

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



Partners

Topics of concern

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

Communications channels

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



Society

Topics of concern

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

Communications channels

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



Competitors

Topics of concern

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

Communications channels

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



IMPACT ASSESSMENT

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

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

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

The indicators used are the following:

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

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

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







The main impacts are as follows:

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

Analysing the information in the different blocks, it can be seen that the areas of Governance and Operation have the greatest impact (values > 75%), followed by the Environmental area (71%) and the area of Social (60%).



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

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

3.9 Supply chain management

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

Our purchasing process comprises:



POLICIES

Definition of our supplier-oriented policies, aligned with the objectives of the procurement process.



CONTRACTS

Management of strategic-supplier corporate contracts to meet the whole company's needs.



COMMUNICATION

Optimisation of our supplier communication mechanisms to continue developing new capabilities that tend to boost value for money.



TECHNOLOGY

Rolling out technology that assists in reducing lead times and adds efficiency to our procurement process.



RISKS

Risk reduction and building successful relationships.

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

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

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

- The department strives to ensure our policies are **deployed properly in all of the countries** where we operate, overseeing the performance of the teams responsible for compliance at divisional, regional and local level.
- The department **ensures** that the **Supplier Policy** is applied properly through the **QSens tool**, which provides pertinent indicators about the qualification of all the Group's suppliers.



HIGHLIGHTS IN 2021

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

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

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

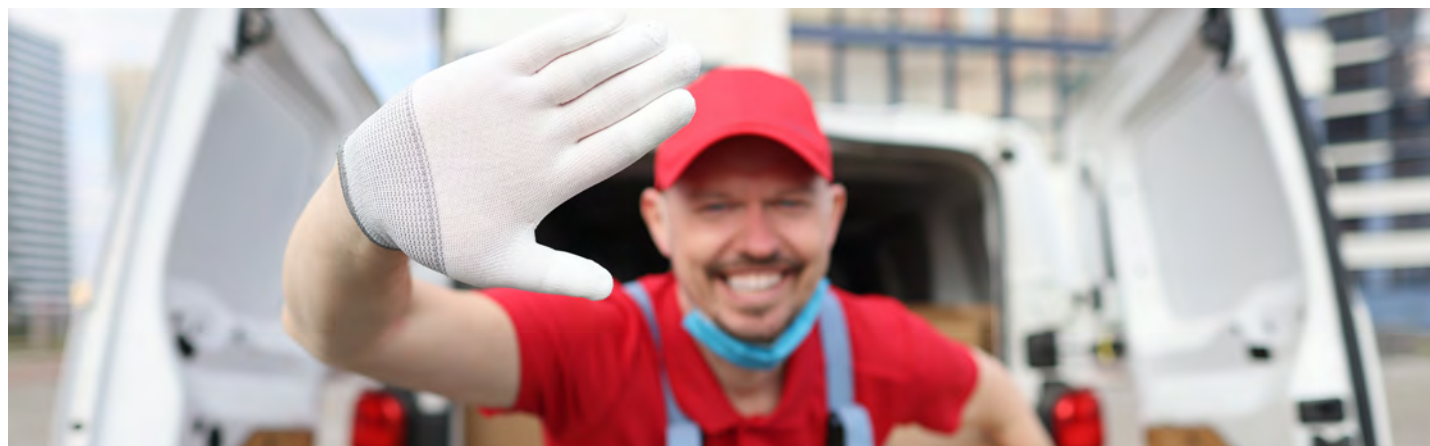
Our supply chains around the world is extensive and diverse. This is why in 2021 we focused our efforts on improving the management of our **supplier portfolio** to ensure that our needs in terms of **flexibility and readiness** are met, both at business and **compliance** level.

To this end, we designed **a new supplier-management model** based on new *Ariba*, providing one single, centralised portfolio for the entire Group.

This allows new suppliers to be added simply and intuitively, complying with the criteria set out in our procurement policies. The model is being rolled out steadily throughout all of the companies in the Group, and this year, 40% of countries have already started using this new tool.

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

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



3.10 Contribution to the Sustainable Development Goals

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

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





4. Value for customer

- 4.1 Overview and approach
- 4.2 Innovation and digitalisation
- 4.3 Relationship with clients
- 4.4 Sustainable services
- 4.5 Strategic alliances



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4.1 Overview and approach

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

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

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

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

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

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

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

Quality and excellence

Provision of the service

Knowledge

Innovation and technology

Strategic alliances

Accreditations and certifications

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

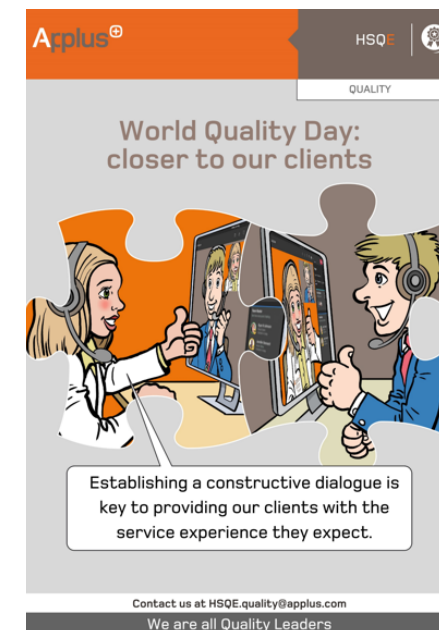
We regard **complaints** as an opportunity to improve, and we collect them through our local channels. All complaints are analysed by our teams and respond to the client, and lead us to take action to resolve their causes when necessary. For Applus+, each and every complaint matters, and each is considered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

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



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

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



4.2 Innovation and Digitalisation

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

In 2021, we focused on four relevant aspects:

- **Digital transformation** is an essential component in internal management processes, and offers new ways of relating to clients to add value to our services. Digitalisation in all areas of society and the economy requires guaranteeing security and interoperability, both for devices and software. Applus+ offers innovative solutions in terms of cybersecurity and functionality of connected systems.
- We contribute to **sustainability and the reduction of environmental impacts** through innovation in diverse sectors, most notably in the **transport and energy sectors**. We work intensively in the field of sustainable, connected vehicles and renewable energies to facilitate their development, implementation and management.
- We **offer innovative remote-inspection solutions** that improve our clients' experience and make inspections safer for our technicians. These new ways of working have come into the spotlight, particularly in the context of the coronavirus pandemic.
- We have launched the **Applus+ Ventures** initiative, our Corporate Venture programme to increase our knowledge, together with other leading companies in technology and digitalisation.

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



RESULTS IN 2021

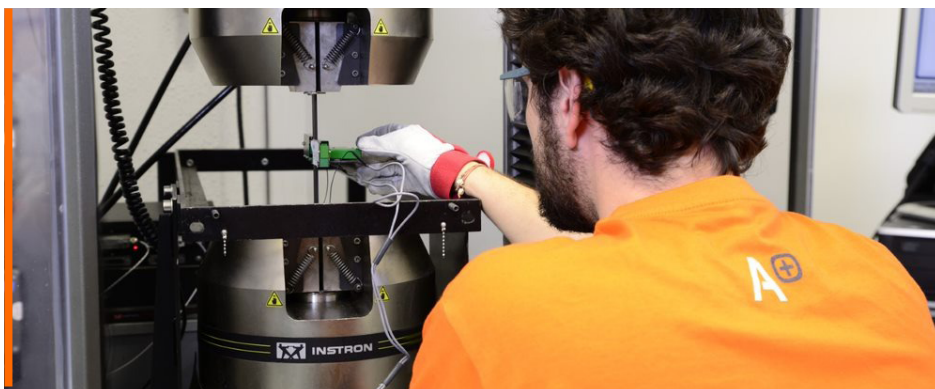
897 people involved in and contributing to innovation projects, dedicating **313,380** hours.

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

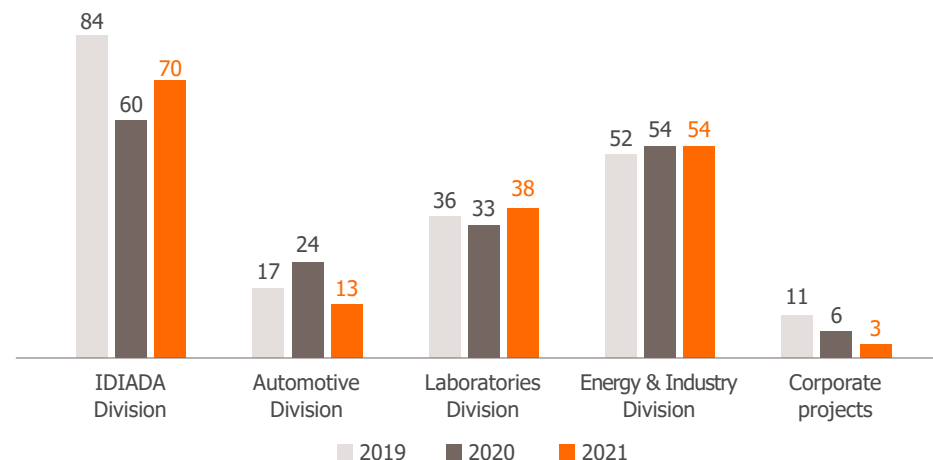
We have increased our intellectual property portfolio by **47** patents from **9** different families.

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

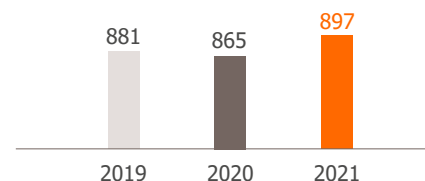
To promote our work in innovation, we initiated and collaborated on many types of activities and forums: **64** agreements with external bodies, **60** oral contributions to technical events, **49** technical publications, and **96** training sessions.



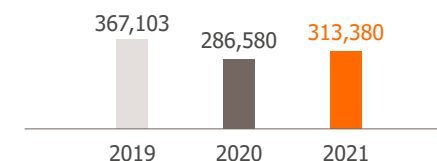
NUMBER OF INNOVATION PROJECTS PER YEAR AND DIVISION



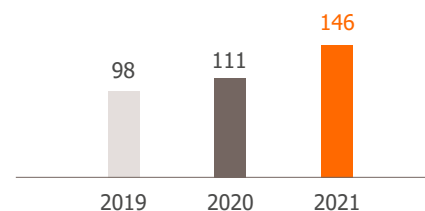
EMPLOYEES INVOLVED (NOT FULL-TIME DEDICATED)



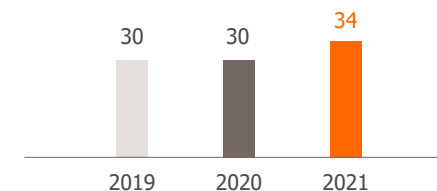
HOURS WORKED ON INNOVATION PROJECTS



PATENTS GRANTED



PATENT FAMILIES



SUSTAINABLE, CONNECTED AND AUTONOMOUS MOBILITY

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

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

Furthermore, the Division has joined forces with **S2A** to investigate the aerodynamics of real driving events.

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

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

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

3 GOOD HEALTH AND WELL-BEING

CASE STUDY

ENVIRONMENTAL TESTING FACILITIES FOR HIGHLY-AUTOMATED VEHICLES

AV Environmental Testing Facilities

1. Indoor full vehicle test track	8. Controlled lighting (twilight, glare)
2. Virtual simulation center	9. Controlled traffic lights and signs
3. Data management center	10. Ice- or snow-covered road surface
4. Machine rooms	11. Vehicle under test
5. Control rooms	12. Target vehicle
6. Compliance engineers	13. Target pedestrian
7. Controlled weather (rain, fog, snow)	

AVR: Advanced Vehicle Research; IDIADA: Instituto de Investigación en Vehículos y Seguridad; MHI: Mitsubishi Heavy Industries; S2A: Spanish Safety Association; S2A: Spanish Safety Association; S2A: Spanish Safety Association

MITSUBISHI HEAVY INDUSTRIES

Applus+ IDIADA

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

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

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

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

RENEWABLE ENERGIES

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

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

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

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

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

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

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



INSPECTION AND TESTING AT PHOTOVOLTAIC PLANTS USING ADVANCED TOOLS

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

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

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

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

- 1. OPTIMISATION**
Decrease in execution times owing to the digitalisation of the processes of registration, storage and exploitation of information.
- 2. GREATER ADDED VALUE**
The client can access historical records, analyse the evolution of the plant and get help for decision making from the traza+ platform.
- 3. IMPROVED QUALITY**
Shorter response times in sending information and fewer errors through the introduction of validation processes.
- 4. COMPETITIVE ADVANTAGE**
Positions Applus+ as a reference in photovoltaic testing.
- 5. ELIMINATES ACCESS BARRIERS**
The trend in technical specifications for PES and PV maintenance is to establish the need for an information exchange platform.



REMOTE INSPECTION AND MONITORING SYSTEMS

In recent years, the Energy & Industry Division has been developing remote inspection solutions, such as inspections with drones, robotic inspection vehicles and other automated devices that incorporate cameras and sensors depending on the types of elements and infrastructures being inspected.

Through these developments, we have helped our clients maintain their operations despite the coronavirus pandemic, thereby saving time and reducing risks.

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

Our technicians use of **drones** for the **remote monitoring** of the dismantling of a **thermal power plant** is another example of remote work made possible thanks to new technologies.

We have also developed semi-intelligent 3D-modelling projects of industrial facilities using BIM (Building Information Modelling), based on real data obtained from aerial inspections, which makes it easier for our clients to make reliable decisions.

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



CASE
STUDY

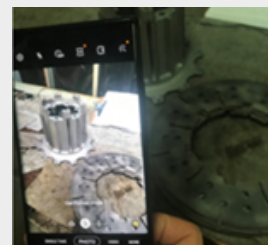
REMOTE VENDOR SURVEILLANCE

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

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

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

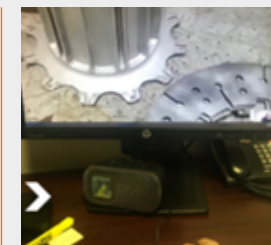
Remote inspections in multiple disciplines and verification techniques have been completed in accordance with project delivery requirements, positioning Applus+ as a trusted partner for companies that need solutions to control operations remotely in unexplored regions.



Far away in a facility on the other side of the world, photo and video footage are captured in HD via mobile device.

Applus+

An employee remotely views the footage in real time performing essentially a visual inspection/witnessing.



DIGITAL TRANSFORMATION

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

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

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

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

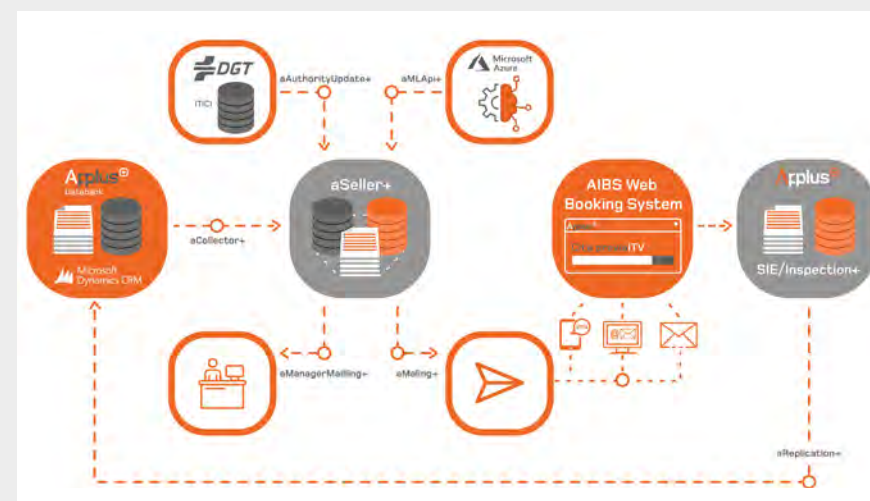
In the increasingly digitised and interconnected environment, ensuring **interoperability** becomes essential. The Information Technology testing team at the Laboratories Division, in collaboration with Discover® Global Network, have developed a test tool to verify **contactless mobile payment applications**.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

8 BEST WORK AND INNOVATION CASE STUDY 9 ABBEY INNOVATION ABBEY INNOVATION CASE STUDY aSeller+, THE Applus+ SOLUTION TO DIGITALISE STATUTORY VEHICLE INSPECTION

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

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

Thanks to **aSeller+**, the inspection process is now **more efficient and safer** because the tool minimises interaction in the centres, a fundamental aspect within the context of a pandemic. The **digital transformation of inspection processes** is another example of the company's commitment to innovate and pursue excellence in our services, adapting at all times to our clients' needs.



Applus+ VENTURES

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

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

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

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

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

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



ADVANTAGES OF COLLABORATING WITH ENTREPRENEURIAL ECOSYSTEMS

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

TYPE OF COLLABORATING COMPANIES



Technology Companies



Start-ups



Universities



Innovation Centers

4.3 Relationship with clients

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

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

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

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



- In Canada, the International Institute of Welding awarded our team the **"Henry Granjon Prize"** in the **"Design and Structural Integrity"** category, for our commitment to ongoing R&D in the field of welding engineering.
- We were recognised at the **UK-Spain Business Awards** in the **"Driving Innovation"** category, a distinction awarded by the International Trade Department of the British Embassy in Spain for helping to strengthen trade relationships between Spain and the UK through innovation, partnership and entrepreneurship.
- In the UK, Applus+ received the **"Construction line Gold Award"**, and Applus+ are now recognised as a *pre-qualified contractor* to provide services to the UK's construction industry.



4.4 Sustainable services

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



REDUCTION AND EMISSION CONTROL

Statutory vehicle inspection

- 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

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

Testing and automotive engineering

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



PREVENTION OF SOIL CONTAMINATION AND POLLUTION DISCHARGES

Construction and civil infrastructure

- Improvement of the machinery in park management.

Companies of any sector and public administrations

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

Industry, 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 ENVIRONMENTAL 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.

NON-DESTRUCTIVE TESTING (NDT) FOR A COMPANY SPECIALISING IN GEOTHERMAL ENERGY IN HAWAII (UNITED STATES)

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

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

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

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

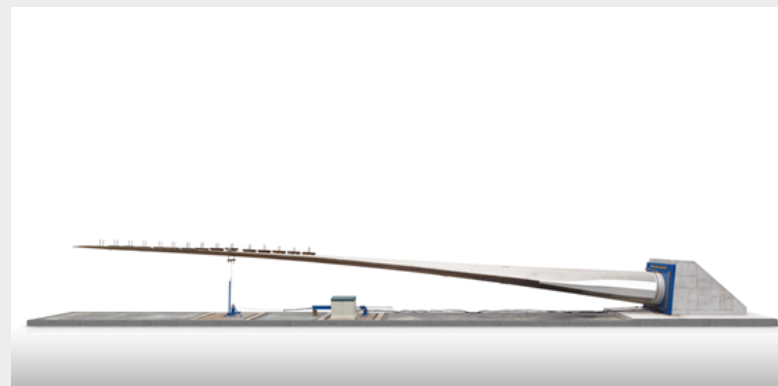


OPTIMISATION AND IMPROVEMENTS TO WIND POWER'S EFFICIENCY AND COMPETITIVENESS

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

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

This project will make major strides in terms of decarbonisation.



OFFICIAL GREEN NCAP LABORATORY

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

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

The consortium is formed by European governments, motor clubs, independent testing laboratories and consumer groups who provide wide-ranging experience and knowledge in the automation field from different perspectives.

Green NCAP works alongside independent testing laboratories in Europe, amongst which is the Group's IDIADA Division.

This initiative will further encourage manufacturers to develop ecological vehicles.

With the Green NCAP project, we contribute to preserving the environment by reducing local and global pollution.



DEVELOPMENT OF ELECTRIC VEHICLES

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

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





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

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




4.5 Strategic alliances

Automotive

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

Information security

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



Standardization

ASSOCIATION

POSITION

HIGHLIGHTED IN 2021



Applus+ is a member of several working groups and technical committees of the **European Committee for Standardisation (CEN)**, in a wide range of fields of operation, and we collaborate with identified standard work programmes.

Our experts from all over the world have taken part in technical committees e.g. non-destructive testing (NDT) and fire and gas testing, protective clothing for motorcyclists.



The **TIC Council** is an international association representing independent testing, inspection and certification companies. Applus+ is a full member.

Applus+ participates in technical committees such as the "Industrial Life-Cycle Services" committee, in horizontal committees such as "Accreditation and Standardisation" and "Ethics and Legal", and in the "Anti-Counterfeiting" committee to prevent the proliferation of products with counterfeit certification marks.



Applus+ is a member of **ASTM**, a forum that develops and publishes voluntary consensus technical standards for a wide range of materials, products, systems and services.

Applus+ experts from around the world continued to take part in various sub-committees in 2021. We have contributed to the modification of various ASTM standards and methods in non-destructive testing (NDT) technologies, and taken part in subcommittees developing standards on plastics materials and measurement of thermal properties of materials.





ALLIANCES TO BOOST RENEWABLE ENERGIES

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

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

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

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

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



ALLIANCES TO BOOST RENEWABLE ENERGIES

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

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

In 2021, Applus+ joined the **Spanish Hydrogen Association** (AeH2), which represents around 300 members across the hydrogen value chain.

Since its creation in 2002, the association has been encouraging, promoting and fostering the technological and industrial development of hydrogen technologies in Spain to ensure that the sector positively impacts Spanish society and economy.





5. Governance

- 5.1 Corporate governance
- 5.2 Integrity and Compliance
- 5.3 Risk management



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103-3 · 201-2 · 205-2 · 206-1 · 207-2 · 405-1 · 412-2

5.1 Corporate governance

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

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

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

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

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

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

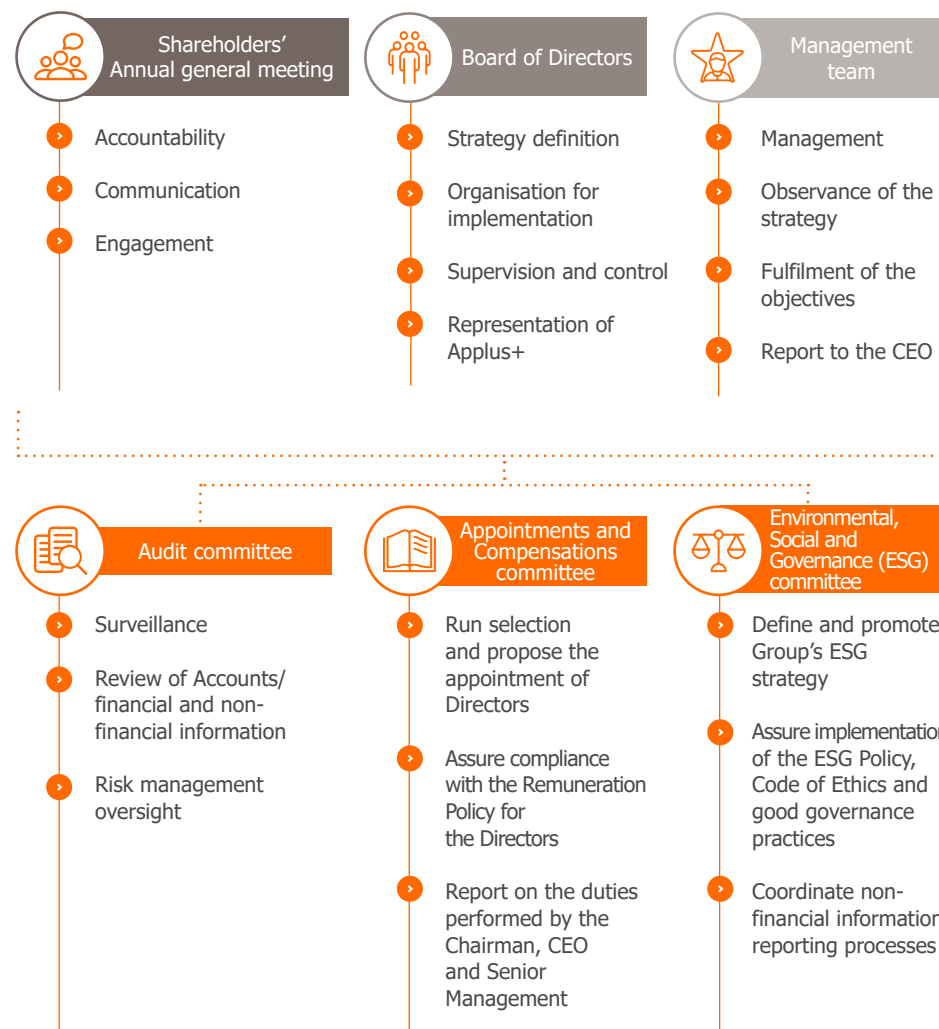


HIGHLIGHTS IN 2021

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

GOVERNING BODIES

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



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

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

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



BOARD OF DIRECTORS

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

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

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

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

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

2021 is the final year of validity for the **Directors' Remuneration Policy**, which covers the period **2019-2021**. The policy regulates the remuneration received by the members of the Board of Directors, as well as the specific remuneration and contractual elements that apply to directors who perform executive functions. These are all in line with market practices and follow international standards.

The new *Remuneration Policy* will be proposed for approval at the next General Shareholders' Meeting and will incorporate ESG criteria, amongst other changes.





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

- [Person icon] Corporate Social Responsibility Committee
- [Person icon] Appointments and Remuneration Committee
- [Person icon] Audit Committee

- Executive
- Independent
- Other external directors

*Testing, Inspection and Certification

7/10

Directors are independent

4/10

Directors are women

4/10

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

Separation of Chairman and CEO positions



Christopher Cole

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

Board Member:
2014 onwards

Educational qualifications:

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

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



Fernando Basabe

Chief Executive Office (CEO)

Board Member:
2011 onwards

Educational qualifications:

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

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



Joan Amigó

Chief Financial Officer (CFO)

Board Member:
2019 onwards

Educational qualifications:

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

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



Essimari Kairisto

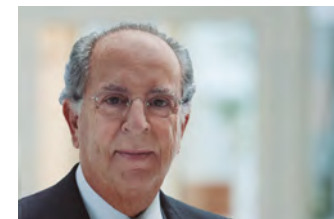
Independent Director and Member of the Audit Committee

Board Member:
2019 onwards

Educational qualifications:

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

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



Ernesto Mata

Director and Member of the Audit Committee

Board Member:
2007 onwards

Educational qualifications:

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

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



Brendan Connolly

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

Board Member:
2021 onwards

Educational qualifications:

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

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

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



María José Esteruelas

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

Board Member:
2019 onwards

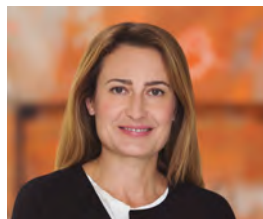
Educational qualifications:

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

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

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

Director of Energy at Ferrovial
Construcción since 2021.



Cristina Henríquez de Luna

Independent Director
and Member of the Audit
Committee

Board Member:
2016 onwards

Educational qualifications:

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

Previous experience:

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

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



Marie-Françoise Damesin

Independent Director
and member of the
Appointments and
Remuneration Committee

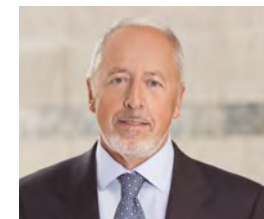
Board Member:
2021 onwards

Educational qualifications:

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

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

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



Nicolás Villén

Independent Director and
Chairman of the Audit
Committee

Board Member:
2015 onwards

Educational qualifications:

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

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

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



Vicente Conde

Secretary of the Board

Board Member:
2016 onwards

Educational qualifications:

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

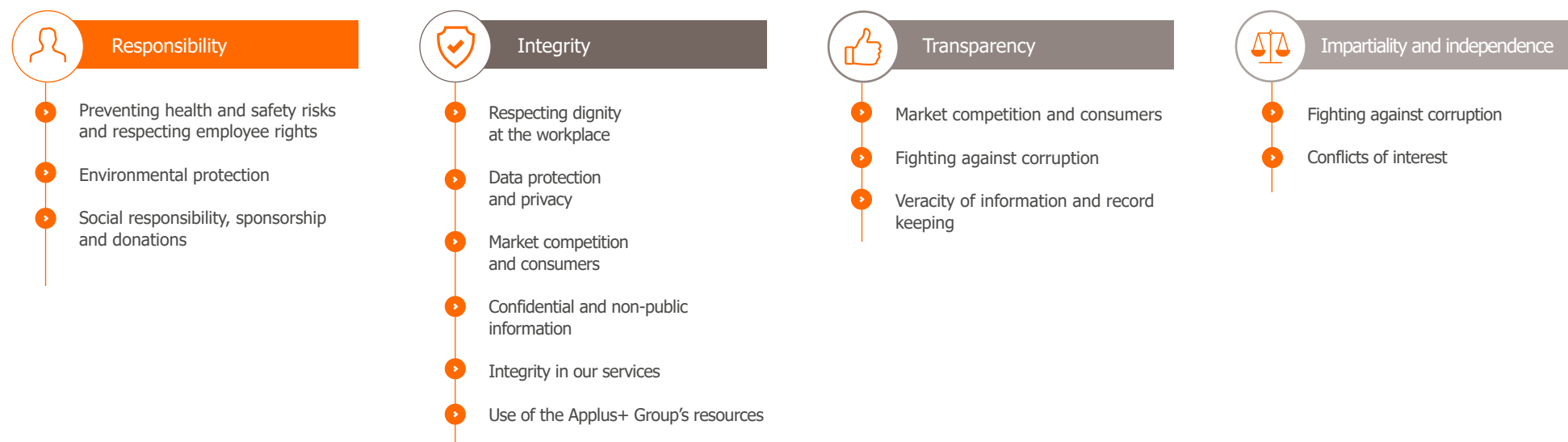
Previous experience:
Specialist in Company
Law, Commercial Law and
Securities Market. Partner
in the Madrid office of
Osborne Clarke.

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

More information
regarding the profiles of
the Board of Directors
can be consulted at
[Applus+ website](#)

5.2 Integrity and Compliance

At Applus+, our Code of Ethics outlines the principles, values and codes of conduct underpinning our operations and activities. The Code establishes the guidelines governing our conduct, anywhere in the world.



Integrity, transparency, impartiality and independence are the cornerstones of our behaviour.

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

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



TRAINING

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

The annual online **training** is a powerful tool which conveys the importance the company gives to the policies and standards of behaviour that should govern our actions. Furthermore, the Group's annual training course on the *Code of Ethics* allows each of our professionals to update their commitment to compliance and its values, ratified with their signature.

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

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

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

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

In 2021, the mobility restrictions related to the coronavirus pandemic remained in force, albeit to a lesser extent than in 2020, which led us to adapt how the Group performs the relevant compliance investigations, in particular the interviews.

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

17
languages

Themes 2021

- ▶ Applus+ *Code of Ethics*
- ▶ Conflicts of interest
- ▶ Fraud
- ▶ Competition and anti-trust
- ▶ Diversity and biases
- ▶ Anti-Corruption procedures

Requirements for new professionals

- ▶ Training on the *Code of Ethics*, Anti-Corruption and associated policies
- ▶ Questionnaire on conflicts of interest
- ▶ Commitment to the *Code of Ethics* and anti-corruption
- ▶ I received the policy on the use of IT resources

Requirements for existing professionals

- ▶ Annual training on the *Code of Ethics*, Anti-Corruption and associated policies
- ▶ Occasional live sessions

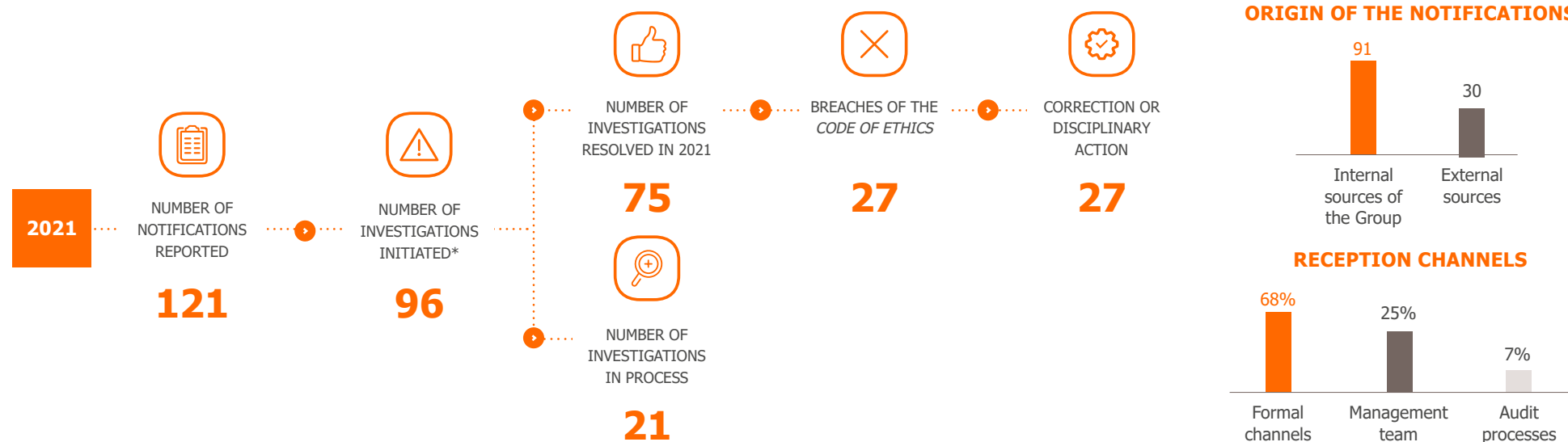


ETHICS AND COMPLIANCE CHANNEL

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

This channel is based on the principles of **good faith, confidentiality and lack of retaliation**.

The Chief Compliance Officer (CCO) manages the channel.



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

COMPLIANCE MANAGEMENT SYSTEM

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

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

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

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

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

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

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

CORRUPTION AND BRIBERY

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

- To do business legally, ethically and professionally worldwide by complying with the anti-corruption laws relevant in the countries where the Group does business; and to ensure that Applus+ professionals and third parties conduct their business in the same way.
- Fight against bribery, kickbacks, improper or illegal payments, gifts or contributions, and any other improper method of seeking favourable treatment.

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

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

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



Prohibited conducts

- Bribery and corruption
- Political donations



Controlled conducts

- Gifts and hospitality given/received by Applus+
- Charitable donations
- Conflicts of interest

MARKET COMPETITION

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

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

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



DATA PRIVACY AND CYBERSECURITY

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

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

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

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

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

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

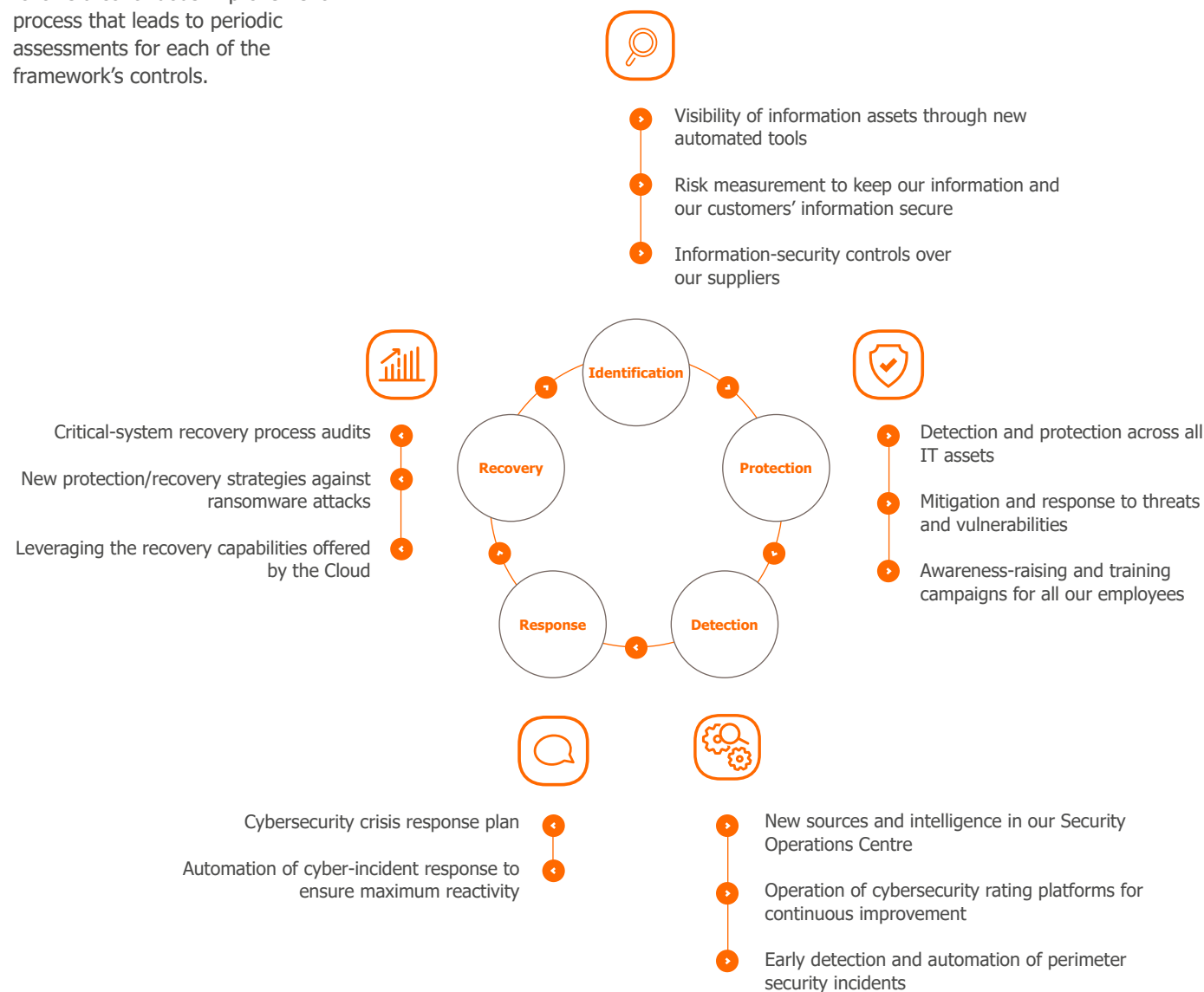
The Group has ensured closer **oversight** of data-protection risk management by including it in the **Risk Map** as a **priority risk**, and adding data-protection risk assessment to the programme of regular internal audits carried out in the different subsidiaries and businesses.

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

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

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

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



CASE STUDY

PROOFPOINT SECURE-EMAIL GATEWAY

In 2021, the IT Department at Applus+ implemented a new platform to protect the Group's email system against all current email threats (phishing, ransomware, viruses, OAX, BEC, Spam).

Following the platform's development and roll out, our mail is considerably more secure.

The results are very insightful. For example, in July 2021, 81% of all Applus+ incoming mail was discarded because it contained some kind of threat.

5.3 Risk management

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

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

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

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

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

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



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

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

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

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

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

STRATEGIC

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



FINANCIAL

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

OPERATIONAL

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

LEGAL AND COMPLIANCE

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



6. Value to people

- 6.1 Perspective and approach: culture and management
- 6.2 Human rights
- 6.3 Our professionals' engagement
- 6.4 Diversity, equity and inclusion
- 6.5 Digital transformation
- 6.6 Training and development
- 6.7 Wellbeing programmes
- 6.8 Keeping safe



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403-9 · 405-1 · 411-1 · 413-1

6.1 Perspective and approach: culture and management



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

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

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

Thanks to this approach, we have a low **absenteeism** rate, which **in 2021** stood at 2.3% of hours worked, considering the total number of employees this year.

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

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

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

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

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

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


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

Our COVID-19 risk management procedure also includes the full use of holidays and breaks.


6.2 Human rights

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

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

In 2021, we **published** via the **Group's website**  a list of all our **human rights** related commitments, in accordance with the United Nations Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines

for Multinational Enterprises, the International Finance Corporation (IFC) Performance Standards and the ten principles of the United Nations' Global Compact.

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



6.3 Our professionals' engagement

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

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

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

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

All of the results provide valuable information for further improvement.



6.4 Diversity, equity and inclusion 🌟

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

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

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

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

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

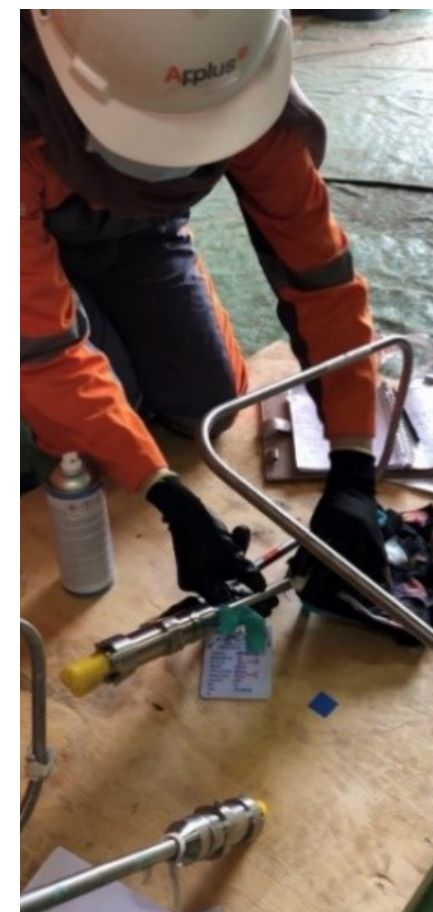


PROMOTION OF WOMEN IN MANAGEMENT POSITIONS

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

- **Shadowing with a female manager** is a programme based on identifying female talent to carry out day-to-day tasks with an Applus+ senior manager, providing other female employees with valuable experiential learning.
- We apply **monitoring indices** to gauge gender equality in the company's main governance bodies. We have improved our statistics to obtain regular and appropriate gender data for comprehensive monitoring.
- **Internal communication** through different channels. Diversity is a topic discussed at monthly Management Committee meetings. All internal processes benefit from two-way communication. Our in-house magazine *Appeople* frequently publishes diversity-related news.
- The Board of Directors has approved that part of the management team's **variable remuneration** in 2022 will depend on the achievement of four ESG objectives, tied to the results of the implementation of the decarbonisation, **diversity**, health and safety, and ethics strategy.

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





CASE STUDY

DIVERSITY AND EQUALITY COUNCILS



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

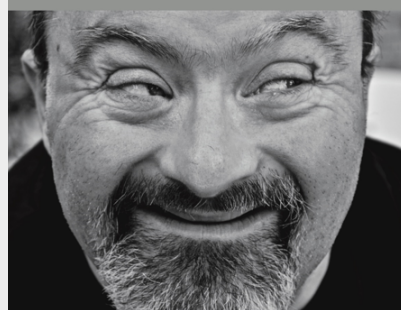
In 2021, **more than >60% of our workforce** is represented on these Councils, with a presence in Spain, Colombia, Chile, Germany, the Netherlands, Norway, the United Kingdom, Finland, Ireland and Sweden. In 2021, we implemented many of the proposals made, for example, those aimed at protecting mental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



CASE STUDY

"WHAT OTHERS DON'T SEE"

"Lo que otros no ven"



Charla de sensibilización
"Tengo síndrome de Down y
Comprometidos con los ODS"

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

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



PARTICIPATION IN DIVERSITY EVENTS

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

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



6.5 Digital transformation

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

Our fields of work are:



Internal capability development

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



Workday now in use in Spain, Portugal and Italy

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



Pulse satisfaction survey

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



Talent acquisition changes

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



Online training

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

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



Robotisation

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

RECOGNITION OF OUR PEOPLE-MANAGEMENT FOCUS

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

Awards in Culture and Talent Management:

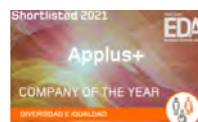
- Awarded bronze in the Stevie Awards in the categories of “Best Leadership Development Programme” and “Best Use of Blended Learning”.
- Silver in the category of “Inspiring Employer Brand” from the Inspiring Workplace Awards.
- Bronze in the categories of “Best Unique or Innovative L&D Initiative” and “Best Use of Blended Learning” from the HCM Excellence Awards.
- Bronze in the “Best Employee Experience” category from the Employer Brand Management Awards.
- Chosen among the eight best companies within the categories of “Best International Organisation for Business Culture” and “Building a Culture of Innovation Initiative” from the Business Culture Awards.



More information about these awards [here](#)

Diversity and Equality Awards:

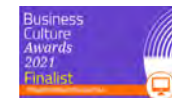
Among the seven best companies in the European Diversity Awards in the “Best Company of the Year” category.



More information [here](#)

Awards in Digital Transformation:

- Silver in the category of “Most Innovative Use of HR Technology During the Pandemic” from the Business Excellence Awards - Globe Awards.
- Bronze in the category of “Achievement in HR Technology” from the Stevie Awards.
- Platinum and two Gold awards at the AVA Digital Awards.
- Chosen among the five best companies within the category of “Innovation in HR Technology” from the HRO Today Association Awards.
- Among the top 10 companies in the “Brilliance in Innovative Use of Technology” category from the HR Brilliance Awards.
- Among the four best companies in the “Best Use of Technology in Recruitment” category, and among the top three companies in the “Best Business Partnership” category from the TIARA Awards.
- Among the top five companies in the “Best Digital Transformation Initiative” category from the Business Culture Awards.
- Selected one of the three best companies in Spain by the ABB Ability Digital Awards.



More information about these awards [here](#)

Brand Management Awards:

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



More information [here](#)

6.6 Training and development

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

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

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

We have online training tools such as ApplusNet, which allow us to reach all the locations where we provide services and increase our capacity to act, supplementing locally-provided training.

We use ApplusNet to perform global assessments and controls to optimise our team training activities.

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

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



AUTOMOTIVE DIVISION TRAINING PROJECTS

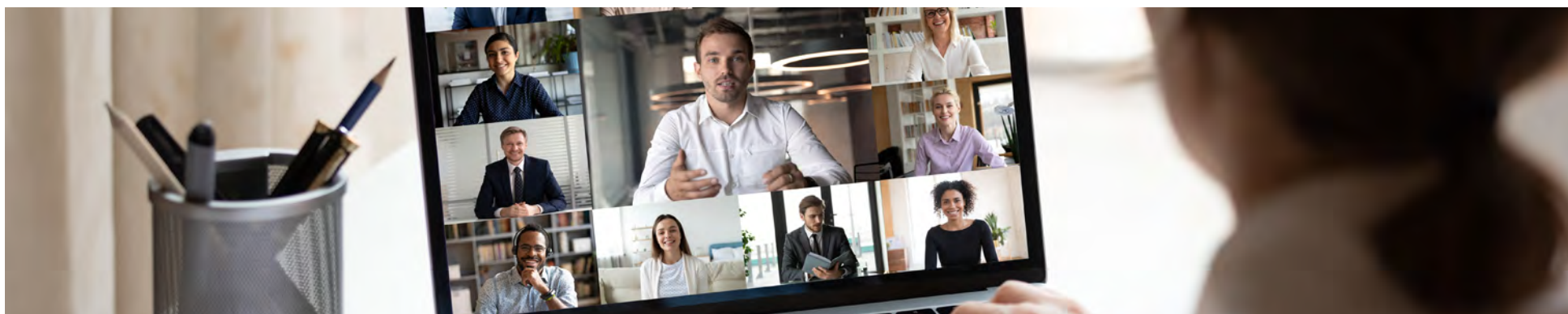
In 2021, the **Auto Division** launched several **pathbreaking training projects**, using digital tools to continue fostering training courses, boosting internal talent, and ensuring agile and effective training for new recruits.

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

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

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

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



6.7 Wellbeing programmes

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

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



FAMILY DAYS



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

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

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



BH, STEP CHALLENGE AND EAP PROGRAMMES



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

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

6.8 Keeping safe

MANAGEMENT SYSTEM

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

We have established a framework in which to operate and provide our services in a safe environment, through **our policy of Corporate Quality, Health and Safety and the Environment**.

The policy bolsters our **integrated management system**, which has a preventive approach and complies, among others, with ISO 45001.

We promote a **culture based on prevention** to ensure the health and safety of our employees and all of those working with us.

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

01
FITNESS FOR WORK



02
MANUAL HANDLING



03
GENERAL DRIVING SAFETY



04
TRAVEL SECURITY



05
COORDINATION ACTIVITIES AT WORK



06
CONFINED SPACES



07
HAZARDOUS SUBSTANCES



08
IONIZING RADIATION



09
WORKING AT HEIGHTS



10
WORKING IN EXCAVATIONS AND TRENCHES



11
ISOLATION OF PLANT AND EQUIPMENT



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

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

91,338 audits and inspections in 2021.

1.9 inspections and audits every 1,000 hours worked.



IDIADA DIVISION CERTIFIED AS A SAFE AND HEALTHY WORKPLACE



The IDIADA Division in Spain and Germany has obtained the ISO 45001 certification for Occupational Health and Safety Management Systems at the end of 2021. This prestigious international standard, required by many of our clients, recognizes the company's efforts to minimize risks and provide a safe and healthy working environment. This external certification is added to those carried out periodically by the Spanish administration. It also confirms the robustness of the health and safety management system at the IDIADA Division and highlights the continuous effort to ensure the safety of all of us.

IDENTIFICATION OF HAZARDS AND RISK ASSESSMENT

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

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

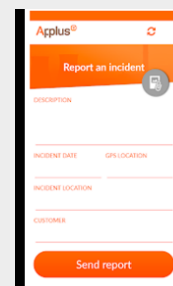


47,175 pre-checks in 2021.
1 pre-check for each hour worked.

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

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

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



15,834 communications.
0.35 for every 1000 hours worked.

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

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

HEALTH SURVEILLANCE

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

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


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

TRAINING IS KEY FOR Applus+


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

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

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



CASE STUDY
SAFETY DAY



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

Material translated into 13 languages.

100% of countries where Applus+ operates.

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

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


THE CORONAVIRUS PANDEMIC

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

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

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

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



COVID-19 training continues to be a fundamental tool to raise awareness and prevent the transmission of the virus during the development of our activities.

In 2021, we maintained the specific COVID-19 course and preventive measures at work as part of the initial training programme in health and safety.

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

FOLLOW-UP AND RESULTS

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

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

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

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

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

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



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

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

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



7. Environment

- 7.1 Our environmental strategy
- 7.2 Climate change: risks and opportunities
- 7.3 Science Based Targets initiative (SBTi)
- 7.4 Energy and emissions
- 7.5 Water
- 7.6 Waste



102-11 · 102-12 · 102-15 · 103-2 · 103-3 · 201-2
302-1 · 302-3 · 303-1 303-2 · 303-3 · 305-1 · 305-
2 · 305-3 · 305-4 · 306-3 · 308-1

7.1 Our environmental strategy

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

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

- Prioritising the preventive approach over the corrective measures, the Applus+ Group's management reinforces its commitment to promote the process of continuous improvement in our environmental management, providing the most suitable human and financial resources.

- All employees, and those working on behalf of Applus+, are aware of the policy and are duty bound to comply with it.

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

More than 54% of our operations are certified according to this standard.

Our main **environmental aspects** are related to energy consumption, its associated greenhouse gas (GHG) emissions, water consumption and to a much lesser extent, waste generation.

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

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

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

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

71%

Spending on suppliers adhering to the QHSE policy.

CDP Climate Change

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

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

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

7.2 Climate change: risks and opportunities

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

We work to understand the implications that climate change may have on our activities, and improve our strategy regarding our services and operations.

We identify opportunities that, once internally analysed, allow us to **develop strategies** that we can take full advantage of. We do this with three time frames in mind:

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

In 2021, as in previous years, we have continued to adopt the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**.

To date, the Group has conducted a qualitative risk assessment, and following its recommendations, the Group will introduce the scenario analysis into the process for future reports. This initiative assists us to improve our financial information on climate change regarding four key elements: Government, Strategy, Management risk, and Metrics and objectives.

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

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



RISK / OPPORTUNITY	DESCRIPTION	TIME FRAME	IMPACT	LEVEL OF IMPACT	ACTION
Physical risks					
Acute risks	Increase in extreme weather events	Present	Disruptions in activities, impact on the health and safety of our employees, absenteeism, and reduction in income due to project delays or cancellations	Medium	Business continuity planning
Chronic risks	No relevant risks have been identified				
Transition risks					
Market risk	Change in consumer behaviour with a reduction in the use of fossil fuels to decarbonize the economy	Long term	Possible impact on the services that the Group provides to the oil and gas sector	High	Diversification plan, which has reduced the Group's exposure to this sector from 50% in 2014 to the current 25%.
Opportunity	Development of services in the renewable energy sector	Present	Growth in revenue in the renewables sector	High	Investment in new business and development of services in the renewables sector. Expansion plan in countries where our presence in this sector is more limited
Legal risk	Lower revenue due to new legal requirements for sustainable mobility	Long term	Partial impact on the environmental control of emissions in the statutory-vehicle-inspection business	High	Development and investment in new testing activities associated with the electric / green connected vehicle
Opportunity	Design and develop services that assist our clients to comply with the new regulations	Present	Develop tests for: <ul style="list-style-type: none">emissions or homologationclean and connected vehiclesinsulating and construction material Increase in revenue associated with testing, engineering and homologation, of both green vehicles and components	High	Innovation plan with priority lines of action in each line of business
Legal risk	Regulations that require greater use of renewable energy	Medium term	Legal breaches or increased costs associated with energy	Low	Annual increase in the Group's % of renewable electrical energy following the established strategy
Reputation risk	Increase in reporting obligations	Present	Perception of lack of transparency or credibility by stakeholders	Low	Monitoring of legislative changes accompanied by a deployment of internal reporting and control tools

We identify risks and manage them appropriately, so we do not expect any significant impacts.

In the same way, we deploy plans to make the most of the opportunities that climate change offers us, which will more than compensate for the possible impacts that, although limited, may occur.

To date, the financial impact on the Group's operations has been low because the events have been brief and occasional.

However, given the geographic spread of our operations, the likelihood of these events happening simultaneously in many different locations is considered low.

7.3 Science Based Targets initiative (SBTi)

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

In this sense, our group has joined the Science Based Targets initiative, committing ourselves to setting ambitious emission reduction targets to meet a 1.5 °C scenario.

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

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

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



7.4 Energy and emissions

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

The targets defined for the next three years are:

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

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

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

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



ENERGY

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

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

70%

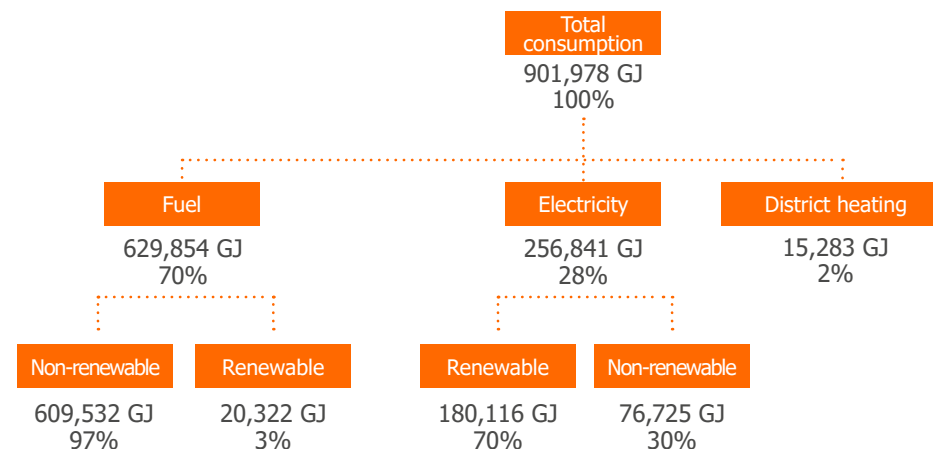
Electricity consumed in the Group of renewable origin

38.15

Energy intensity per employee (GJ / employee)

531.31

Energy intensity per revenue (GJ / M€)



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

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



ARTIFICIAL INTELLIGENCE TO REDUCE HEATING CONSUMPTION

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

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

With this initiative, we hope to achieve a **saving of 20% in energy consumption** related to heating, thereby preventing the release of more than five tonnes of CO₂eq per year into the atmosphere. The ultimate goal is to implement a sustainable and efficient way to control and reduce heating-related energy consumption.



SOLAR ENERGY IN AUSTRALIA

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

With these panels, we save 40% of energy, which avoids the emission of more than 35 tonnes of CO₂ per year into the atmosphere.

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



LEED CERTIFICATION

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

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

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

EMISSIONS

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

In 2021, more than 70% of our electrical energy and 22% of our total energy comes from **renewable sources**, which means that we are avoiding the emission of 11,127 tonnes of CO₂ into the atmosphere.

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

Scope 1

Direct emissions from fuel combustion

43,768
tCO₂eq

Scope 2

Indirect emissions from power generation

8,402
tCO₂eq

Scope 3

Purchased goods and services.
Capital goods.
Activities related to fuel and energy (not included in scope 1 or scope 2).
Upstream transportation and distribution.
Business travel.
Employee commuting.

236,070
tCO₂eq

2.21

Emission intensity per employee
(tonnes of tCO₂eq / employee)

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

30.73

Emission intensity per revenue
(tonnes of tCO₂eq / M€)



The emission intensity indicator covers Scope 1 and 2 emissions.



OUR RENEWABLE ENERGY SOURCES CONTINUE TO EXPAND

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

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

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

This change represents an **annual saving of more than 10,000 tonnes of CO₂ emissions**, which allows us to perform our services in an increasingly sustainable and environmentally-friendly way.



AGREEMENT WITH CAIXABANK

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

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

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

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

7.5 Water

The total fresh water consumed during 2021 in the Group was 1,092.5 ML, part being from groundwater origin. The most relevant consumption occurs at the facilities of the IDIADA Division in Tarragona (Spain) and in second place Shandong (China), since both locations account for 68% of the Group's consumption.

Water in Tarragona is used for buildings, irrigation of green areas and the tests carried out on four of its fourteen vehicle proving tracks (two braking tracks, one track driving on wet pavement and one track for fatigue testing).

The most intensive use of water is consumed on the proving test tracks, and to minimise this consumption, the water is filtered and recirculated for reuse, without requiring oil and grease separators. In this process, the lost water is only between 7-11%.

The controls that are carried out are:

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

Consumed Water
Total water extraction

1,092.5
ML

Groundwater

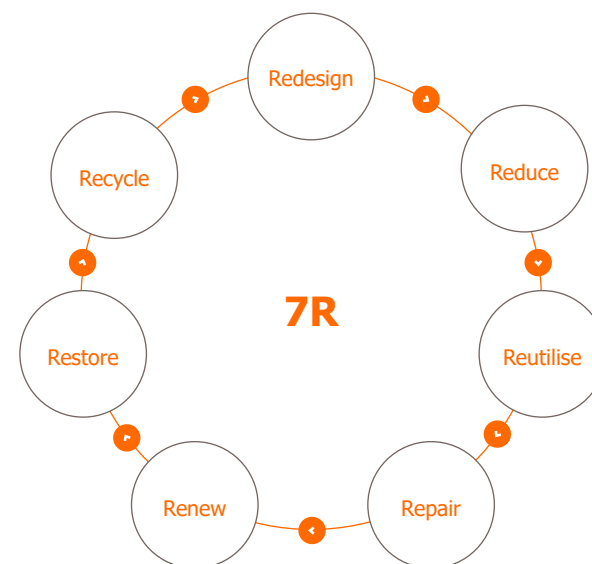
327.7
ML

Water from third parties

764.8
ML

7.6 Waste

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



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

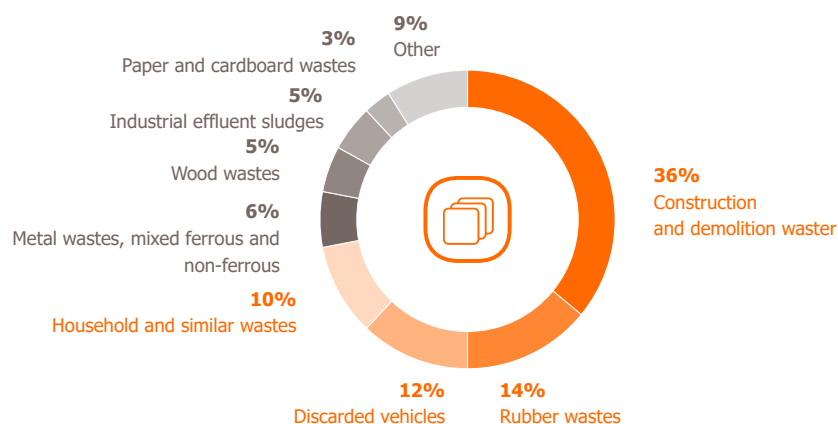
Both in our offices and in the provision of our services at our client's facilities, all employees must apply these good practices to manage the waste generated.

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

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

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

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



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

Hazardous waste	749 tonnes
Non-hazardous waste	1,692 tonnes
Total	2,440 tonnes



WASTE MANAGEMENT IN SOUTH AFRICA

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

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

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





8. Value to community

8.1 Social action

8.2 Contribution to development

8.3 Community health and wellbeing



413-1

8.1 Social action

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

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



"CONVIVIO" PROJECT IN PANAMA

Every December since 2015, 40 Applus+ employees visit villages where vulnerable families live in Panama to bring them a message of hope, as well as toys and food.

In 2021, one hundred and sixty children from the communities and schools of Quebrada León, Gandona, Escobalito, Nueva Sevilla and Icacal Arriba received toys thanks to this project.

In addition to supporting the most disadvantaged groups, this project strengthens and energises the connections between the individuals who make up our organisation.



VOLUNTEER PROGRAMME IN COSTA RICA



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

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

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

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

ONLINE CHARITY MARKET IN SPAIN

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

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

VOLUNTEER PROGRAMME IN THE UNITED STATES



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

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

REMANGA2 PROJECT "MANITAS LIMPIAS" (CLEAN HANDS)

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

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

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



MULTIPLY THE IMPACT CAMPAIGN WITH BANCO TAPITAS

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

53.5 kg of caps were collected in the first delivery in April 2021 and 58 kg in the second delivery in October.

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

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



OTHER INITIATIVES

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

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

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

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

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

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



8.2 Contribution to development

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

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

Our contribution is particularly important in developing countries.



SUPERVISION OF WATER DELIVERY AND WASTE SANITATION WITHIN THE NGÁBE BUGLÉ REGION OF PANAMA

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

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



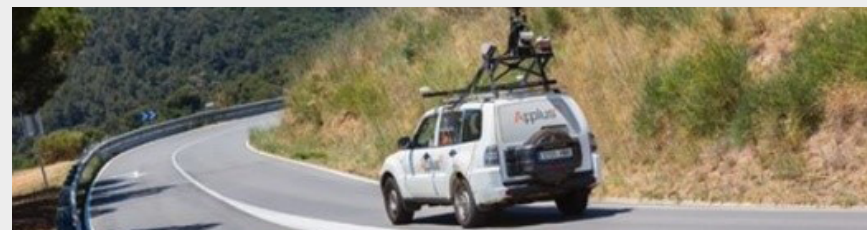
CASE STUDY

CONSTRUCTION OF ROAD INTERCHANGES IN COSTA RICA

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

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

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



8.3 Community health and wellbeing

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

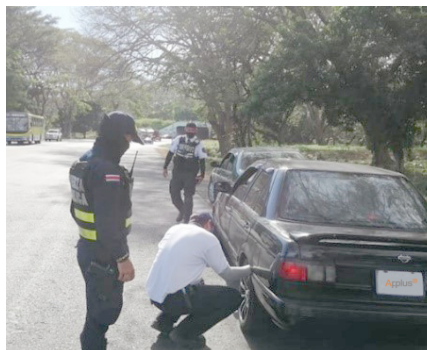
We work to improve road safety through multiple services. The IDIADA Division's work in the development of equipment and systems to prevent accidents or reduce their impact on lives is essential to ensuring a safer future for drivers and pedestrians. The Automotive Division's work certifying that the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

FREE PRE-MOT IN MONTEVIDEO, URUGUAY

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

ROAD CONTROLS IN COSTA RICA

Applus+ collaborates with different authorities in the country in road controls, which aim to regulate and prevent accidents, contributing to its technical knowledge through visual inspections. These operations are performed all over the country. In 2021, we carried out 79 days of on-the-spot checks and inspected 3,759 vehicles.



PROTECTIVE INNOVATIONS OF NEW EQUIPMENT FOR ENHANCED RIDER SAFETY

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

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

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

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

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





CASE
STUDY

WARNING SYSTEMS FOR DRIVER DROWSINESS AND ATTENTION

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

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

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

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



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



CASE
STUDY

STORAGE TANK INSPECTIONS

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

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

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



LEAK DETECTION AT AN OFFSHORE WIND FARM

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



9. Financial information

- 9.1 Summary of consolidated financial statements
- 9.2 European taxonomy
- 9.3 Management report



102-45

9.1 Summary of consolidated financial statements

APPLUS SERVICES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021
(Thousands of Euros)

ASSETS	Notes	31/12/2021	31/12/2020	EQUITY AND LIABILITIES	Notes	31/12/2021	31/12/2020
NON-CURRENT ASSETS				EQUITY			
Goodwill	4	725,789	675,569	Share capital and reserves-			
Other intangible assets	5	419,967	425,810	Share capital	12.a	13,070	13,070
Right of use assets	26.a	180,720	179,158	Share premium	12.b	449,391	449,391
Property, plant and equipment	7	253,774	232,578	Retained earnings and other reserves		187,671	363,291
Investments accounted for using the equity method		520	542	Profit / (Loss) for the year attributable to the Parent		32,242	(158,239)
Non-current financial assets	8	17,693	14,970	Treasury Shares	12.c	(3,427)	(2,664)
Deferred tax assets	20.c	61,024	64,160	Valuation adjustments-			
Total non-current assets		1,659,487	1,592,787	Foreign currency translation reserve	12.e	(61,316)	(79,611)
				EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT		617,631	585,238
				NON-CONTROLLING INTERESTS	13	48,715	48,635
				Total Equity		666,346	633,873
				NON-CURRENT LIABILITIES			
CURRENT ASSETS				Long-term provisions	17 & 27.b	34,265	25,573
Inventories	9	11,240	8,914	Obligations and bank borrowings	14	724,804	686,610
Trade and other receivables-				Obligations under leases	26.a	141,968	144,379
Trade and other receivables	10	393,098	321,370	Other financial liabilities	15	25,806	22,469
Trade receivables from related companies	10 & 28	221	253	Deferred tax liabilities	20.d	122,450	128,100
Other receivables	10	25,978	19,504	Other non-current liabilities	18	75,352	47,508
Corporate income tax assets	20.b	17,707	19,424	Total non-current liabilities		1,124,645	1,054,639
Other current assets		15,824	12,775				
Other current financial assets	11	6,386	2,598	CURRENT LIABILITIES			
Cash and cash equivalents		176,544	189,468	Short-term provisions		7,487	4,518
Total current assets		646,998	574,306	Obligations and bank borrowings	14	47,074	32,777
TOTAL ASSETS		2,306,485	2,167,093	Obligations under leases	26.a	54,510	51,170
				Trade and other payables	19	379,020	365,146
				Trade payables from related companies	19 & 28	1	-
				Corporate income tax liabilities	20.b	18,595	18,663
				Other current liabilities	18	8,807	6,307
				Total current liabilities		515,494	478,581
				TOTAL EQUITY AND LIABILITIES		2,306,485	2,167,093

APPLUS SERVICES, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2021
(Thousands of Euros)

	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit from operating activities before tax		75,617	(142,259)
Adjustments of items that do not give rise to operating cash flows			
Depreciation and amortisation charge	5 & 7	164,852	158,395
Changes in provisions and allowances		(4,939)	154
Financial result	22	25,881	24,839
Share of profit of companies accounted for using the equity method		-	-
Gains or losses on disposals of intangible and tangible assets		9,686	168,089
Profit from operations before changes in working capital (I)		271,097	209,218
Changes in working capital			
Changes in trade and other receivables		(71,609)	65,568
Changes in inventories	9	(2,326)	(420)
Changes in trade and other payables		28,212	24,810
Cash generated by changes in working capital (II)		(45,723)	89,958
Other cash flows from operating activities			
Other payments	17.b	(1,715)	-
Corporate Income tax payments		(36,071)	(16,677)
Cash flows from operating activities (III)		(37,786)	(16,677)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)= (I)+(II)+(III)		187,588	282,499
CASH FLOWS FROM INVESTING ACTIVITIES:			
Business combination		5,585	3,045
Payments due to acquisition of subsidiaries and other non-current financial assets		(82,004)	(216,833)
Proceeds from disposal of tangible and intangible assets		2,758	5,532
Payments due to acquisition of tangible and intangible assets		(63,077)	(55,774)
Net cash flows used in investing activities (B)		(136,738)	(264,030)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Interest received		1,746	2,284
Interest paid		(14,624)	(13,690)
Net changes in non-current financing (proceeds and payments)		28,772	139,039
Net changes in current financing (proceeds and payments)		15,715	(26,562)
Net payment of lease liabilities		(60,336)	(52,979)
Dividends	26.c	(21,453)	-
Dividends paid by Group companies to non-controlling interests		(18,521)	(11,481)
Net cash flows used in financing activities (C)		(68,701)	36,611
EFFECT OF FOREIGN EXCHANGE RATE CHANGES (D)		4,927	(10,772)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D)		(12,924)	44,308
Cash and cash equivalents at beginning of year		189,468	145,160
Cash and cash equivalents at end of year		176,544	189,468

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR 2021 (Thousands of Euros)

	Notes	2021	2020
CONTINUING OPERATIONS			
Revenue	21.a	1,776,746	1,557,614
Procurements		(154,402)	(145,683)
Staff costs	21.b	(1,002,151)	(886,235)
Other operating expenses		(334,158)	(307,292)
Operating Profit Before Depreciation, Amortization and Others		286,035	218,404
Depreciation and amortization charge	5, 7 & 26.b	(164,852)	(158,395)
Impairment and gains and losses on disposals of non-current assets		(11,500)	(165,033)
Other results	21.c	(8,185)	(12,396)
OPERATING PROFIT		101,498	(117,420)
Financial Result	22 & 26.b	(25,881)	(24,839)
Share of profit of companies accounted for using the equity method		-	-
Profit / (Loss) before tax		75,617	(142,259)
Corporate income tax	20	(25,610)	1,171
Net Profit / (Loss) from continuing operations		50,007	(141,088)
PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS NET OF TAX		-	-
NET CONSOLIDATED PROFIT / (LOSS)		50,007	(141,088)
Profit / (Loss) attributable to non-controlling interests	13	17,765	17,151
NET PROFIT / (LOSS) ATTRIBUTABLE TO THE PARENT		32,242	(158,239)
Profit / (Loss) per share (in euros per share)	12.d		
- Basic		0.225	(1.11)
- Diluted		0.225	(1.11)

9.2 European taxonomy

PRELIMINARY CONSIDERATIONS

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

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

- 1.** Make a substantial contribution to one or more of the environmental objectives:
 - Climate change mitigation
 - Climate change adaptation
 - The sustainable use and protection of water and marine resources
 - The transition to a circular economy
 - Pollution prevention and control
 - The protection and restoration of biodiversity and ecosystems
- 2.** Do no significant harm to other environmental objectives.
- 3.** Meet minimum social safeguards based on: the guidelines of the Organisation for Economic Co-operation and Development (OECD) for multinational companies; the guiding principles of the United Nations on business and human rights; and the principles and rights established in the eight fundamental conventions referred to in the Declaration of the International Labor Organization's Declaration on Fundamental Rights and Principles at Work and the International Bill of Human Rights.
- 4.** Comply with the technical-screening criteria established by the European Commission.

With regards to **the taxonomy approach**:

- a.** It covers a wide spectrum of sectors, which represent 93.2%⁽⁴⁾ of GHG emissions within the European Union, with a focus towards specific industrial activities, rather than service companies like Applus+ belonging to the TIC (testing, inspection and certification) sector.
- b.** During 2021 of the six environmental objectives established, only the regulations corresponding to the first two (climate change mitigation and adaptation) have been published. As a result, the indicators at present only include part of the activities, and the number of indicators will increase as the new regulations are approved.
- c.** Applus+, and the TIC sector, carries out voluntary or regulatory activities that are facilitating and, sometimes essential, for the activities considered eligible in the taxonomy to be developed. However, these activities are not included in the Taxonomy.



⁴ Taxonomy technical report, June 2019 

PROCESS OF SELECTING ELIGIBLE ACTIVITIES AND QUANTIFICATION

Our process to determine eligible activities follows:

Denominator

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

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

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

Numerator

- a. Based on the structure of operating divisions used in the consolidation of financial information (the Energy & Industry Division, the Laboratories Division, the Automotive Division and the IDIADA Division), we have identified the activities carried out by each of the divisions based on the Group's portfolio of services that are eligible activities according to Delegated Acts and which, according to the Taxonomy, could substantially contribute to climate change mitigation and/or adaptation, in order to determine our potentially eligible activities. In those cases where the activities could raise doubts regarding its eligibility, a conservative criterion has been adopted by not including it in the calculation of the numerator therein.
- b. Some activities are carried out horizontally in various markets where the Group operates, which in the Taxonomy are set for specific markets. In these cases, we have identified the verticals limited to the market in question.
- c. In both cases, activities at Applus+ have been analysed based on the Taxonomy's classification of eligible activities in compliance with the Delegated Acts that can substantially contribute to climate change mitigation and/or adaptation: agriculture; environmental protection and restoration activities; manufacturing; energy; water supply, sewerage, waste treatment and remediation; transport; construction and real estate development activities; information and communication; professional, scientific and technical activities; financial and insurance activities; education; human health and social work activities; and arts, entertainment and recreation.
- d. For both a and b above, only services with a certain relevance have been included, not services whose revenues can be considered inconsequential for purposes within the Taxonomy on the total KPIs. For the remaining eligible services, we have identified the net revenues for 2021, in compliance with the guidelines of Annex I of the Delegated Regulation published on 6th July 2021.
- e. For each of the eligible activities, both OPEX and CAPEX costs have been included in compliance with the guidelines of Annex I of the Delegated Regulation. Both, in the Opex and Capex indicators are included same costs as those included into the denominator related to eligible activities and they have been calculated using same percentage as in revenues eligibility based on legal entities which represent the eligible activities in revenues.

PROCESS OF CONSOLIDATION INFORMATION AND CALCULATION OF INDICATORS (KPIS)

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

Subsequently, in the case of revenues, the consolidation of the information provided by the divisions, and the calculation of the consolidated indicators of the different eligible activities according to the Taxonomy have been carried out by the Finance area.

No extrapolations or estimates have been made of activity data that, due to the nature of the projects, could not be extracted from the individualised information.

Indicators

KPI	TOTAL (EUR)	ELEGIBLE (%)	NON-ELIGIBLE (%)
Revenues	1,776,745	3.2%	96.8%
Operating expenses	108,831	1.9%	98.1%
Investments in fixed assets	60,319	3.0%	97.0%

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

of Annex I of the Delegated Regulation published on 6th July 2021), carbon road transport, public transport (in compliance with activity 6.15 of Annex I of the Delegated Regulation published on 6th July 2021), and energy-efficiency services (in compliance with activity 9.3 of Annex I of the Delegated Regulation published on 6th July 2021).



9.3 Management report

FULL YEAR REPORT 2021

Overview of Performance

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

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

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

EUR MILLION	FY2021			FY2020			+ / - % Adj. Results
	Adj. Results	Other Results	Statutory results	Adj. Results	Other Results	Statutory results	
Revenue	1,776.7	0.0	1,776.7	1,557.6	0.0	1,557.6	14.1%
Ebitda	286.0	0.0	286.0	218.4	0.0	218.4	31.0%
Operating Profit	175.2	(73.7)	101.5	118.4	(235.8)	(117.4)	48.0%
Net financial expenses	(25.9)	0.0	(25.9)	(24.8)	0.0	(24.8)	59.7%
Profit Before Taxes	149.4	(73.7)	75.6	93.6	(235.8)	(142.3)	
Current Income tax	(38.3)	12.7	(25.6)	(29.4)	30.6	1.2	
Non controlling interests	(17.8)	0.0	(17.8)	(17.2)	0.0	(17.2)	
Net Profit	93.3	(61.1)	32.2	47.0	(205.2)	(158.2)	
Number of Shares	143,018,430		143,018,430	143,018,430			
EPS, in Euros	0.65		0.23	0.33		(1.11)	
Income Tax/PBT	(25.6)%		(33.9)%	(31.4)%		(0.8)%	

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

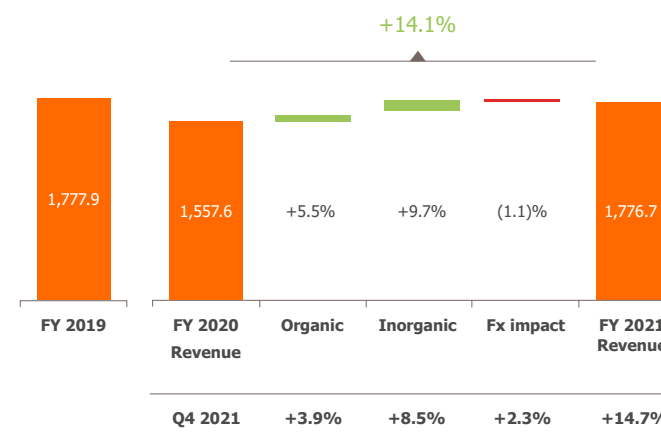
Other results of €73.7 million (2020: €235.8 m) in the Operating Profit represent amortisation of acquisition intangibles of €65.6 million (2020: €58.4 m); severance costs on restructuring of €3.6 million (2020: €8.1 m); transaction costs relating to acquisitions of €2.6 million (2020: €3.5 m) and; other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

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

Revenue

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

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



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

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

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

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

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

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

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

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

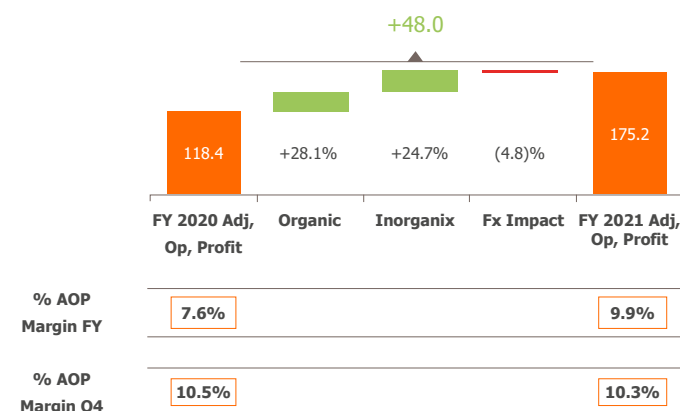
Of the revenue in 2021, 47% was generated in the reporting currency of the Group which is the euro and 53% in other currencies. The largest of these other currencies is the US dollar and those linked to the US dollar which in 2020 made up 24% of the revenue and in 2021, this reduced to 18%. The exchange rates changed materially during the year with the US dollar rate used for the translation of the profit and loss in the first half being 8.6% weaker against the Euro and the second half was 1.7% stronger and for the full year was 3.7% weaker.

The Canadian dollar was also stronger in the second half than the first half although the Swedish kroner and Australian dollar moved in the opposite directions with the first half stronger than the second. This resulted in the first half of the year having a negative currency impact of 3.9% and the second half a positive currency impact of 1.2% resulting in a full year net negative currency impact of 1.1%.

Adjusted Operating Profit

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

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



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

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

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

Compared to the adjusted operating profit margin in 2019 of 11.1%, the margin is still below due to lower margins still in Energy & Industry Division, Automotive Division and IDIADA Division. Laboratories Division in 2021 was the only division with a higher margin than was reported in 2019. In the final quarter of the year, the total adjusted operating profit was €48.5 million an increase of 12.9% from the prior year final quarter of €43.0 million and in-line with the final quarter of 2019 total adjusted operating profit of €48.6 million. This growth in last quarter adjusted operating profit was made up of a decrease in the organic component of 3.2%, the addition of 15.7% from acquisitions and a positive foreign currency impact of 0.4%.

Other Financial Indicators

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

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

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

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

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

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

Cash Flow and Debt

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

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

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

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

Summary of cash flow in € million is show below.

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

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

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

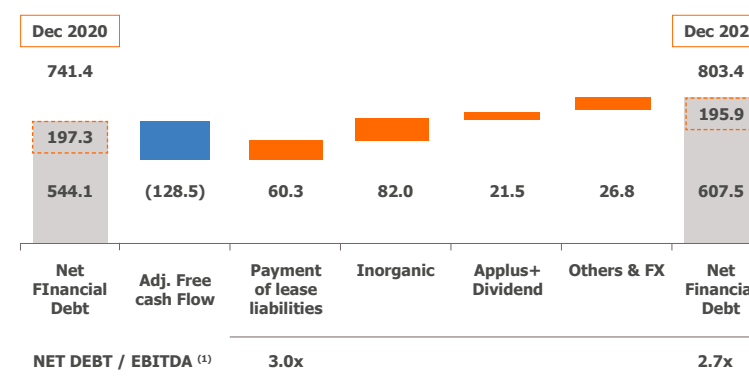
There was an increase in the dividend distributions made in the period. The dividend to Applus+ Group shareholders was resumed in 2021 at the rate of 15 cents per share based on the 2020 full year adjusted net profit of €47.0 million. The dividend to be paid in 2020, previously declared on the 2019 adjusted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

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

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

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

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



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

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

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

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

Dividend

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

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

Share buyback programme

A share buyback programme was announced would commence in 2022 as part of the strategic plan for 2022 – 2024 that was presented to the market on 30th November.

The target is to buy back 5% of the issued share capital of the Group and subsequently cancel these. On the 26th January 2022 this was formally approved by the Board and on the 27th January, this was communicated to the CNMV which is the Spanish regulatory authorities with the limits and conditions behind the programme.

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

Acquisitions

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

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

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

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

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

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

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

Environmental, Social and Governance

2021 was another year of strong progress in the ambit of environmental, social and governance (ESG). The Group is moving towards embedding environmental changes within its business and operations including reducing the adverse impact of its operations on the environment and diversifying the portfolio of services to better manage the risks and opportunities that come with climate change. The Group comprises a wide range of over 25,000 people in more than 70 countries around the world. Applus+ recognises the importance of keeping all the employees safe, managing their training as well as the well-being and fairness in the workplace as this benefits the individuals and in turn this benefits the business and society. As a trusted partner to our stakeholders, the Group has also been strengthening key areas to deliver our vision for good governance and is proud to have an industry leading governance framework. 2021 was the first year that the Group set specific targets to be achieved relating to environmental, social and governance and not only was this an effective learning experience, but it also had a successful outcome with most of the targets being met. At the strategy presentation at the end of the November, new targets were presented to the market for the period 2022 to 2024 and for these to be linked to remuneration. There will be new targets set for the annual bonus for management and this will be filtered down to lower levels of management as well as new targets that will be linked to the long-term incentive plan. Crucially, the Group has signed up to the Science Based Targets Initiative to become net zero by 2050. At the time of writing this report, Applus+ had been accepted into the programme.

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

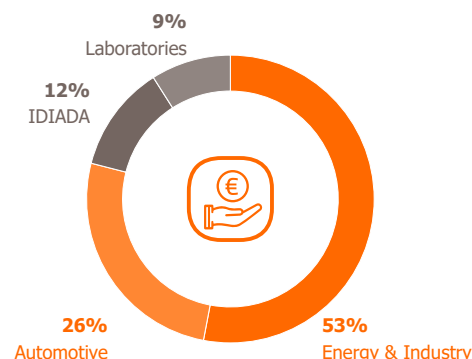
Outlook

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

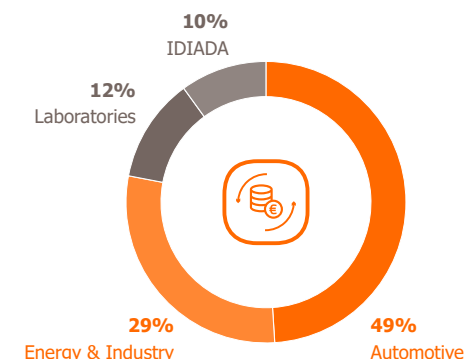
OPERATING REVIEW BY DIVISION

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

FY 2021 REVENUE SPLIT



FY 2021 ADJUSTED OPERATING PROFIT SPLIT



Energy & Industry

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The three acquisitions that were completed and included within the Energy & Industry Division in 2021 add €55 million of revenue to the Division on an annual basis at an overall margin above the Division and are expected to grow revenue and profit strongly. The first acquisition that was completed was in Spain of two separate companies called Inecosa and Adícora with €6 million of annual revenue and which were bought from Iberdrola in March and provide services to the power industry including for renewable power and green hydrogen manufacture and distribution. The second completed deal was that of SAFCO with €29 million of annual revenue, in Saudi Arabia that provides services to the fast-growing construction industry in the region. And the third acquisition closed in the year was of Enertis in Spain, with €20 million of annual revenue and which provides services to the solar energy market as well as for energy storage.

Automotive

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

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

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

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

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

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

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

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

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

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

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

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

IDIADA

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

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

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

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

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

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

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

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

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

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

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

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

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

Laboratories

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

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

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

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

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

Organic revenue at constant exchange rates increased by 8.7% for the year. There was additional revenue of 56.2% related to the contribution from the two acquisitions made in 2021 and a part year contribution from the three acquisitions made in 2020. Currency translation had a net nil effect.

At constant exchange rates, organic adjusted operating profit increased by 63.3% being more than the organic revenue increase. There was a contribution from the acquisitions of 99.2% and a flat currency impact of 0.3%.

The adjusted operating profit margin increased by 620 basis points from 10.5% for 2020 to 16.7% in 2021 with this increase coming from the organic revenue increase and the higher margin acquisitions. The 2021 margin of 16.7% is the highest margin ever generated by the Division.

In the final quarter of the year, reported revenue was €47.3 million compared to revenue of €30.5 million in the final quarter of 2020 or 55.1% higher. This was mainly due to the acquisitions that had been made during the year adding 40.9% to revenue with organic revenue also adding 12.2% and a positive impact from currency translation of 2.0%. The final quarter revenue growth was very strong and the organic revenue at constant exchange rates had a last quarter revenue in 2021 above that of 2019.

The Laboratories Division had strong performance in 2021 compared to 2020 which was significantly affected by the coronavirus pandemic, despite continued challenging conditions in the aerospace market and semi-conductor shortages.

The Division is strongly aligned to benefit from the global megatrends of the Energy Transition, Electrification and Connectivity and this will ensure continued strong growth in the years ahead with a target of repeating the doubling of the Division size again over the next three years through organic growth and acquisitions.

The Laboratories Division has been very active over the last few years in making acquisitions and these are all performing above their respective business plans including some strong synergies with the organic business.

There were two acquisitions made in the year. In May, the Group purchased IMA Dresden which is a materials testing laboratory in Germany with revenue of €25 million per annum. In the final quarter of the year, Mipel SA was purchased which has under €2 million of annual revenue and is a metrology laboratory in Spain.


In the last five years, the Laboratories Division has made 12 acquisitions with a combined revenue of €84 million per annum at accretive margins and this has expanded its testing facilities to reinforce its position in the electrical & electronics, automotive components, fire protection, aerospace parts and calibration sectors. This strong acquisition momentum is expected to continue.

Since the period end, the Division has made a further acquisition. Lightship Security is a cybersecurity company in North America and is expected to have revenue of over US\$7 million (€6 million) in 2022 and is currently growing at a rate in excess of 20% per annum. Lightship adds a suite of industry recognised North American standards to the Applus+ European and Asian cybersecurity certifications, so clients can now receive a complete portfolio of certifications to sell their products throughout the world.

The Division now comprises six key business units: Electrical & Electronic (includes electrical and electromagnetic compatibility testing and product certification for the electronics and automotive sector); Mechanical (includes aerospace and materials testing); Cybersecurity (includes electronic payment system protocol testing and approval); Construction (includes fire and structural testing of building materials); Metrology (includes calibration and measuring instruments) and Systems Certification. In 2021, Electrical & Electronic and Mechanical were the two largest business units with approximately 35% revenue each.

10. Annex

- 10.1 About the report
- 10.2 Description of material topics
- 10.3 Financial contribution
- 10.4 Data related to human resources
- 10.5 Shareholder information
- 10.6 Energy and emissions indicators: methodology and results
- 10.7 References table
- 10.8 Report's verification statement

 101 · 102-41 · 102-46 · 102-5 · 102-55 102-56 · 201-1 · 202-1 · 207-4 · 302-1 · 302-3 · 305-1 · 305-2 · 305-3 · 305-4 · 306-3 · 401-2 · 404-1 · 405-1



10.1 About the report

Through this report, covering the period from 1st January to 31st December 2021, we would like to share with all our stakeholders our management approach and our financial and non-financial performance.

In 2021, we submit a more complete and comprehensive report, which better reflects our ESG performance. The content has been prepared in accordance with new principles added to the ones reported in previous years, as a further step towards greater transparency.

- **GRI Standards, essential option.**
- **Spanish Law 11/2018**, which amends the Commercial Code's revised text of the Capital Companies Act approved by Royal Legislative Decree 1/2010, and the Audit Act 22/2015, 20th July 2015, on the matters of non-financial information and diversity.
- **Sustainability Accounting Standards Board.**
- **Regulation (EU) 2020/852** of the European Parliament, and of the Council on 18th June 2020, on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (EU taxonomy).
- **Task Force on Climate-related Financial Disclosures.**
- Similarly, this report is part of the Applus+ Group's '**Communication on Progress**' (CoP) of the UN's **Global Compact 2021**.

In preparing this report, we have analysed the **global context** in which we find ourselves, assessing the **material issues** in that context, and in relation to the expectations of our **stakeholders** to present the results in a **full and comprehensive** manner with accuracy, balance, clarity, comparability, reliability and timeliness.



10.2 Description of material topics

GOVERNMENT

- 1 Risks management: Risk assessment and management procedures.
- 2 Sustainable Business model and strategy: Our company's plan for operating including strategic ESG objectives & business diversification plan.
- 3 Brand: Services' image & marketplace.
- 4 Economic performance: Strategic objectives linked to growth and margins in a sustainable way.
- 5 Corporate Governance: Rules, practices and processes by which our company is run.
- 6 Compliance and reputation: Integrity and responsibility by which we make our decisions and run our operations, as well as being perceived as a trusted company.
- 7 Stakeholders' engagement: Dialogue and commitment with our stakeholders keeping reliable disclosure about our operations to the investors, promoting and providing internal communication channel.

OPERATION

- 8 Innovation & Digital transformation: Innovation projects for developing new products and services to meet market needs, through digitalisation and implementation new technologies.
- 9 Service quality and relationships with customer: Overall performance of our service and measured customer experience needed to build long-term relationships and become a trusted partner.
- 10 Competitiveness: Promotion, development and increase high value services within our portfolio mix.
- 11 Privacy and data security: Data protection practices for customers and employees.
- 12 Sustainable supply chain management: Our suppliers' practices to reduce their impact.
- 13 IT Strategy & cybersecurity: Strategy for improving our cybersecurity and software applications.

SOCIETY

- 14 Health and Safety: Practices to protect the health, safety and wellbeing of our employees.
- 15 Talent Management: Practices to attract and retain talented people.
- 16 Employee engagement: Appropriate level of rotation among employees.
- 17 Diversity, inclusion and equity: Fair opportunities, recognition, treatment and remuneration for all employees.
- 18 Respect for human rights: Practices to promote and protect human rights in our operations, including contractors.
- 19 Local impact and socioeconomic contribution: Encourage of local communities' development (employment, training, technology, etc.).

ENVIRONMENT

- 20 Energy transition and climate change: Commitment & practices for the reduction of energy consumption and GHG emissions.
- 21 Biodiversity and natural areas protection: Practices to preserve species and ecosystems.
- 22 Sustainable Services: Strategy to develop (i) services helping our customers to reduce or mitigate their environmental impact and (ii) more sustainable markets.
- 23 Waste Management: Practices to reduce and manage waste.

10.3 Financial contribution

ECONOMIC VALUE ADDED (EVA) BREAKDOWN

EVA Breakdown	2021	2020	2019
Economic value generated (thousands of Euros)	1,782,141	1,563,315	1,782,620
Revenue	1,776,746	1,557,614	1,777,944
Revenues equity method	-	-	-
Financial income	2,599	2,284	1,638
Results on disposals of non-current assets	2,796	3,417	3,038
Economic value distributed (thousands of Euros)	1,555,782	1,380,975	1,547,604
Procurements	154,402	145,683	156,517
Staff costs	1,002,151	886,235	979,371
Other operating expenses	334,158	307,292	345,561
Other costs	10,981	15,813	10,244
Financial costs	28,480	27,123	25,535
Corporate income tax	25,610	(1,171)	30,376
Economic value retained (thousands of Euros)	226,359	182,340	235,016

In 2021, 87% out of the EVA generated by Applus+ was distributed and 13% was retained by the organisation.



TAX BREAKDOWN

THOUSANDS OF EUROS IN 2021							
Region	Number of employees	Revenues - Unrelated Party	Revenues - Related Party	Profit before Tax (individual) (*)	Tangible Assets other than Cash and Cash Equivalents	Corporate Income Tax Paid (on a cash basis)	Corporate Income Tax Accrued
Spain	8,445	556,010	78,050	53,053	83,161	(4,720)	1,844
Rest of Europe	3,965	418,721	36,399	23,429	74,974	(5,916)	(8,190)
Latin America	5,820	189,452	2,546	24,792	25,993	(11,617)	(9,789)
US and Canada	2,068	299,000	6,541	(792)	45,094	(4,359)	(554)
Asia Pacific	1,753	173,574	13,387	20,535	16,316	(5,225)	(6,341)
Middle East and Africa	3,227	141,611	2,144	11,160	8,236	(4,233)	(2,580)
Total	25,278	1,778,368	139,068	132,177	253,774	(36,071)	(25,610)

THOUSANDS OF EUROS IN 2020							
Region	Number of employees	Revenues - Unrelated Party	Revenues - Related Party	Profit before Tax (individual) (*)	Tangible Assets other than Cash and Cash Equivalents	Corporate Income Tax Paid (on a cash basis)	Corporate Income Tax Accrued
Spain	8,047	496,622	71,573	(44,708)	85,386	(1,345)	21,808
Rest of Europe	3,769	312,171	38,474	(5,787)	56,572	(2,356)	(2,098)
Latin America	5,167	161,681	1,723	19,067	26,967	(6,395)	(10,113)
US and Canada	2,334	286,558	4,081	(14,401)	46,396	(1,442)	(2,448)
Asia Pacific	1,781	152,501	14,465	(2,921)	12,536	(2,219)	(4,769)
Middle East and Africa	2,289	149,734	2,779	6,843	4,721	(2,920)	(1,209)
Total	23,387	1,559,267	133,095	(41,908)	232,578	(16,677)	1,171

THOUSANDS OF EUROS IN 2019							
Region	Number of employees	Revenues - Unrelated Party	Revenues - Related Party	Profit before Tax (individual) (*)	Tangible Assets other than Cash and Cash Equivalents	Corporate Income Tax Paid (on a cash basis)	Corporate Income Tax Accrued
Spain	7,829	539,276	80,234	66,491	79,008	(15,673)	(1,039)
Rest of Europe	3,336	369,695	45,762	19,085	50,826	(5,706)	(7,179)
Latin America	5,166	190,437	2,152	22,064	28,823	(10,382)	(7,845)
US and Canada	2,340	334,600	4,534	10,946	53,875	(5,459)	(7,522)
Asia Pacific	1,758	175,693	13,816	12,485	7,838	(1,737)	(3,814)
Middle East and Africa	2,622	170,275	3,253	22,817	6,365	(2,388)	(2,977)
Total	23,051	1,779,976	149,752	153,889	226,734	(41,346)	(30,376)

(*) The individual profit before tax per regions is net of dividends and security portfolio paid between legal entities within the Group. The other main difference from the consolidated profit before tax is the annual amortisation charge associated with the intangible assets combinations.

10.4 Data related to Human Resources

NUMBER OF EMPLOYEES

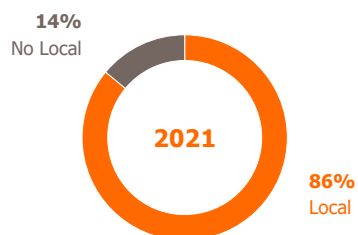
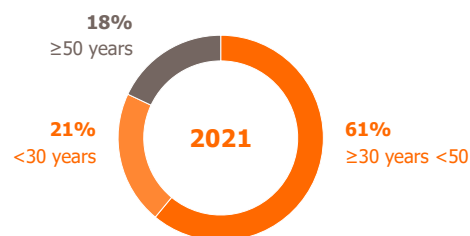
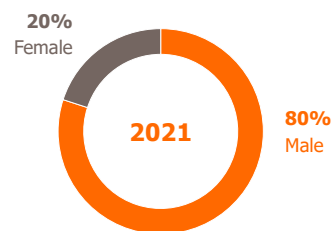
2021	25,278
2020	23,387
2019	23,051

WORKFORCE PROFILE

	EMPLOYEES BY GENDER	
	Male	Female
2021	80%	20%
2020	80%	20%
2019	80%	20%

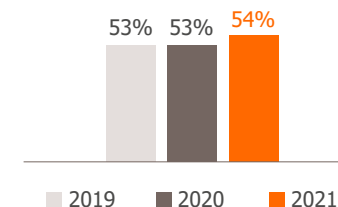
	EMPLOYEES BY AGE		
	<30 years	≥ 30 years <50	≥50 years
2021	21%	61%	18%
2020	22%	60%	18%
2019	23%	60%	17%

	LOCAL EMPLOYEES	
	Local	No Local
2021	86%	14%
2020	88%	12%
2019	86%	14%



EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS

2021	54%
2020	53%
2019	53%

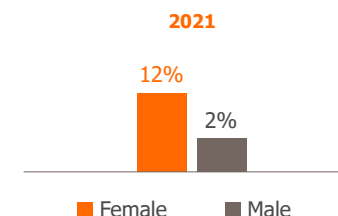


	NUMBER OF COUNTRIES WITH COLLECTIVE-BARGAINING AGREEMENTS	
	2021	2020
2021	18	25
2020	25	16
2019	16	

Currently, there are 18 countries where the Group has collective-bargaining agreements. The majority of these agreements include Health and Safety issues.

ORGANISATION OF WORK

	% PART-TIME		
	2021	2020	2019
Male	2%	3%	3%
Female	12%	13%	14%

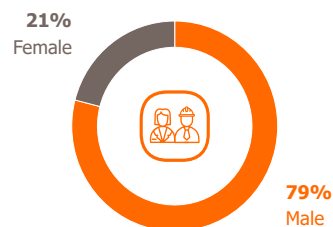


The 2021 figures cover 99.84% of Applus+ employees.

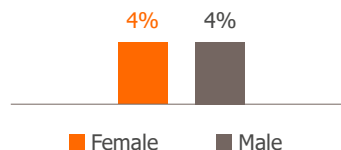
MATERNITY AND PATERNITY LEAVE

978 employees benefited from this leave with their families in 2021, with 76.78% returning at the end of the leave period.

Employees taking parental leave in 2021 (%)



Employees taking parental leave in 2021 / Total number of employees in 2021 (%)



NUMBER OF EMPLOYEES TAKING PARENTAL LEAVE

	2021	2020	2019
Male	769	405	387
Female	209	236	268
Total	978	641	655

EMPLOYEES TAKING PARENTAL LEAVE (%)

	2021	2020	2019
Male	79%	63%	59%
Female	21%	37%	41%

EMPLOYEES TAKING PARENTAL LEAVE / TOTAL NUMBER OF EMPLOYEES (%)

	2021	2020	2019
Male	4%	2%	2%
Female	4%	5%	6%

FROM EMPLOYEES ENTITLED TO PARENTAL LEAVE, TOTAL NUMBER OF EMPLOYEES THAT RETURNED TO WORK IN THE REPORTING PERIOD AFTER PARENTAL LEAVE ENDED

	2021	2020	2019
% Returning	76.78%	63.34%	58.17%

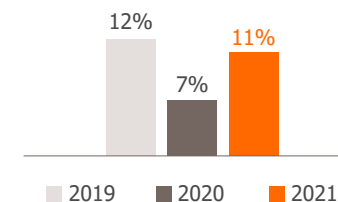
EMPLOYEES WITH FUNCTIONAL DIVERSITY

	EMPLOYEES WITH FUNCTIONAL DIVERSITY	Ratio
2021	280	1.11%
2020	293	1.26%
2019	259	1.13%

TALENT MANAGEMENT

Voluntary turnover

2021	11%
2020	7%
2019	12%

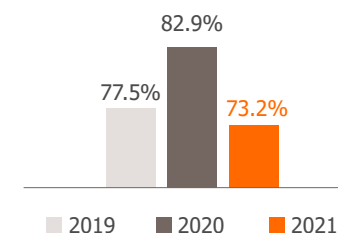


Internal promotion

INTERNAL PROMOTION RATE
Management Positions
Tier 1, 2 & 3

2021	73.2%
2020	82.9%
2019	77.5%

Internal promotion rate
Management Positions Tier 1, 2 & 3



The 2021 figures cover 99.84% of Applus+ employees.

TRAINING

Hours of training

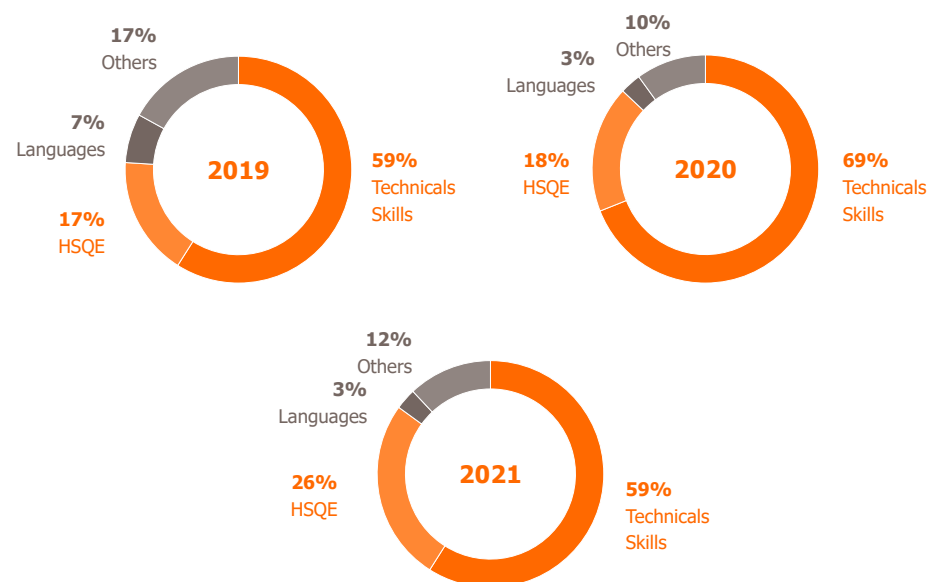


TRAINING HOURS BY AREA

Training by Tier

Organisational Level	2021		2020		2019	
	Training hours	% Training hours	Training hours	% Training hours	Training hours	% Training hours
Tier 1, 2 & 3	6,486	1.1%	4,342	0.7%	8,758	1.1%
Tier 4	14,383	2.6%	12,373	2.0%	20,776	2.6%
Tier Operational Employees	547,831	96.3%	614,166	97.4%	771,627	96.3%
Total	568,700	100%	630,880	100%	801,161	100%

TRAINING HOURS BY AREA

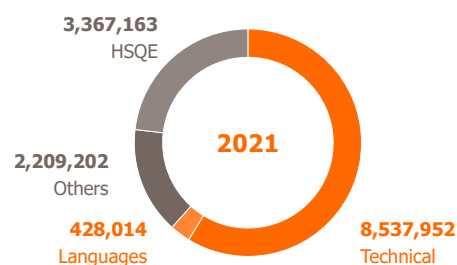


Training costs

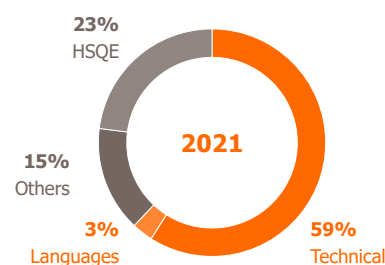
	Total training costs per area (€)	% Total training costs per area related to Total training costs	% Total training costs per area related to Total Base Salaries
HSQE	3,367,163	23%	0.48%
Technical	8,537,952	59%	1.22%
Languages	428,014	3%	0.06%
Others	2,209,202	15%	0.31%
-			
Total	14,542,330.36	100.00%	2.07%

The 2021 figures cover 99.84% of Applus+ employees.

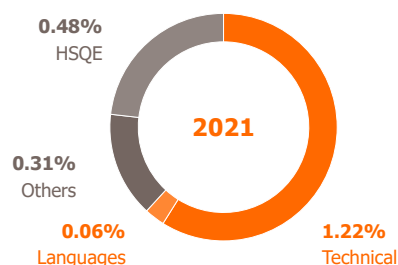
TOTAL TRAINING COSTS PER AREA (€)



% TOTAL TRAINING COSTS PER AREA RELATED TO TOTAL TRAINING COSTS



% TOTAL TRAINING COSTS PER AREA RELATED TO TOTAL BASE SALARIES

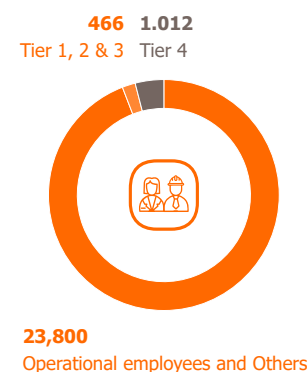


BREACKDOWN OF THE DATA RELATED TO HUMAN RESOURCES

Number of employees by organizational level

Organisational level	2021	2020	2019
Tier 1, 2 & 3	466	501	463
Tier 4	1,012	995	768
Operational employees and Others	23,800	21,891	21,820
Total	25,278	23,387	23,051

Employees by organizational level



Tier 1: Managers who report directly to Applus+ Group's CEO

Tier 2: Managers who report directly to Tier 1 (corporate area directors, regionals, business unit area managers or country managers if they report directly to Tier 1).

Tier 3: Managers who report directly to tier 2 (corporate areas managers, heads of departments, regionals, business unit area managers or country managers, key account managers, business line managers if they report directly to Tier 2).

Tier 4: Managers who report directly to Tier 3.

Operational employees and Others: any other employee not included in the categories detailed above.

Number of employees by organizational level and gender

Number of employees by tier & gender	2021	2020	2019
Overall employees	Tier 4 81% M - 19% F Operational employees and Others 80% M - 20% F	Tier 4 80% M - 20% F Operational employees and Others 80% M - 20% F	Tier 4 79% M - 21% F Operational employees and Others 80% M - 20% F
Management	Tier 1, 2 & 3 76% M - 24% F	Tier 1, 2 & 3 77% M - 23% F	Tier 1, 2 & 3 78% M - 22% F

The 2021 figures cover 99.84% of Applus+ employees.

Number of employees by organisational level and gender in 2021

Region	Region/Country	Gender	Tier 1, 2 & 3	Tier 4	Operational employees & Others	Total
Asia Pacific	Australia	M - Male	5	14	436	455
		F - Female	1	2	60	63
	Other countries	M - Male	21	61	793	875
		F - Female	7	22	331	360
Latin America	Brazil	M - Male	2	15	485	502
		F - Female	-	3	58	61
	Chile	M - Male	2	32	878	912
		F - Female	1	4	315	320
	Colombia	M - Male	2	9	1,537	1,548
		F - Female	1	-	543	544
	Guatemala	M - Male	-	-	23	23
		F - Female	-	-	2	2
	Panama	M - Male	1	6	251	258
		F - Female	-	1	89	90
	Other countries	M - Male	13	47	1,185	1,245
		F - Female	2	9	302	313
Middle East and Africa	Oman	M - Male	1	13	631	375
		F - Female	-	-	15	15
	Qatar	M - Male	1	9	342	352
		F - Female	1	-	26	27
	Saudi Arabia	M - Male	2	61	1,708	1,771
		F - Female	-	6	60	66
	Other countries	M - Male	12	22	520	554
		F - Female	2	4	46	52
Rest of Europe	Germany	M - Male	8	30	517	555
		F - Female	-	3	82	85
	Ireland	M - Male	20	-	684	704
		F - Female	2	-	141	143
	Netherlands	M - Male	14	144	315	473
		F - Female	7	23	31	61
	Other countries	M - Male	33	86	1,558	1,677
		F - Female	6	19	231	256
Spain	Spain	M - Male	170	152	5,947	6,269
		F - Female	65	50	2,048	2,163
USA and Canada	USA and Canada	M - Male	48	117	1,501	1,666
		F - Female	15	46	341	402
Total			465	1,010	23,762	25,237

Number of employees by 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	23
		F - Female	-	-	2	26
	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	13	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
Total			498	988	21,749	23,235

The 2021 figures cover 99.84% 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 & Others	Total
Asia Pacific	Australia	M - Male	3	13	503	519
		F - Female	2	1	71	74
	Other countries	M - Male	36	71	755	862
		F - Female	8	25	269	302
Latin America	Brazil	M - Male	11	13	497	521
		F - Female	4	1	62	67
	Chile	M - Male	2	24	523	549
		F - Female	1	4	201	206
	Colombia	M - Male	2	9	1,494	1,505
		F - Female	-	1	525	526
	Guatemala	M - Male	1	2	44	47
		F - Female	-	1	4	5
	Panama	M - Male	1	5	219	225
		F - Female	-	2	76	78
	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	-	-	16	16
	Qatar	M - Male	-	9	357	366
		F - Female	-	1	28	29
	Saudi Arabia	M - Male	2	9	992	1,003
		F - Female	-	-	5	5
	Other countries	M - Male	9	30	519	558
		F - Female	-	3	60	63
Rest of Europe	Germany	M - Male	17	17	407	441
		F - Female	5	2	70	77
	Ireland	M - Male	12	7	645	664
		F - Female	3	1	144	148
	Netherlands	M - Male	4	9	531	544
		F - Female	1	-	70	71
	Other countries	M - Male	29	83	1,009	1,121
		F - Female	9	9	157	175
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

Number of employees by gender and age in 2021

Region	Region / Country	Male <30 years old	Female <30 years old	Male 30≥years old <50	Female 30≥years old <50	Male ≥ 50 years old	Female ≥ 50 years old
Asia Pacific	Australia	50	13	308	38	97	12
	Other Countries	276	128	519	221	80	11
	Brazil	115	21	345	38	42	2
	Chile	297	96	443	178	172	46
Latin America	Colombia	304	179	1,059	345	185	20
	Guatemala	10	-	13	2	-	-
	Panama	130	48	110	39	18	3
	Other Countries	413	152	694	144	138	17
Middle East and Africa	Oman	86	4	212	11	77	-
	Saudi Arabia	394	34	1,169	30	208	2
	Other Countries	128	13	683	58	95	8
Rest of Europe	Germany	46	11	326	47	183	27
	Ireland	74	16	477	87	153	40
	Netherlands	37	7	270	29	166	25
	Other Countries	258	68	930	142	489	46
Spain	Spain	1,193	287	3,839	1,502	1,237	374
USA and Canada	USA and Canada	287	78	872	192	507	132
Total		4,098	1,155	12,269	3,103	3,847	765

Number of 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 Europe	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
Total		4,042	1,144	11,097	2,916	3,377	659

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	-	-
	Panama	121	45	88	30	16	3
	Other Countries	421	97	656	148	105	10
Middle East and Africa	Oman	139	9	325	7	78	-
	Saudi Arabia	329	3	565	2	109	-
	Other Countries	132	18	716	69	76	5
Rest of 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
Total		4,096	1,097	11,020	2,816	3,200	618

Number of dismissals by gender and organisational level

Gender	Male		Female		Total	
Organisational level	Tier 2 & Tier 3	Others	Tier 2 & Tier 3	Others	Dismissals	%
2021	7	1,255	5	222	1,489	5.9%
2020	12	1,527	3	275	1,817	7.8%
2019	11	1,766	-	315	2,092	9.2%

The 2021 figures cover 99.84% of Applus+ employees.

Number of employees by gender & contract 2021

Region	Region/Country	Gender	Permanent	Non-permanent	Total
Asia Pacific	Australia	M-Male	269	186	455
		F-Female	44	19	63
	Other Countries	M-Male	488	387	875
		F-Female	220	140	360
Latin America	Brazil	M-Male	495	7	502
		F-Female	59	2	61
	Chile	M-Male	904	8	912
		F-Female	319	1	320
	Colombia	M-Male	195	1,353	1,548
		F-Female	70	474	544
	Guatemala	M-Male	23	-	23
		F-Female	2	-	2
	Panama	M-Male	252	6	258
		F-Female	79	11	90
	Other Countries	M-Male	785	460	1,245
		F-Female	204	109	313
Middle East and Africa	Oman	M-Male	181	194	375
		F-Female	15	-	15
	Qatar	M-Male	96	256	352
		F-Female	26	1	27
	Saudi Arabia	M-Male	1,722	49	1,771
		F-Female	61	5	66
	Other Countries	M-Male	293	261	554
		F-Female	35	17	52
Rest of Europe	Germanay	M-Male	514	41	555
		F-Female	78	7	85
	Ireland	M-Male	689	15	704
		F-Female	129	14	143
	Netherlands	M-Male	470	3	473
		F-Female	60	1	61
	Other Countries	M-Male	1,485	192	1,677
		F-Female	210	46	256
Spain	Spain	M-Male	4,734	1,535	6,269
		F-Female	1,676	487	2,163
USA and Canada	USA and Canada	M-Male	1,665	1	1,666
		F-Female	400	2	402
Total			18,947	6,290	25,237

Number of employees by gender & contract 2020

Region	Region/ Country	Gender	Permanent	Non-permanent	Total
Asia Pacific	Australia	M-Male	336	141	477
		F-Female	56	11	67
	Other Countries	M-Male	525	358	883
		F-Female	237	117	354
Latin America	Brazil	M-Male	444	49	493
		F-Female	63	3	66
	Chile	M-Male	744	-	744
		F-Female	260	-	260
	Colombia	M-Male	260	1,076	1,336
		F-Female	72	476	548
	Guatemala	M-Male	26	-	26
		F-Female	2	-	2
	Panama	M-Male	227	10	237
		F-Female	70	6	76
	Other Countries	M-Male	760	348	1,108
		F-Female	195	76	271
Middle East and Africa	Oman	M-Male	207	174	381
		F-Female	14	-	14
	Qatar	M-Male	109	191	300
		F-Female	24	1	25
	Saudi Arabia	M-Male	980	-	980
		F-Female	7	-	7
	Other Countries	M-Male	351	166	517
		F-Female	48	17	65
Rest of Europe	Germanay	M-Male	363	27	390
		F-Female	61	2	63
	Ireland	M-Male	622	70	692
		F-Female	76	64	140
	Netherlands	M-Male	493	9	502
		F-Female	62	1	63
	Other Countries	M-Male	1,560	99	1,659
		F-Female	239	15	254
Spain	Spain	M-Male	4,478	1,528	6,006
		F-Female	1,561	467	2,028
USA and Canada	USA and Canada	M-Male	1,776	9	1,785
		F-Female	413	3	416
Total			17,721	5,514	23,235

The 2021 figures cover 99.84% of Applus+ employees.

Number of employees by gender & contract 2019

Region	Region/Country	Gender	Permanent	Non-permanent	Total
Asia Pacific	Australia	M-Male	377	142	519
		F-Female	58	16	74
	Other Countries	M-Male	359	503	862
		F-Female	142	160	302
Latin America	Brazil	M-Male	466	55	521
		F-Female	62	5	67
	Chile	M-Male	549	-	549
		F-Female	206	-	206
	Colombia	M-Male	1,505	-	1,505
		F-Female	526	-	526
	Guatemala	M-Male	47	-	47
		F-Female	5	-	5
	Panama	M-Male	210	15	225
		F-Female	58	20	78
	Other Countries	M-Male	737	445	1,182
		F-Female	190	65	255
Middle East and Africa	Oman	M-Male	287	255	542
		F-Female	16	-	16
	Qatar	M-Male	118	248	366
		F-Female	24	5	29
	Saudi Arabia	M-Male	1,003	-	1,003
		F-Female	5	-	5
	Other Countries	M-Male	333	225	558
		F-Female	44	19	63
Rest of Europe	Germanay	M-Male	405	36	441
		F-Female	67	10	77
	Ireland	M-Male	656	8	664
		F-Female	131	17	148
	Netherlands	M-Male	484	60	544
		F-Female	59	12	71
	Other Countries	M-Male	1,044	77	1,121
		F-Female	152	23	175
Spain	Spain	M-Male	4,385	1,390	5,775
		F-Female	1,515	471	1,986
USA and Canada	USA and Canada	M-Male	1,878	14	1,892
		F-Female	441	7	448
Total			18,544	4,303	22,847

Parental leave by gender in 2021

Parental leave by gender 2019		Total number of employees who enjoyed parental leave within the period of this report		From these employees, total number who returned to work in the reporting period after the parental leave ended		% Return	
		Male	Female	Male	Female	Male	Female
Asia Pacific	Australia	-	2	-	1	0%	50%
	Other Countries	17	9	16	18	94%	200%
Latin America	Brazil	-	-	-	-	0%	0%
	Chile	-	5	-	2	0%	40%
	Colombia	34	1	34	1	100%	100%
	Guatemala	-	-	-	-	0%	0%
	Panama	-	8	-	3	0%	38%
	Other Countries	14	11	14	10	100%	91%
Middle East and Africa	Oman	-	-	-	-	0%	0%
	Saudi Arabia	-	-	-	-	0%	0%
	Other Countries	-	-	-	-	0%	0%
Rest of Europe	Germany	26	7	26	4	100%	57%
	Ireland	66	16	66	14	100%	88%
	Netherlands	12	-	10	-	83%	0%
	Other Countries	114	35	101	15	89%	43%
Spain	Spain	458	89	367	47	80%	53%
USA and Canada	USA and Canada	24	26	-	1	0%	4%
Total		769	209	634	117	82%	56%

The 2021 figures cover 99.84% of Applus+ employees.

Parental leave by gender in 2020

Parental leave by gender 2021		Total number of employees who enjoyed parental leave within the period of this report		From these employees, total number who returned to work in the reporting period after the parental leave ended		% Return	
		Male	Female	Male	Female	Male	Female
Asia Pacific	Australia	-	4	-	2	0%	50%
	Other Countries	8	7	7	5	88%	71%
Latin America	Brazil	-	6	-	-	0%	0%
	Chile	-	77	6	8	0%	10%
	Colombia	19	27	19	21	100%	78%
	Guatemala	-	1	-	1	0%	100%
	Panama	-	1	-	-	0%	0%
	Other Countries	13	9	13	6	100%	67%
Middle East and Africa	Oman	-	-	-	-	0%	0%
	Qatar	-	1	-	-	0%	0%
	Saudi Arabia	-	-	-	-	0%	0%
	Other Countries	-	1	-	1	0%	100%
Rest of Europe	Germany	12	4	8	1	67%	25%
	Ireland	20	6	20	6	100%	100%
	Netherlands	13	1	-	-	0%	0%
	Other Countries	139	38	96	5	69%	13%
Spain	Spain	181	50	145	34	80%	68%
USA and Canada	USA and Canada	-	3	-	2	0%	67%
Total		405	236	314	92	78%	39%

Parental leave by gender in 2019

Parental leave by gender 2021		Total number of employees who enjoyed parental leave within the period of this report		From these employees, total number who returned to work in the reporting period after the parental leave ended		% Return	
		Male	Female	Male	Female	Male	Female
Asia Pacific	Australia	11	5	11	4	100%	60%
	Other Countries	6	20	6	4	100%	15%
Latin America	Brazil	-	-	-	-		
	Chile	-	10	-	6		50%
	Colombia	7	21	6	8	86%	38%
	Guatemala	3	-	3	-	100%	
	Panama	-	11	-	9		82%
	Other Countries	17	3	11	3	65%	100%
Middle East and Africa	Oman	-	1	-	1		100%
	Qatar	-	2	-	-		0%
	Saudi Arabia	-	-	-	-		
	Other Countries	-	5	-	1		20%
Rest of Europe	Germany	10	7	2	1	20%	14%
	Ireland	14	9	14	9	100%	100%
	Netherlands	8	6	-	2	0%	33%
	Other Countries	20	18	6	3	30%	11%
Spain	Spain	274	144	192	78	70%	53%
USA and Canada	USA and Canada	17	6	-	1	0%	17%
Total		387	268	251	130	65%	46%

The 2021 figures cover 99.84% of Applus+ employees.

Number of employees covered by collective agreements in 2021

Region	Region / Country	Employees covered by collective agreements	% Employees covered by collective agreements
Asia Pacific	Australia	373	72%
	Other countries	166	13%
Latin America	Brazil	563	100%
	Chile	182	15%
	Other countries	299	7%
Middle East and Africa	Other countries	-	0%
Rest of Europe	Germany	534	83%
	Ireland	825	97%
	Netherlands	523	98%
	Other countries	1,090	56%
Spain	Spain	8,432	100%
USA and Canada	USA and Canada	563	27%
Total		13,550	54%

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%
Total		12,391	53%

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%
	Netherlands	589	97%
	Other countries	469	36%
Spain	Spain	7,761	100%
USA and Canada	USA and Canada	640	27%
Total		12,088	53%

The 2021 figures cover 99.84% of Applus+ employees.

Number of employees by gender and dedication in 2021

Region	Region / Country	Gender	Full time	Part time	Total
Asia Pacific	Australia	M-Male	455	-	455
		F-Female	57	6	63
	Other Countries	M-Male	856	19	875
		F-Female	352	8	360
Latin America	Brazil	M-Male	502	-	502
		F-Female	61	-	61
	Chile	M-Male	912	-	912
		F-Female	320	-	320
	Colombia	M-Male	1,548	-	1,548
		F-Female	542	2	544
	Guatemala	M-Male	23	-	23
		F-Female	2	-	2
	Panama	M-Male	258	-	258
		F-Female	90	-	90
	Other Countries	M-Male	1,245	-	1,245
		F-Female	305	8	313
Middle East and Africa	Oman	M-Male	375	-	375
		F-Female	15	-	15
	Qatar	M-Male	352	-	352
		F-Female	27	-	27
	Saudi Arabia	M-Male	1,771	-	1,771
		F-Female	66	-	66
	Other Countries	M-Male	554	-	554
		F-Female	52	-	52
Rest of Europe	Germany	M-Male	526	29	555
		F-Female	49	36	85
	Ireland	M-Male	683	21	704
		F-Female	64	79	143
	Netherlands	M-Male	453	20	473
		F-Female	29	32	61
	Other Countries	M-Male	1,609	68	1,677
		F-Female	222	34	256
Spain	Spain	M-Male	6,102	167	6,269
		F-Female	1,806	357	2,163
USA and Canada	USA and Canada	M-Male	1,581	85	1,666
		F-Female	374	28	402
Total			24,238	999	25,237

The 2021 figures cover 99.84% of Applus+ employees.

Number of employees by gender and dedication in 2020

Region	Region / Country	Gender	Full time	Part time	Total
Asia Pacific	Australia	M-Male	477	-	477
		F-Female	59	8	67
	Other Countries	M-Male	882	1	883
		F-Female	349	5	354
Latin America	Brazil	M-Male	446	47	493
		F-Female	66	-	66
	Chile	M-Male	744	-	744
		F-Female	259	1	260
	Colombia	M-Male	1,336	-	1,336
		F-Female	548	-	548
	Guatemala	M-Male	26	-	26
		F-Female	2	-	2
	Panama	M-Male	237	-	237
		F-Female	75	1	76
	Other Countries	M-Male	1,107	1	1,108
		F-Female	269	2	271
Middle East and Africa	Oman	M-Male	381	-	381
		F-Female	14	-	14
	Qatar	M-Male	300	-	300
		F-Female	25	-	25
	Saudi Arabia	M-Male	980	-	980
		F-Female	7	-	7
	Other Countries	M-Male	511	6	517
		F-Female	65	-	65
Rest of Europe	Germany	M-Male	384	6	390
		F-Female	35	28	63
	Ireland	M-Male	660	32	692
		F-Female	76	64	140
	Netherlands	M-Male	486	16	502
		F-Female	31	32	63
	Other Countries	M-Male	1,570	89	1,659
		F-Female	213	41	254
Spain	Spain	M-Male	5,833	173	6,006
		F-Female	1,630	398	2,028
USA and Canada	USA and Canada	M-Male	1,679	106	1,785
		F-Female	381	35	416
Total			22,143	1,092	23,235

Number of employees by gender and dedication in 2019

Region	Region / Country	Gender	Full time	Part time	Total
Asia Pacific	Australia	M-Male	519	0	
		F-Female	74	0	74
	Other Countries	M-Male		0	
		F-Female		1	302
Latin America	Brazil	M-Male		37	
		F-Female		0	67
	Chile	M-Male	549	0	549
		F-Female		0	
	Colombia	M-Male		0	
		F-Female		0	
	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		2	
		F-Female		3	
Middle East and Africa	Oman	M-Male	542	0	542
		F-Female		0	
	Qatar	M-Male		0	
		F-Female	29	0	29
	Saudi Arabia	M-Male	1,003	0	1,003
		F-Female	5	0	5
Rest of Europe	Other Countries	M-Male	542	16	558
		F-Female			
	Germany	M-Male	427		441
		F-Female	40		77
	Ireland	M-Male	636	28	664
		F-Female	69	79	148
	Netherlands	M-Male	526	18	544
		F-Female		36	
Spain	Spain	M-Male	1,081		1,121
		F-Female	143		175
	Spain	M-Male	5,612		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		448
Total			21,733	1,114	22,847

Annual comparison ratio

Annual comparison ratio		Ratio 2021	Ratio 2020	Ratio 2019
Asia Pacific	Australia	2.8	4.0	4.2
	Other Countries	8.3	14.2	16.6
	Brazil	13.0	7.5	3.1
Latin America	Chile	9.1	8.4	7.8
	Colombia	9.9	10.0	10.7
	Guatemala	1.8	N/A	N/A
	Panama	5.9	5.1	5.7
	Other Countries	10.7	11.3	11.4
	Oman	8.8	8.3	12.2
Middle East and Africa	Qatar	17.1	17.4	4.3
	Saudi Arabia	9.3	6.3	7.4
	Other Countries	21.4	16.4	13.3
Rest of Europe	Germany	3.6	2.9	3.2
	Ireland	3.1	3.0	4.2
	Netherlands	3.2	3.5	4.8
	Other Countries	6.1	6.9	7.8
Spain	Spain	6.9	5.4	6.0
USA and Canada	USA and Canada	5.2	4.5	5.9

Ratio: Annual Compensation of the highest paid individual compared to the AVG Compensation W/O the highest paid individual.

The 2021 figures cover 99.81% of Applus+ employees. Executive Committee in Spain not included.

Ratio of minimum salary in 2021

	Ratio of minimum salary and AVG salary by law within the country compared to the local country 2021	Minimum salary within the Region/ Country by law		Minimum salary within the Region/ Country (Applus+)		Minimum salary gap by gender (Applus+)	% Δ Minimum salary		% Δ Medium salary	
		Male	Female	Male	Female		Male	Female	Male	Female
Asia	Australia	24,442	24,442	29,577	36,651	24%	21%	50%	0%	0%
Pacific	Other Countries	1,007	1,007	8,605	7,876	-8%	755%	682%	27%	-7%
Latin America	Brazil	1,966	1,966	2,366	2,183	-8%	20%	11%	81%	40%
	Chile	4,559	4,559	5,753	7,212	25%	26%	58%	84%	109%
	Colombia	2,468	2,468	5,382	2,468	-54%	118%	0%	0%	0%
	Guatemala	4,290	4,290	4,290	4,290	0%	0%	0%	0%	0%
	Panama	7,247	7,247	7,247	7,247	0%	0%	0%	0%	0%
	Other Countries	2,221	2,221	5,803	5,271	-9%	161%	137%	42%	8%
Middle East and Africa	Oman	5,413	5,413	6,859	6,583	-4%	27%	22%	0%	0%
	Qatar			2,743	8,229	200%	0%	0%	0%	0%
	Saudi Arabia	10,733	10,733	10,733	13,416	25%	0%	25%	0%	0%
	Other Countries	549	549	5,547	7,713	39%	911%	1,306%	1,257%	1,305%
Rest of Europe	Germany	18,468	18,468	25,629	29,068	13%	39%	57%	-2%	4%
	Ireland	20,686	20,686	26,040	26,040	0%	26%	26%	-7%	-7%
	Netherlands	20,272	20,272	45,781	30,202	-34%	126%	49%	0%	0%
	Other Countries	4,390	4,390	23,620	23,956	1%	438%	446%	25%	22%
Spain	Spain	13,510	13,510	18,390	19,666	7%	36%	46%	19%	24%
USA and Canada	USA and Canada	12,640	12,640	31,479	30,996	-2%	149%	145%	-2%	-25%

Ratio of minimum salary in 2020

	Ratio of minimum salary and AVG salary by law within the country compared to the local country 2021	Minimum salary within the Region/ Country by law		Minimum salary within the Region/ Country (Applus+)		Minimum salary gap by gender (Applus+)	% Δ Minimum salary		% Δ Medium salary	
		Male	Female	Male	Female		Male	Female	Male	Female
Asia	Australia	25,285	25,285	34,203	32,917	-4%	35%	30%		
Pacific	Other Countries	1,134	1,134	5,691	6,358	12%	402%	461%	19%	-1%
Latin 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%
Rest 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%

Minimum salary within the Region / Country by law: minimum salary by law provided by HR local teams.

Minimum salary within the Region / Country (Applus+): minimum salary received by an employee within the region / country.

Minimum salary gap between the minimum salary paid in Applus+ and the minimum salary by law, compared to the latter if available.

% Δ Minimum salary: gap between the minimum salary paid in Applus+ and the minimum salary by law, compared to the latter if available.

% Δ AVG salary: gap between the average salary in Applus+ and the published average salary, compared to the latter if available.

The 2021 figures cover 99.81% of Applus+ employees. Executive Committee in Spain not included.

Ratio of minimum salary in 2019

	Ratio of minimum salary and AVG salary by law within the country compared to the local country 2021	Minimum salary within the Region/ Country by law		Minimum salary within the Region/ Country (Applus+)		Minimum salary gap by gender (Applus+)	% Δ Minimum salary		% Δ Medium salary	
		Male	Female	Male	Female		Male	Female	Male	Female
Asia	Australia			30,228	29,017	-4%	26%	21%	-	-
Pacific	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		9%	10%	20%		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			6,468	5,913	-9%	261%	230%	-	-
Middle East and Africa	Oman	5,761	5,761	6,188	15,394		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	2,6040	0%	31%	31%	-1%	-3%
	Netherlands	21,197	21,197	25,849	35,222	36%	22%	66%	-	-
	Other Countries	2,523	2,523	18,526	19,860	7%	634%	687%	82%	101%
Spain	Spain	12,600	12,600	18,998	19,895	5%	51%	58%	-	-
USA and Canada	USA and Canada	13,460	13,460	27,864	30,224	8%	107%	125%	24%	9%

Benefits in 2021

Number of employees with benefits 2021		Life Insurance		Health Care		Educational Allowance		Disability and Invalid Cover		Parental leave		Retirement Provision		Stock Ownership		Others	
		Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time
Asia Pacific	Australia	-	-	-	-	-	-	3	2	-	2	307	211	-	-	-	-
	Other Countries	243	76	573	190	32	-	56	-	25	1	-	4	-	-	-	-
Latin America	Brazil	573	10	573	10	6	-	-	-	-	-	-	-	-	-	-	-
	Chile	986	-	213	-	-	-	928	-	5	-	-	-	-	-	-	-
	Colombia	358	2,938	59	13	25	4	-	-	8	27	-	-	-	-	-	-
	Guatemala	25	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Panama	331	2	1	-	-	-	44	-	8	-	-	-	1	-	-	-
	Other Countries	76	546	23	-	1	-	5	112	7	18	-	-	2	-	51	-
Middle East and Africa	Oman	16	14	16	14	-	-	-	-	-	-	-	-	-	-	-	-
	Qatar	29	135	29	135	-	-	-	-	-	-	-	-	-	-	-	-
	Saudi Arabia	1	13	1,851	35	-	-	-	-	-	-	-	-	-	-	-	-
	Other Countries	347	129	416	188	-	-	-	-	4	-	-	-	3	-	-	-
Rest of Europe	Germany	284	49	1	-	-	-	18	-	30	3	4	-	2	-	3	1
	Ireland	734	113	22	-	-	-	22	-	73	9	734	113	-	-	-	-
	Netherlands	533	63	525	61	-	-	5	3	12	-	526	61	1	-	-	-
	Other Countries	1,415	98	1,367	87	663	-	4	-	147	2	815	4	2	-	4,714	-
Spain	Spain	125	2	437	17	-	-	2,045	1,363	377	170	40	-	51	1	77	-
USA and Canada	USA and Canada	1,161	4	1,085	4	-	-	469	-	50	-	986	8	1	-	-	-
Total		7,236	4,192	7,191	754	727	4	3,599	1,480	746	232	3,412	401	63	1	4,845	1

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 Invalid cover. Employees who enjoyed disability or invalid cover.

Parental leave. Employees who enjoyed parental leave.

Retirement provision. Employees who received monetary assignments in their retirement plans to top of the local regulations.

Stock ownership. Employees who received RSUs.

Others. Employees who received any other benefit.

The 2021 figures cover 99.81% of Applus+ employees.

Executive Committee in Spain not included.

Benefits in 2020

Number of employees with benefits 2021		Life Insurance		Health Care		Educational Allowance		Disability and Invalid Cover		Parental leave		Retirement Provision		Stock Ownership		Others	
		Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time
Asia Pacific	Australia	-	-	-	-	-	-	373	84	4	-	390	154	-	-	-	-
	Other Countries	458	150	603	495	51	15	244	62	9	6	12	2	-	-	-	-
Latin America	Brazil	1,248	228	1,248	228	72	-	436	-	6	-	-	-	1	-	-	-
	Chile	1,244	27	236	-	-	-	-	-	77	-	-	-	-	-	-	-
	Colombia	370	1,451	50	7	1	-	113	651		34	361	1,436	2	-	4	-
	Guatemala	19	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-
	Panama	258	13	1	1	-	-	-	-		-	-	-	-	-	-	-
	Other Countries	65	370	22	-	3	-	3	71	5	17	-	-	2	-	7	-
Middle East and Africa	Oman	-	4	-	4	-	-	-	-	-	-	-	-	-	-	-	-
	Qatar	4	256	4	256	-	-	-	-	1	-	-	-	-	-	-	-
	Saudi Arabia	-	-	34	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other Countries	311	106	349	160	-	-	-	-	1	-	1	-	1	1	-	-
Rest of Europe	Germany	307	37	31	-	1	-	-	-	15							
	Ireland		81	53	-	-	-	22	-		4	491	10	1	-	752	81
	Netherlands	555	10	-	-	-	-	544	10	14	-	550	10	1	-	-	-
	Other Countries	854	31	795	35	237	6	19	2		1	212	8	2	-	252	-
Spain	Spain	124	-	427	4	-	-	1,202	489	192	39	38	-	69	-	160	-
USA and Canada	USA and Canada	1,320	-	1,156	-	127	-	458	-	3	-	672	-	3	-	1	-
Total		7,888	2,765	5,009	1,190	492	21	3,414	1,369	539	102	2,727	1,620	82	1	1,176	81

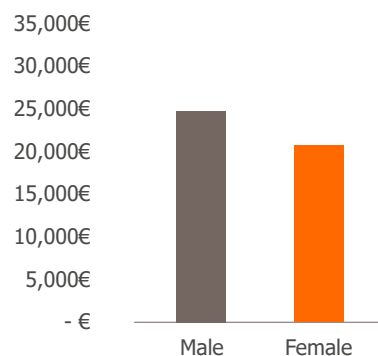
Benefits in 2019

Number of employees with benefits 2021		Life Insurance		Health Care		Educational Allowance		Disability and Invalid Cover		Parental leave		Retirement Provision		Stock Ownership		Others	
		Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time	Permanent	Temporary / Part-Time
Asia Pacific	Australia	-	-	-	-	-	-	-	-	16	-	19	28	-	-	-	-
	Other Countries	315	22	410	354	44	1	51	-	25	1	15	3	2	-	1	-
Latin America	Brazil	110	33	111	33	17	-	-	-	-	-	-	-	1	-	-	-
	Chile	170	12	29	-	-	-	15	-	10	-	-	-	1	-	-	-
	Colombia	214	-	1	-	-	-	108	-	-	-	-	-	-	-	63	-
	Guatemala	-	-	-	-	-	-	-	-	3	-	-	-	-	-	-	-
	Panama	112	-	1	-	12	-	-	-	-	4	-	-	-	-	-	-
	Other Countries	63	513	85	-	1	-	5	41	9	11	-	-	-	-	41	-
Middle East and Africa	Oman	286	238	286	238	1	-	-	-	1	-	-	-	1	-	-	-
	Qatar	24	331	28	331	-	-	1	1	2	-	-	-	-	-	-	-
	Saudi Arabia	-	-	193	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other Countries	134	55	119	124	-	-	-	-	5	-	1	-	-	-	175	54
Rest of Europe	Germany	271	63	27	6	-	1	1	-	13	-	-	-	-	-	-	-
	Ireland	-	114	23	-	-	-	-	-	-	6	643	-	1	-	117	6
	Netherlands	491	112	494	121	-	-	491	112	14	-	491	112	3	-	-	-
	Other Countries	90	15	97	22	117	4	36	20	-	7	172	25	1	-	4004	-
Spain	Spain	447	6	669	17	3	-	1396	589	328	90	141	-	-	-	2448	-
USA and Canada	USA and Canada	918	-	815	3	476	-	425	2	21	2	883	2	4	-	1	-
Total		4,343	1,514	3,388	1,249	671	6	2,529	765	530	125	2,365	170	67	-	6,850	66

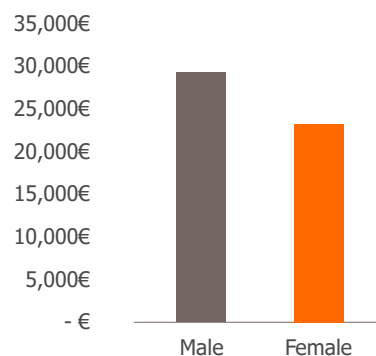
SALARY GAP

	2021		2020		2019	
	AVG by gender	Gap gender	AVG by gender	Gap gender	AVG by gender	Gap gender
Male	24,711€	-18.67%	27,903€	-19.62%	30,770€	-21.15%
Female	20,097€		22,427€		24,264€	

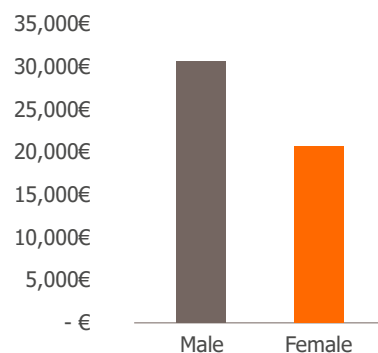
2021



2020



2019



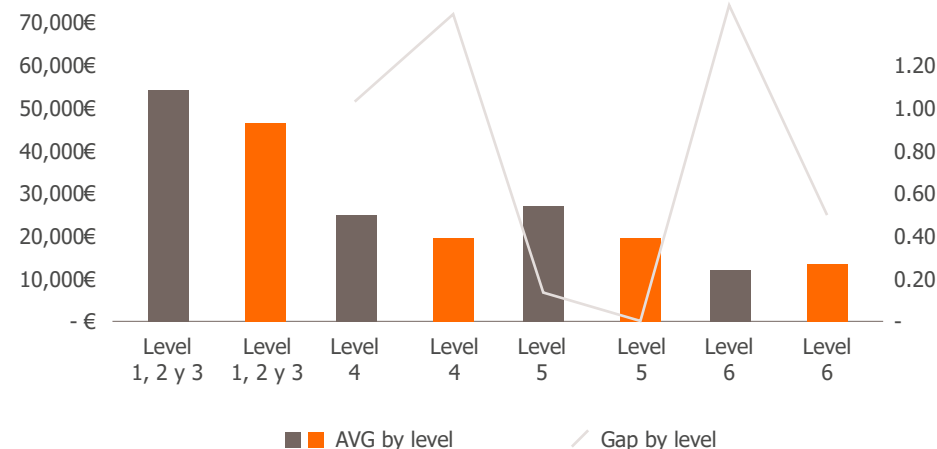
(*) Salary gap: understood as the difference between the gross hourly wage of men and of women, expressed as percentage of the gross hourly wage of men. Advisedly, the calculation of this indicator is not adjusted to the individual characteristics and may explain part of the salary differences between 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 2021

Level	Gender	AVG by level	Gap by level
Level 1, 2 y 3	Male	51,438	
Level 1, 2 y 3	Female	47,265	
Level 4	Male	26,176	97%
Level 4	Female	20,606	129%
Level 5	Male	24,804	6%
Level 5	Female	20,534	0%
Level 6	Male	10,912	127%
Level 6	Female	14,098	46%

SALARY GAP BY ORGANISATIONAL LEVEL (€) 2021



The 2021 figures cover 99.81% of Applus+ employees. Executive Committee in Spain not included.

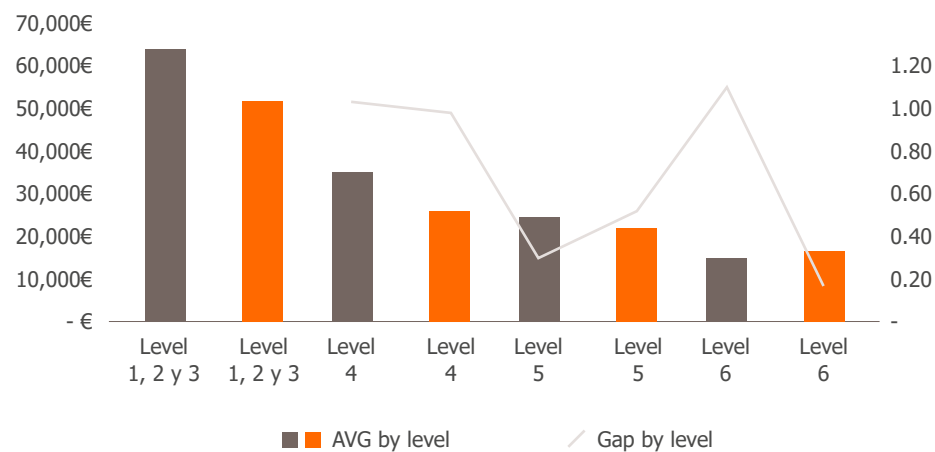
Salary gap by organisational level in 2020

Level	Gender	AVG by level	Gap by level
Level 1, 2 y 3	Male	61,620	
Level 1, 2 y 3	Female	51,220	
Level 4	Male	33,338	85%
Level 4	Female	28,000	83%
Level 5	Male	26,468	26%
Level 5	Female	19,599	43%
Level 6	Male	13,045	103%
Level 6	Female	16,989	15%

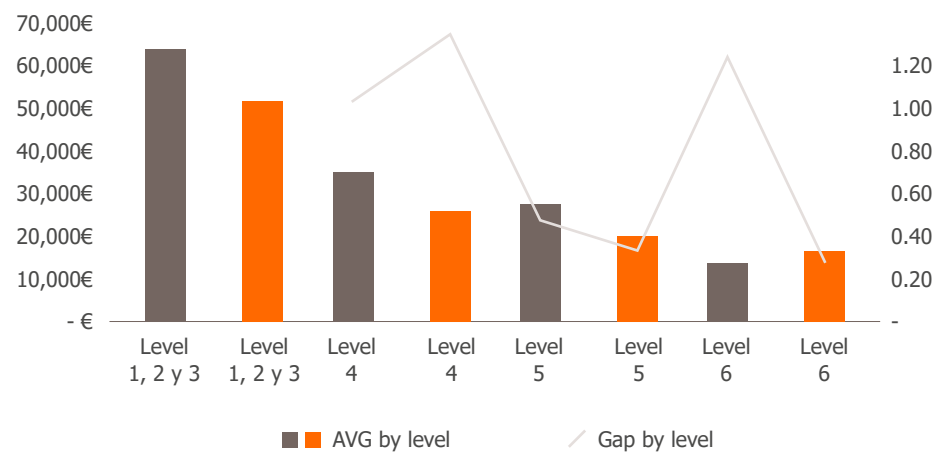
Salary gap by organisational level in 2019

Level	Gender	AVG by level	Gap by level
Level 1, 2 y 3	Male	63,836.37	
Level 1, 2 y 3	Female	51,956.60	
Level 4	Male	37,916.11	68%
Level 4	Female	27,998.30	86%
Level 5	Male	28,260.22	34%
Level 5	Female	22,342.48	25%
Level 6	Male	15,848.03	78%
Level 6	Female	18,286.23	22%

SALARY GAP BY ORGANISATIONAL LEVEL (€) 2020



SALARY GAP BY ORGANISATIONAL LEVEL (€) 2019



Salary gap by age in 2021

	<30 years	≥ 30 years <50	≥50 years
Male	16,234	23,973	36,162
Female	12,159	21,259	28,195
Salary gap by age	-25%	-11%	-22%

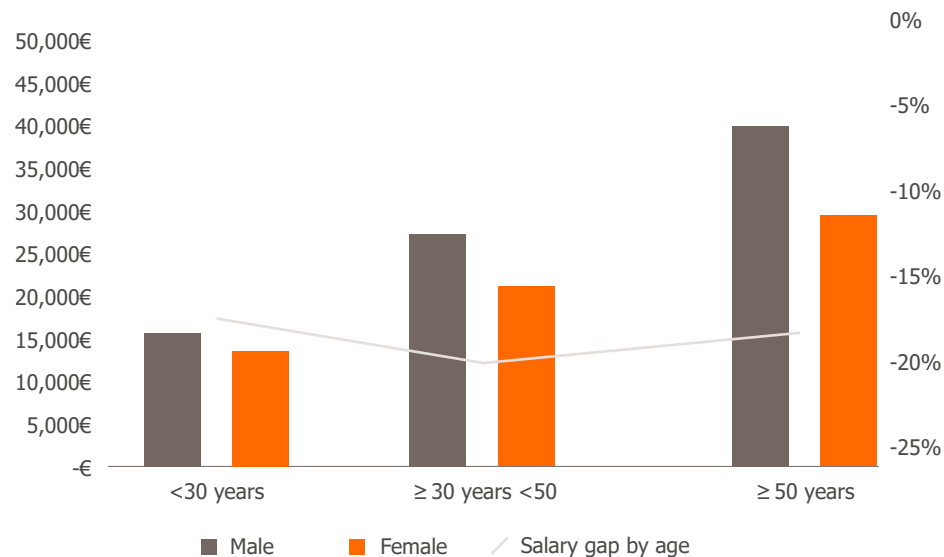
Salary gap by age in 2020

	<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 2021



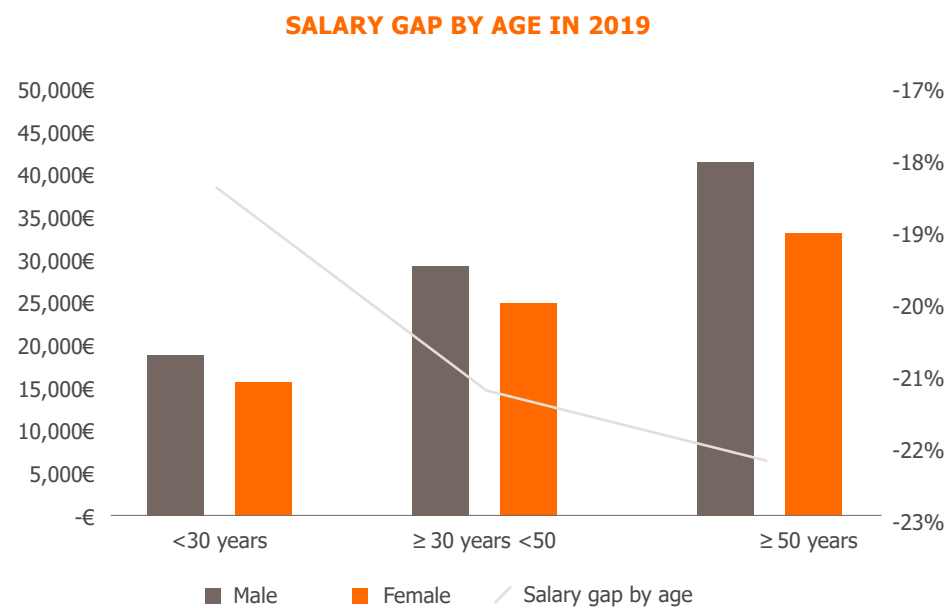
SALARY GAP BY AGE IN 2020



The 2021 figures cover 99.81% of Applus+ employees.
Executive Committee in Spain not included.

Salary gap by age in 2019

	<30 years	≥ 30 years <50	≥50 years
Male	19,535	31,663	42,866
Female	16,049	25,113	33,519
Salary gap by age	-18%	-21%	-22%



10.5 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, communication, and contact with shareholders, institutional investors and proxy advisors*. In 2020, the Group's executives attended 207 meetings with investors and 22 conferences and roadshows.

CAPITAL AND SHAREHOLDER STRUCTURE

On 31st December 2021, the share capital of the head company, Applus Services, SA amounted to €14,301,843 which was represented by 143,018,430 shares, each with a value of €8.09. Each share ranks equally with the same economic and voting rights. The shares are listed on the Spanish Stock Exchanges through the automated quotation system (*Sistema de Interconexión Bursátil or Mercado Continuo*).

On the 9th May 2014, the company listed 130,016,755 shares in its initial public offering and on the 29th September 2017 a further 13,001,675 shares were admitted following a capital increase.

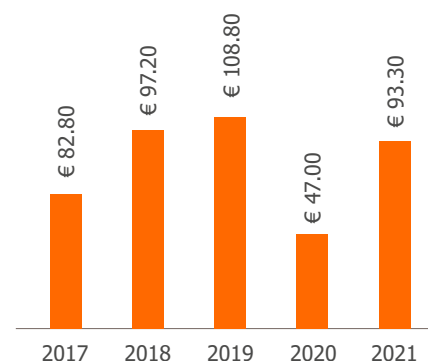
Per the notifications of the number of shares submitted to the Spanish National Securities Market (CNMV), the shareholders owning significant direct and indirect interests in the share capital of the Parent representing more than 3% of the total share capital at 31st December 2021 were as follows:

SHAREHOLDER	PERCENTAGE
Southeastern Asset Management Inc	5.1%
River & Mercantile Group PLC	5.0%
Threadneedle Asset Management Limited	3.1%
Harris Associates LP	3.0%
Invesco Ltd	3.0%

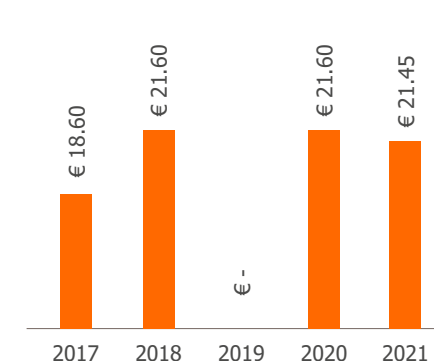
DIVIDEND INFORMATION

On 31st May 2022, at the Group's AGM, the Board will propose the payment of a dividend of cents 15 per-share. This is equivalent to €21.5 million (2019: Nil) and represents 23% of the adjusted net profit of €93.30 million. On approval by the shareholders at the AGM, the dividend will be paid on 7th July 2022.

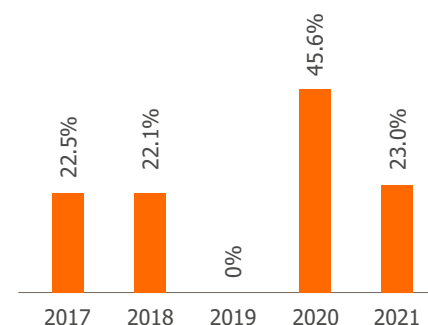
ADJUSTED NET PROFIT,
€ MILLION



DIVIDEND,
€ MILLION



DIVIDEND / ADJUSTED NET PROFIT,
€ MILLION



The total cumulative amounts of Adjusted net profit and the Dividends paid over the eight year period since the company was listed on the Stock Exchange are shown in the table below showing the Dividend to Adjusted net profit % over this period has been 19%.

TOTAL 2014-2021

Adjusted net profit, € million	698.2
Dividend, € million	133.8
Dividend/Adjusted net profit, %	19%

FINANCIAL CALENDAR

EVENT	DATE*
Q1 Trading Update	10/05/2022
Annual General Meeting of Shareholders	31/05/2022
Q2 and H1 2022 Results Announcement	26/07/2022
Q3 Trading Update	31/10/2022
Q4 and Full Year 2022 Results Announcement	28/02/2023

*These dates may be subject to variation. All the updates can be found on the Applus+ website.

CONTACTS AND SHARE INFORMATION

Investor Relations

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Auditors

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Applus Services, S.A. Head Offices

- Parque Empresarial Las Mercedes Campezo, 1, Edif. 3, 4ª planta 28022 Madrid
- Campus UAB – Ronda de la Font del Carme, s/n 08193 Bellaterra – Barcelona

Share Information

Security number: 79396

ISIN: ES0105022000

CIF: A64622970

Shares issued as of the date of this report: 143,018,430

Listed on the Barcelona, Bilbao, Madrid and Valencia stock exchanges within Mercado Continuo.

Ticker Symbol: APPS-MC.

10.6 Energy and emissions indicators: methodology and results

ENERGY CONSUMPTION AND GHG EMISSIONS FOR SCOPES 1 AND 2

The Group uses the ASM platform to obtain energy and GHG emissions data from all the facilities where we operate, applying the guidelines set out in the Greenhouse Gas Protocol (GHG Protocol) Corporate Accounting and Reporting Standard technical report.

The consumption period under consideration runs from the 1st of November 2020 until the 31st of October 2021. The scope for countries is the same as that of the financial perimeter.

Electricity

CO₂ emissions from electricity are accounted according to the market-based method defined in the GHG protocol, and are the product of the energy consumption in kWh and each country's and provider's emission factors.





The sources for the conversion factors are:

- **GJ value:** Massachusetts Institute of Technology (MIT) (2013) Units & Conversions.
- **TCO₂ value:** International Energy Agency (IEA). Emission factors: Database documentation (2020 edition); CO₂ emission factors for electricity and heat generation for world countries (in CO₂ per kWh, 1990 to 2018).

Gaseous fuel and liquid fuel

To ascertain the GHG emissions of CO₂, CH₄ and N₂O, we use the product of the energy units and the emission factors for each fuel. Finally, to calculate the carbon-dioxide equivalent emissions (CO₂eq), we use the GWP (Global Warming Potential) index.

The sources for the conversion factors are:

- Fuel price: Global Petrol Prices, (2021) , Energy Efficiency & Renewable Energy from the U.S. Department of Energy , Numbeo (2021) .
- Density: Engineering ToolBox (2020) , CNMC, Comisión Nacional de los Mercados y la Competencia. Comisión Nacional de Energía y tabla de equivalencias de SEDIGAS y GASNAM, MIT, Massachusetts Institute of Technology (2013).
- Lower calorific power: Intergovernmental Panel on Climate Change. 2006 IPCC Guidelines for National Greenhouse Gas Inventories (Ch.1, Vol. 2).
- Emission factors: Intergovernmental Panel on Climate Change. IPCC Guidelines for National Greenhouse Gas Inventories 2006 (Ch.2, Vol. 2).

GHG EMISSIONS FOR SCOPE 3

Fuel and energy-related activities (not included in Scopes 1 or 2)

The emissions not included in Scopes 1 or 2 relating to fuel and energy come from the emissions due to losses from the transport and distribution of the electricity, and those due to the value chain of the fuels and electricity.

To calculate the emission factor of the losses in the transmission and distribution of electricity, we use the gross-production indicators for each country and the electricity transmission and distribution losses from Electricity Information (2020), published by the International Energy Agency (IEA). For the countries in which these indicators are not available, we use the indicators for their region.

To calculate the emission factor associated with the electricity value chain by country, we use the following electricity-generation sources and their percentage of electricity generation on the total electric energy produced in each country: nuclear, hydroelectric, geothermal, solar, wind, coal, oil, natural gas, biofuels, energy from waste and others (offshore wind farms, wave and tidal power, etc.), according to the Electricity Information (2021) report published by the IEA. For the countries in which these indicators are not available, we use the indicators for their region.

For the aforementioned sources, we use the Well-to-Tank emission factors from the WELL-TO-TANK report Appendix 2 - Version 4a, published by the European Commission, to obtain the related CO₂ emissions per kWh. As in some cases, the types of fuel used by the IEA do not coincide with those used by the European Commission, so we select the data following these criteria:

Oil: According to the IEA, within the "Oil" category there are the fossil fuels (Diesel oil, Petrol, Petroleum coke, etc.) In the WELL-TO-TANK Appendix 2, we find the CO₂ emissions of petrol and diesel oil for using them to generate electricity. We used the Diesel oil value as it is more restrictive.

Other: According to the methodology of the IEA, the "Other" category encompasses processes that do not need fuel to produce energy; therefore, their emissions associated with the value chain are zero.

The **electricity-emissions factor** is obtained using the electric-emissions factor for each of the countries included in the population, according to data from the IEA. For the countries in which the electricity-emissions factor is not available, we used the factor for their region.

For the **factor associated with the combustion of fuels**, we use the Well-to-Tank factors contained in the WELL-TO-TANK report Appendix 2 (Version 4a) published by the European Commission. And for Biodiesel, we used the value of the POME process: Meal as AF, no CH₄ rec., no-heat credit, glycerine-to-biogas to produce biodiesel as palm oil is the most used vegetable oil worldwide for producing biodiesel, and it is the most restrictive of the oils included in the related Appendix 2. As there is no factor associated with propane, and it is mainly extracted from natural gas, we used the natural-gas factor. Finally, for LPG it has been used the most restrictive one - the process LNG, road and vapour. The countries included in the calculation of fuel and energy-related activities (not included in Scopes 1 or 2) are the same as those used to calculate Scope 1 and 2.

Business travel by plane, train and taxi⁵

The travel agencies where we book the trips provide us with CO₂ emissions data per passenger, which are calculated based on the kilometres travelled, the occupancy of the aircraft (weight) and the type of aircraft, which are based on the rules set out by the UK's Department for Environment, Food and Rural Affairs (DEFRA).

With regards to the emissions generated during taxi rides, Applus+ calculates the emissions of the journeys of our employees by using a taxi-management application. The emissions generated when travelling by taxi are calculated based on the distance travelled and the fleet-emissions ratio, which is measured with the percentage of hybrid and electric cars operated in their fleet.

Employee commuting ⁶

The commuting emissions of each employee were calculated based on the mode of transport (car, train, bicycle, etc.), the distance travelled and the number of days travelling per year, applying emission factors.

The evaluation of this data was done through a biennial survey to ascertain the mobility habits. The last survey was conducted in 2021. The results allowed us to understand the different modes of transport used at each location where we operate.

Most of the factors used were published by DEFRA in the "Conversion Factors 2021: Full set for advanced-users" document, both for calculating the direct emissions and for the indirect ones. In the case of vehicles which consumption is assumed to be 100% electric (electric car and motorbike, electric scooter and the underground railway), we used distance/energy consumption conversion factors from other sources since DEFRA does not provide this information.

Emissions derived from acquired goods and services

Emissions from "purchased goods and services", "capital goods" and "upstream transport and distribution", a PwC proprietary tool based on the World Input-Output Database (WIOD) macroeconomic model was used.

The WIOD model is based on input-output methodologies recognized by the GHG protocol as a method for calculating the above Scope 3 emission categories.

In order to process data, we have used consumer price indexes in the USA (source: Federal Reserve), and the OECD average euro-dollar exchange rate, using the information available in the procurement systems at the end of November and linearly extrapolating the emissions data according to the audited profit and loss account.

⁵ Business travel emissions cover the data for 60% of 2019 revenue, the 63% of 2020 and the 58% of 2021.

⁶ Employee commuting emissions cover the data for 70% of 2019 revenue, the 70% of 2020 and the 88% of 2021.

Dimensions	2019	2020	2021 ⁷
Energy			
Total energy consumption (GJ)	895,493	816,932	901,978
Fuel consumption (GJ)	683,735	594,165	629,854
Non-renewable fuel consumption (GJ)	677,585	585,280	609,532
Renewable fuel consumption (GJ)	6,150	8,886	20,322
Electricity consumption (GJ)	211,758	214,367	256,841
Renewable electricity percentage (%)	0%	23%	70%
Heating consumption (GJ)	0	8,400	15,283
Energy intensity per revenue (GJ / M€)	504	524	531
Energy intensity per employee (GJ / employee)	38.85	34.93	38.15
Change from base year (%)	0%	-10%	-2%
Emissions			
GHG total emissions, scope 1&2 (CO ₂ eq tonnes)	68,535	56,484	52,170
Scope 1 (CO ₂ eq tonnes)	47,788	41,328	43,768
Scope 2 (CO ₂ eq tonnes)	20,747	15,157	8,402
Scope 3 (CO ₂ eq tonnes)	251,877	218,937	236,070
Purchased goods and services	99,789	93,965	96,990
Capital goods	18,821	14,843	16,955
Fuel-and energy-related activities (not Included in scope 1 or scope 2)	66,269	56,248	55,321
Upstream transportation and distribution	3,133	2,705	2,770
Business travel	8,263	1,899	1,965
Employee Commuting	55,602	49,277	62,071
Emission intensity (Scope 1 and 2) per revenue (CO ₂ eq tonnes/ M€)	38.55	36.26	30.73
Emission intensity (Scope 1 and 2) per employee (CO ₂ eq tonnes/ employee)	2.97	2.42	2.21
Change from base year (%)	0%	-19%	-26%
Water			
Water withdrawal (mega liters)	643.13	654.95	1,092.50
Groundwater (mega liters)	379.01	346.62	327.70
Third-party water (mega liters)	264.12	308.33	764.80
Waste			
Total waste weight (tonnes)			2,440
Total weight of hazardous waste (tonnes)			749
Total weight of non-hazardous waste (tonnes)			1,692

In 2021, the consumption data of the new additions is added.

10.7 References table

GRI AND GLOBAL COMPACT: UNIVERSAL STANDARDS			
GRI indicator	Definition	Financial and non-financial information Report 2021	UN Global Compact
101	Foundation	About the report	
102-1	Name of the organisation	Applus+ Services, SA	
102-2	Activities, brands, products and services	Applus+ in brief	
102-3	Location of headquarters	Applus+ Services, S.A. head offices: Parque Empresarial Las Mercedes Campezo, 1, Edif. 3, 4ª planta 28022 Madrid Campus UAB – Ronda de la Font del Carme, s/n 08193 Bellaterra - Barcelona	Organisation's profile and operational context
102-4	Location of operations	Applus+ in brief	
102-5	Property	Shareholder information	
102-6	Markets served	Applus+ in brief	
102-7	Scale of the organisation	Applus+ in brief	Principle 6
102-8	Information on employees and other workers	Value to people	Principle 6
102-9	Supply chain	Supply chain management	Principle 1 Principle 7 Principle 10
102-10	Significant changes to the organisation and its supply chain	Applus+ has not made significant organisational changes, nor regarding its supply chain during 2021	
102-11	Precautionary principle or approach	Business model and value creation Sustainability approach Environment Health and safety	Principle 7
102-12	External initiatives	Sustainability approach Value to people Integrity and Compliance Environment Health and safety	Sustainability context
102-13	Membership of associations	Sustainability approach Strategic alliances	
102-14	Statement from senior decision-maker	Letter from the Chairman and the CEO	Statement by the Chief Executive
102-15	Main repercussions, risks and opportunities	Risk management Climate change: risks and opportunities	
102-16	Values, principles, standards and norms of behaviour	Business model and value creation Sustainability approach Value to customer Governance Value to people Environment Health and safety	Principle 10 Decision-making process

GRI AND GLOBAL COMPACT: UNIVERSAL STANDARDS			
GRI indicator	Definition	Financial and non-financial information Report 2021	UN Global Compact
102-17	Advisory mechanisms and ethical concerns	Integrity and Compliance	Principle 10
102-18	Corporate structure	Corporate governance	Decision-making process
102-40	List of stakeholders	Stakeholder engagement and materiality	
102-41	Collective bargaining agreements	Value to people	Principle 3
102-42	Identifying and selecting stakeholders	Stakeholder engagement and materiality	Participación de los interesados
102-43	Approach to stakeholder engagement	Stakeholder engagement and materiality	
102-44	Key topics and concerns raised	Stakeholder engagement and materiality	Compromisos, estrategias o políticas y sistemas de gestión para integrar los principios
102-45	Entities included in the consolidated financial statements	Financial information	
102-46	Defining report content and topic Boundaries	Annex – About the report	
102-47	List of material topics	Stakeholder engagement and materiality	
102-48	Restatements of information	No restatements of information	
102-49	Changes in reporting	Stakeholder engagement and materiality	
102-50	Reporting period	January 1st to December 31st 2021	
102-51	Date of most recent report	February 2021	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	teresa.sanfeliu@applus.com	
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI standards' Core option	
102-55	GRI content index	References table	
102-56	External assurance	Report's verification statement	

GRI AND GLOBAL COMPACT: UNIVERSAL STANDARDS			
GRI indicator	Definition	Financial and non-financial information Report 2021	UN Global Compact
103-1	Explanation of the material topic and its boundary	Stakeholder engagement and materiality	
103-2	The management approach and components	Our company Value to customer Corporate governance Value for people Environment Value to society Financial information Annex	Integrity Practical actions description and measurement of outcomes
103-3	Evaluation of the management approach		

GRI AND GLOBAL COMPACT: ECONOMIC TOPICS			
GRI indicator	Definition	Financial and non-financial information Report 2021	UN Global Compact
201-1	Direct economic value generated and distributed	Annex Finance database	
201-2	Financial implications and other risks and opportunities due to climate change	Risks management Climate change: risks and opportunities	Principle 7
202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Human Resources database	Principle 6
203-2	Significant indirect economic impacts	Stakeholder engagement and materiality	
204-1	Proportion of spending on local suppliers	Supply chain management	
205-2	Communication and training on about anti-corruption policies and procedures	Integrity and Compliance	Principle 10
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Integrity and Compliance	Principle 10
207-1	Approach to tax	Sustainability approach	
207-2	Tax governance, control and risk management	Sustainability approach Risk management	
207-3	Stakeholder engagement and management of concerns related to tax	Stakeholder engagement and materiality	
207-4	Country-by-country reporting	Finance database	

GRI AND GLOBAL COMPACT: ENVIRONMENTAL TOPICS

GRI indicator	Definition	Financial and non-financial information Report 2021	UN Global Compact
301	Materials	Due to the nature of our activity, all environmental impacts derived from activities inherent to manufacturing processes (use of raw materials or products, packaging, freight forwarding, etc.) are excluded from our management framework.	
302-1	Energy consumption within the organisation	Environment. Energy management Annex. Energy and emissions indicators.	Principle 7 Principle 8 Principle 9
302-3	Energy intensity	Environment. Energy management Annex. Energy and emissions indicators.	
303-1	Interaction with water as a shared resource		Principle 7 Principle 8 Principle 9
303-2	Management of water discharge-related impacts	Environment. Water	
303-3	Water withdrawal		
304	Biodiversity	The activities of Applus+ do not generate direct impacts on biodiversity; on the contrary, most of our services help our clients to minimise the impacts of their activities.	Principle 8 Principle 9
305-1	Direct (Scope 1) GHG emissions		
305-2	Energy indirect (Scope 2) GHG emissions	Environment. Emissions Annex.	Principle 7
305-3	Other indirect (Scope 3) GHG emissions	Energy and emissions indicators.	
305-4	GHG emissions intensity		
306-3	Waste discharge	Environment. Waste	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	Supply chain management Environment	Principle 8

GRI AND GLOBAL COMPACT: SOCIAL TOPICS

GRI indicator	Definition	Financial and non-financial information Report 2021	UN Global Compact
401-2	Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees	Human Resources database	Principle 6
402-1	Minimum notice periods regarding operational changes	Value to people. Overview and approach	Principle 3
403-1	Occupational health and safety management system		
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	Health and safety	Principle 1
403-5	Worker training on occupational health and safety		
403-6	Promotion of workers' health		
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
404-1	Average hours of training per year per employee	Human Resources database	Principle 6
405-1	Diversity of governance bodies and employees	Corporate governance Value to people Human Resources database	Principle 6
406-1	Incidents of discrimination and	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

GRI AND GLOBAL COMPACT: SOCIAL TOPICS			
GRI indicator	Definition	Financial and non-financial information Report 2021	UN Global Compact
408 409	Child labour Forced or compulsory labour	These topics are not considered potential Human Rights issues for the Group because its activities require high levels of education and specialisation. Notwithstanding, we have established the necessary internal policies and controls to avoid these types of bad practices	Principle 4 Principle 5
410	Security practices	This topic does not apply to Applus+ because the Group does not outsource this type of service when developing its projects and services	
411-1	Incidents of violations involving rights of indigenous peoples	No incidents have been identified	Principle 1 Principle 2
412-2	Employee training on human rights policies or procedures	Integrity and Compliance	Principle 1 Principle 2
413-1	Operations with local community engagement, impact assessments and development programs	Value to people Value to society	Principle 1
414-1	New providers that were screened using social criteria	Supply chain management	Principle 1 Principle 7 Principle 10
415-1	Political contributions	The Applus+ Group explicitly prohibits monetary contributions to parties and / or representatives	Principle 10
416 417	Customer Health and Safety Marketing and Labelling	Due to the nature of the Group's activities, all issues derived from activities inherent to the manufacturing processes (use of raw materials or products, packaging, freight forwarding, etc.) are excluded from its management framework.	
418-1	Substantiated complaints concerning breaches of customer	Value to customer: Overview and approach	
419-1	Non-compliance with laws and regulations in the social and economic area	The Group has not been subject to any material payment nor imposition of significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area	Principle 10

Reference tables: Spanish act 11/2018		GRI Standard	Financial and non-financial information Report 2021
BUSINESS MODEL	Description of the group's business model	GRI 102-2 Activities, brands, products, and services	
		GRI 102-4 Location of operations	Applus+ in brief
		GRI 102-6 Markets served	Business model and value creation
		GRI 102-7 Scale of the organisation	Sustainability approach
		GRI 102-16 Values, principles, standards and norms of behaviour	Stakeholder engagement and materiality
	Policies	GRI 102-44 Key topics and concerns raised (stakeholders)	Acquisitions and diversification
		GRI 103-2 The management approach and its components	Environment. Our environmental strategy
		GRI 103-3 Evaluation of the management approach	
	Main risks	GRI 102-15 Key impacts, risks, and opportunities	Risks management Climate change: risks and opportunities
		GRI 307-1 Non-compliance with environmental laws and regulations	Environment
INFORMATION ON ENVIRONMENTAL MATTERS	General	GRI 102-11 Precautionary Principle or approach	Environment
	Contamination	GRI 103-2 The management approach and its components	Environment
	Circular economy and waste prevention and management	GRI 103-2 The management approach and its components	Environment, Waste
	Sustainable use of resources	GRI 103-2 The management approach and its components	
		GRI 302-1 Energy consumption within the organisation	
		GRI 302-3 Energy intensity	
		GRI 303-1 Interactions with water as a shared resource	
		GRI 303-2 Management of water discharge-related impacts	Environment Anex
	Climate change	GRI 303-3 Water withdrawal	Energy and emissions indicators
		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	
	Protection of biodiversity	GRI 103-2 The management approach and its components	The activities of the Applus+ Group do not generate direct impacts on biodiversity

Reference tables: Spanish act 11/2018	GRI Standard	Financial and non-financial information Report 2021
Information on social and personnel matters	Policies	GRI 103-2 The management approach and its components
		GRI 103-3 Evaluation of the management approach
	Main risks	GRI 103-3 Evaluation of the management approach
	Employment	GRI 102-7 Scale of the organisation
		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
	Work organisation	GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees
		GRI 102-8 Information on employees and other workers
	Health and safety	GRI 103-2 The management approach and its components
		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
	Company relations	GRI 403-4 Worker participation, consultation and communication on occupational health and safety
		GRI 403-5 Worker training on occupational health and safety
		GRI 403-6 Promotion of workers' health
		Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
	Training	GRI 102-43 Approach to stakeholder engagement
		GRI 402-1 Minimum notice periods regarding operational changes
	Accessibility	GRI 102-41 Collective bargaining agreements
		GRI 103-2 The management approach and its components
	Equality	GRI 404-1 Average hours of training per year per employee
		GRI 103-2 The management approach and its components

Reference tables: Spanish act 11/2018	GRI Standard	Financial and non-financial information Report 2021
Information on the respect of human rights	Policies	GRI 103-2 The management approach and its components
		GRI 412-2 Employee training on human rights policies or procedures
	Main risks	GRI 103-3 Evaluation of the management approach
	Human Rights	GRI 103-2 The management approach and its components
Information related to combating bribery and corruption	Policies	GRI 411-1 Rights of indigenous peoples
		GRI 419-1 Non-compliance with laws and regulations in the social and economic area
	Main risks	GRI 103-2 The management approach and its components
		GRI 103-3 Evaluation of the management approach
	Bribery and corruption	GRI 205-2 Communication and training about anti-corruption policies and procedures
		GRI 103-2 The management approach and its components
	Policies	GRI 203-2 Significant indirect economic impacts
		GRI 415-1 Political contributions
	Main risks	GRI 103-2 The management approach and its components
		GRI 102-9 Supply chain
Information on the company	The company's commitment to sustainable development	GRI 103-3 Evaluation of the management approach
		GRI 203-2 Significant indirect economic impacts
	Subcontracting and suppliers	GRI 204-1 Proportion of spending on local suppliers
		GRI 413-1 Operations with local community engagement, impact assessments, and development programmes
	Clients	Approach to stakeholder engagement
		GRI 102-13 Membership of associations
	Tax information	GRI 103-2 The management approach and its components
		GRI 102-9 Supply chain
		GRI 308-1 New suppliers that were screened using environmental criteria
		GRI 103-2 The management approach and its components

EUROPEAN REGULATION 2020/852		
Article	Requirement	Financial and non-financial information Report 2021
Article 8.2.a)	Non-financial companies shall disclose the following information: proportion of their turnover that comes from products or services related to economic activities that are considered environmentally sustainable in accordance with Articles 3 and 9.	
Article 9	Environmental objectives: <ul style="list-style-type: none"> • Transition to a circular economy • Contamination prevention and control • Climate change mitigation • Sustainable use and protection of water and marine resources • Protection and recovery of biodiversity and ecosystems 	Financial information EU Taxonomy

TCFD CONTENT INDEX		
Topic	Disclosure	Location on 2021 financial and non-financial information report
Governance	Describe the Boards's oversight of climate-related risks and opportunities	Corporate Governance Risk management
	Describe manahement's role in assessing and managing the risk and opportunities of climate change.	Risk management
Strategy	Describe the climate-related risks and opportunities that the organisation has identified in the short, medium-and long-term.	Climate change: risks and oppotunities
	Describe the impact of climate-related risks and opportunities on the organisation's activities, strategy and financial planning	Climate change: risks and oppotunities
	Describe the resilience of the organisation's strategy, taking into consideration different future climate scenarios, including a scenario of 2 °C or lower scenario.	Climate change: risks and oppotunities
Risk	Describe the organization's processes for identifying and assessing climate-related risks	Risk management
	Describe the organization's processes for managing climate-related risks.	Risk management
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Risk management
Metrics	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Science Based Targets initiative Energy and emissions
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	Energy and emissions Energy and emissions indicators: methodology and results
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Sustainability Goals Strategic plan 2022-2024

SASB: SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS				
Topic	Indicator	DEFINITION	Level of disclosure	Financial and non-financial information Report 2021
Data Security	SV-PS-230a.1 Data security	Description of the approach to identify and address data security risks	Disclosed	Data privacy and cybersecurity
	SV-PS-230a.1 Data security	Description of policies and practices regarding the collection, use and retention of customer information	Disclosed	Data privacy and cybersecurity
	SV-PS-230a.1 Data security	(1) Number of data breaches, (2) percentage involving confidential business information (CBI) or personally identifiable information (PII) of clients, (3) number of clients affected	Disclosed	These situations have not occurred
Workforce Diversity & engagement	SV-PS-330a.1 Workforce diversity and engagement	Percentage of gender and racial / ethnic representation in (1) management and (2) all other employees	Disclosed	80% Masculine 20% Feminine
				Tier1 - No employees in this Tier
				Tier2 Masculine: Asiatic 16,7% Black or Afroamerican 16,7% Hispanic o Latin 16,7% White 50% Others 0% Not available 0% Femenine: Asiatic 0% Black or Afroamerican 0% Hispanic or Latin 0% White 0% Others 0% Not available 0%
				Tier3 Masculine: Asiatic 2,6% Black or Afroamerican 0% Hispanic or Latin 0% White 68,4% Others 0% Not available 0% Femenine: Asiatic 2,6% Black or Afroamerican 0% Hispanic or Latin 0% White 26,3% Others 0% Not available 0%
				Tier4 Masculine: Asiatic 4,5% Black or Afroamerican 3,6% Hispanic or Latin 1,8% White 53,6% Other 0% Not available 0% Femenine: Asiatic 2,7% Black or Afroamerican 1,8% Hispanic or Latin 1,8% White 25,5% Others 0,9% Not available 0,9%
				Operational employees and others: Masculine: Asiatic 3,1% Black or Afroamerican 6% Hispanic or Latin 12,1% White 58% Others 1,5% Not available 0,5% Femenine: Asiatic 1,1% Black or Afroamericano 3,9% Hispanic or Latin 2,9% White 10,8% Others 0% Not available 3%
Professional integrity	SV-PS-330a.2 Workforce diversity and engagement	(1) voluntary and (2) involuntary replacement rate of all employees	Disclosed	Voluntary turnover 11,03% Involuntary turnover 5,90%
	SV-PS-330a.3 Workforce diversity and engagement	Employee involvement expressed as a percentage	Disclosed	Favocable 74% Neutral 16% Unfavorable 10%
	SV-PS-510a.1 Professional integrity	Description of the approach to ensuring professional integrity	Disclosed	Integrity and Compliance
	SV-PS-510a.2 Professional integrity	Total amount of monetary losses as a result of legal proceedings related to professional integrity	Disclosed	There have been no monetary losses for this concept

SASB: SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS			
Indicator	Definition	Level of disclosure	Financial and non-financial information Report 2021
Number of employees: (1) full-time and part-time, (2) temporary and (3) contracted	SV-PS-000.A	Disclosed	Human Resources database/Employees by contract Billable percentage:
Hours worked by employees, billable percentage	SV-PS-000.B	Not available	*Not available

*We are working to be able to report it in future fiscal years.

10.8 Report's verification statement



ORDER 64
 Order Department, 200
 100th Avenue,
 Seattle
 Tel: 714 842 8000
 www.rockwell.com

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

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

To the Shareholders of Applus Services, S.A.

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

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

Responsibilities of the Directors

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

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

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

Our Independence and Quality Control

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

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

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

Our Responsibility

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

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

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

- Meetings held with Applus personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external review.
- Analysis of the scope, relevance and completeness of the contents included in the Financial and Non-Financial Information (ESG) Report for 2021 based on the materiality analysis performed by Applus and described in the "Commitment to our stakeholders and materiality" section of chapter 3 of the Financial and Non-Financial Information (ESG) Report, taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the Financial and Non-Financial Information (ESG) Report for 2021.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters presented in the 2021 NFIS.
- Verification, by means of sample-based review tests, of the information relating to the contents identified in the "Cross-reference table: Content of Spanish Law 11/2018" of the Financial and Non-Financial Information (ESG) Report for 2021, and the appropriate compilation thereof based on the data furnished by information sources.
- Obtainment of a representation letter from the directors and management.

Emphasis of Matter

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

Conclusion

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

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

- 4 -

Use and Distribution

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

DELOITTE, S.L.

Ana Torrens Borràs

24 February 2022

- 5 -

Applus⁺