

# ESG POLICY

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## Applus+ ESG Corporate Strategy

Applus+ is a premier choice in testing, inspection and certification (TIC) services, recognised for its quality, impartiality and integrity. Applus+ has created a strong and sustainable business model by harnessing the collective knowledge, talent and innovations to deliver what customers require in TIC services: a global leader, a trusted partner and with passion for improvement.

As a global Group, we strongly believe in ESG values delivered in a context in which our business operations create value beyond our financial return by bringing direct and indirect benefits to society and generating significant positive impact on the environment and the local communities where we work.

Applus+ is committed to continue delivering responsible and sustainable business, both in how we manage our operations (Applus+ team, clients and investors' expectations) and in how we contribute to the wider community and the world around us. As a global Group, we are aware our operations touch points in different locations and industries. The sense of 'Good Business' expects us to act this way and to be conscious of the risks driven by our activities, consolidating sustainable and responsible business practices. We strongly believe that all initiatives we have and will develop in the future under the ESG umbrella will contribute to generate long-term value to us, to our customers and to our stakeholders as a whole.

## Applus+ ESG Strategic Lines and Activities

We structure our strategic lines of ESG under a global framework based on our principles of **integrity, impartiality, independence** and **responsibility** to boost ESG management across the organization and disclose our commitment. We see this as an integral matter to successfully grow our business and create long lasting value for all our stakeholders.

Our commitment on sustainability is channeled through specific goals supported and deployed by a series of activities, which are presented below, structured into five pillars that underpin the value of our reputation and operations and are aligned with the United Nations' Sustainable Development Goals (SDG): *Our people*

- Foster adequate working conditions based on effective Health & Safety (H&S) programs, non-discrimination and diversity principles, as well as Human and Labour Rights.
- Health & Safety is a critical issue for our employees and our operations and therefore is frequently monitored; Applus+ is committed at the highest level with a HSQE<sup>1</sup> policy, which is deployed across all divisions, and countries where we operate and with specific H&S programmes developed to increase the awareness and involve all employees at Applus+ on that subject. H&S is managed within Applus+ according to ISO 45001 standard seeking to continuously improve its performance.
- Provide fair and competitive environment to enable professional development opportunities and capacity building for all Applus+ staff while retaining and attracting high talented professionals. Applus+ strongly encourages internal promotion to support its recruitment process while setting in place training programmes to build up a sound professional career in the organisation.

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<sup>1</sup> Health, Safety, Quality and Environment

- Fostering diversity amongst our staff based on Global Anti-Discrimination Policy and Diversity and Equality Policy, both, applicable at global level and through activities such as equality plans.
- Train our professionals to improve their existing skills and acquire new capacities – both managerial and technical – through specific trainings and internal capacity building programs, as well as through certification and accreditation courses from external parties under a variety of scopes, frequencies and means (eg. Induction training in Quality internal policies and H&S, Ethics training, worldwide event on Safety, Qualified training courses on NDT, H&S awareness for supervisors, technical and other staff).

## *Corporate Governance and Business Ethics*

- Applus+ is governed by a set of corporate rules, policies, laws, processes and institutions that define our current corporate governance model and ensure a long-term vision through good governance.
- We are sensitive to changes in laws and trends in this area and we are committed to transparency as a key principle to managing a listed company. We will periodically evaluate the effectiveness of our corporate governance model, with views to promote the corporate interest and catering, as appropriate, to the legitimate interests of our stakeholders.
- Applus+ commitment in Business Ethics is managed by its Board through the ESG Committee and the Chief Compliance Officer to ensure integration of ethical behaviour across all our business units, geographies and operations through our Code of Ethics and associated policies. Our Code of Ethics is deployed through a specific annual training course to all Applus+ employees. Among other things, this Code includes respecting the dignity of work colleagues and partners, protecting personal data and the obligation to ensure the information we manage is truthful, secure and confidential.
- We ensure disclosure and promote observance of our Code of Ethics across divisions, suppliers and contractors. Applus+ also has a zero tolerance against corruption and for that reason requires suppliers and partners to observe professional and honest business practices and sets up due diligence processes to evaluate Ethical issues.
- Internal risk management controls and policies in areas such as anti-corruption and specific policies to prevent wrongdoing have been elaborated for Applus+ and deployed through its Compliance Management System for Criminal Risks. The Internal Audit Department is in charge of monitoring the observance and compliance with these policies. Applus+ does not tolerate corruptive practices within its business operations and geographies and performs regular supervision of its activities in accordance to its global anticorruption policy.
- We integrate sustainable development criteria to drive positive social, economic and environmental impacts along our value chain and stakeholders.
- As a socially responsible organisation, we want to be an active and beneficial participant in the communities in which we operate.

## *Innovation*

- Promote and share both cross and open innovation across all business units that embeds ESG into our employees' technical expertise and into the services developed internally, as well as within our clients' operations.
- Create a working environment that nurtures innovation as well as providing resources to facilitate it including digitalization as a driver on the road to innovation.
- Integrate specific innovation programmes across business units, stimulating and organizing initiatives to promote innovative thinking amongst employees.

## *Stakeholders engagement*

- Focus our business through a client-oriented strategy based on close communication with our clients, which enables us to understand and foresee their needs and fulfill their expectations.
- Ensure implementation of procedures related to the quality of our services across all geographies and business units to keep high service-standards and high-quality procedures across all our divisions in compliance with ISO 9001 standard.
- Continuously improving our services and business management (through ethics, innovation, safety and friendly environment conducts) to maintain our reputation as a trusted business partner at any stage and more precisely, as part of our customers' own ESG strategy, holding to high standards in all our business dealings.
- Develop our own Investors Relation Strategy that aims at ensuring compliance with legal and market practice communication responsibilities while ensuring the global investor community is able to make informed investment decisions, managing its expectations and providing a two-way dialogue to the Company of investor concerns and issues.
- Create communication channels to provide quick and effective responses to our stakeholders.

## *Sustainable performance*

- Ensure active prevention and limitation of potential impacts on climate change and the environment caused by our operations, through appropriate policies and management systems based on international standards (such as ISO 14001) and providing guidelines for Environmental Best Practices.
- Define strict controls to manage, handling, storage and disposal of harmful and hazardous substance to minimise their release risks into the environment according to local guidelines and regulations.

- Observance of a series of environmental rules – implemented at global level – focused on waste minimisation, reduction of our emissions and optimisation in the use of natural and clean energy resources.
- Develop innovative services that help to reduce potential environmental impact of our clients in those communities where they operate.

## ESG Management and Monitoring Strategy

Applus+ is aware that 'good ESG' drives value generation, improves our economic performance, helps to build trust in our teams and increases our stakeholders and investors trust. Accordingly, it is critical for us to ensure effective and efficient governance and integration of ESG in our business operations and daily agenda.

The Applus+ Board of Directors has appointed a ESG Committee to manage ESG at the highest governance level, being in charge of the definition of the Group's ESG goals and targets, approving programmes, actions, and monitoring their application throughout the organisation. To develop these duties, the Committee collaborates with corporate managers. The corporate managers undertake many aspects of the ESG process, including policy development, training, monitoring compliance and reporting on performance to the Committee while adapting ESG activities according to local, regional and national schemes, and national socio-economic and environmental needs, and stakeholders' context. The Internal Audit Department supervises and controls ESG monitoring.

Applus+ is committed to monitor, evaluate and share its ESG efforts to keep continuous improvement using internal controls and audits. We regularly review our global ESG strategy and policy and support internal structures to ensure effective ESG performance improvement across our business operations, in a respectful manner to local marketplaces and cultures.

Monitoring of each of the ESG strategic lines – and the activities in which they are deployed – is regularly performed through a specific set of KPIs.

## ESG Communication and Information Disclosure

Applus+ promotes dialogue with both our internal and external stakeholders to consider their expectations in our business decisions and operations. We recognise that behaving with integrity and transparency underpins our brand reputation and it is a factor of success in our business. Our aspiration is to identify and proactively notify key stakeholders of any significant ESG issues as they arise, consequently, Applus+ puts strong emphasis on the monitoring, evaluation and disclosure of ESG topics as well as on the promotion of dialogue with stakeholders.

Applus+ relies on external third parties verification and assurance to guarantee reliability of the information disclosed to public and stakeholders.

Applus+ has made available diverse tools to ease communication and set up dialogue channels with its stakeholders with the twofold objective of providing them with valuable data about Applus+ and gathering information on their expectations. Some examples of Applus+ communication tools are presented below:

- Specific email accounts and contact forms are provided to customers enabling them to send enquiries, comments or complaints regarding services supplied by Applus+.
- Additional activities on customers are focused on business meetings and visits, as well as commercial events.
- “Supplier Portal” to ensure regular contact with Applus+ suppliers, in addition to emails and commercial meetings.
- Specific email account ([investor@applus.com](mailto:investor@applus.com)) is provided to shareholders for particular enquiries. Regular information is also supplied via annual results announcements and Applus+ website contents.
- Regular communication and engagement to employees is performed through the internal Apeople magazine, email, employee surveys, and specific internal communications campaigns.
- Internal and external complaints related to fulfillment of Applus+ Code of Ethics are channeled through the Whistleblowing channel (<https://www.applus.com/global/es/about-us/ethics-and-compliance/communication-channel> ).

Applus+ provides regular information on its activities and ESG issues through its website <https://www.applus.com/global/es/about-us/corporate-social-responsibility/introduction> and an annual public report in compliance with Global Reporting Initiative standard.