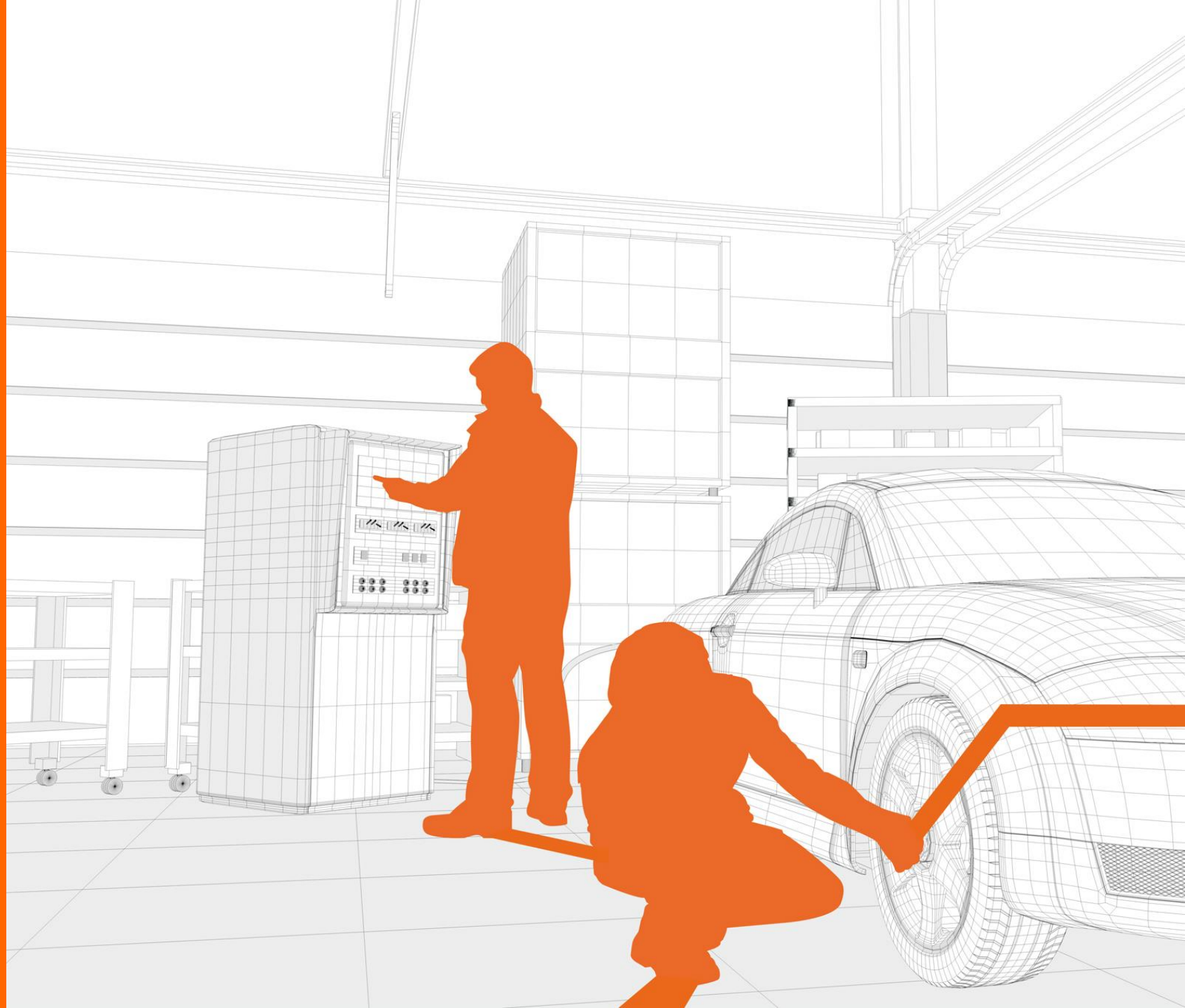


# ESG Slides For Investor Relations Presentations

March 2021

**Aston Swift - IR**

**M<sup>a</sup> Teresa Sanfeliu -  
Internal Quality  
H&S and  
Innovation (HSQE)**



## At the forefront of ESG practices in the last few years

- ESG formally introduced practice in 2014 with the creation of the ESG Committee of the Board
- First Corporate Social Responsibility Report published 2015 following the Global Reporting Initiative (GRI)
- UN Global Compact Signatory since 2017 and Advanced Level from 2018. Follow the 10 Principles
- UN Sustainable Development Goals (SDG). Adopted since 2017 as a framework for ESG goals
- 11 specific ESG Targets set to be achieved in 2021

## An ESG leader according to rating agencies



**AA** Rating  
Top quintile of peers



**B** Rating  
above average (B-) and in the "Management" category



### Environmental

Group wide focus on reducing impact with improvements in key parameters in 2020 and 2019

### Social

Development and inclusion programmes in place including widespread recognitions

Low voluntary turnover rate  
23% decrease in accident rate

### Governance

High adherence to CNMV recommendations (87%)  
Strong culture of compliance  
Annual Corp. Governance road show by Non Executive Director

## Internal Impact

Limited negative environmental impact to carry-out the services provided related to offices, laboratories and transport to clients' facilities:

- Energy consumption
- GHG emissions
- Water consumption (IDIADA Division)
- Waste management

## External Impact

Significant positive environmental impact resulting from the *services provided* by Applus+:

- Services which help customers to reduce environmental impact (reduce safety and environmental risks on assets, products and services of our clients. Our "**green services**" that is:

*Those which make a substantial contribution to one environmental objective (which would be climate change – low carbon economy and consequently low CO2 emissions) and do not cause significant harm to the other environmental objectives.*

### Internal Impact

Controlling the causes of these within our activities

- Policies and environmental management systems which are extended to our supply chain
- Measuring data to get accurate figures which are annually audited. In 2019 and 2020 we included Scope 3 emissions (business trips, commuting and power distribution network)
- Reducing our energy use, GHG emissions and water consumption through specific actions, such as efficient lighting, mobility plans, electric vehicles and water recycling
- Deploying awareness campaigns to engage employees on sustainable practices in their day-to-day
- Decoupling our emissions from our productive activity
- Increasing the proportion of renewable energy we buy from renewable sources
- Off-setting CO2 emissions

### External Impact

Adapting and extending our services to meet the needs of our clients for the challenges of climate change

- Measuring and increasing our “green services” revenues

### Internal Impact

- Energy intensity decreased by 10% to 34.9 GJ/employee (reduced by 3% from 2018)
- Increased our electricity use from Renewables to 23% (2019 was zero). Target for 2021 > 20%
- Scope 1 Emissions 14% lower; Scope 2 Emissions 27% lower - versus 2019
- Emissions intensity (Scope 1,2) per employee reduced by 19% to 2.42 t CO2 eq (2019: 2.97; 2018: 2.78)
- Target for 2021 to reduce emissions intensity rate per employee (scopes 1,2) by 7% compared to 2019
- Extending our GHG emissions measurements to Scope 3 related to business trips by airplane, train and taxi, employees commuting and power distribution network
- Reducing our water consumption by 12% (0.03 MI/eye)
- Environmental Management System (ISO 14001) in 25 countries

### External Impact

- Circa €200 million (13% total revenue) from services to protect reduce/mitigate environmental impacts “green services”

*Renewables, Automotive Emissions, Environmental Surveys, Energy Audits, Waste Management Surveys and innovation projects for Automotive eco-engines and lightweight Aerospace materials*

As a service company, people are key to the company's growth, sustainability and development. Our people together with our innovation process provide solutions to give answers to our customers' business needs

We encourage local teams to implement specific social-action programmes in their local communities

### **People**

- Talent management: Development plans for individuals and Global Management Development Programme
- Improve employee engagement
- Foster diversity and inclusiveness with equal opportunities: Diversity and Equality Policy to establish the principles and specific plans for women and people with different abilities and ethnic groups
- Provide a safe environment: Reinforce our best practices in occupational health and safety, training, sharing lessons learnt and increasing activities to raise awareness through the Group

### **Innovation**

- Innovative solutions for our clients for more sustainable, safe and environmental-friendly products, assets or industry processes

### **Stakeholders' engagement**

- Social action within local communities where we operate
- Suppliers' involvement through our approval processes

- 23,387 professionals distributed across 70 countries. Men and women with a broad diversity of nationalities, cultures, religions and ages
- All 645 measures from the 2017 Global Satisfaction Survey were implemented on target by 2020
- 2nd group of managers graduated from the Global Management Development Programme in 2020 (29 managers from 13 countries)
- 27 training hours given per employee
- 423 people given 80 hours of on-line training to be a vehicle inspector in Spain
- We filled 83% (77% in 2019) of all available management positions internally. Target for 2021 is > 75%
- Voluntary turnover rate of employees reduced to 7% (2019: 12%). Target for 2021 is < 12%
- 88% of employees are local (86% in 2019). Target for 2021 > 86%
- Local purchases of products and services (95%) highlights our commitment to local communities
- People with functional diversity at 1.3% of the work force (1.7% in 2019). Target for 2021 > 1.7%
- People covered by Diversity and Equality councils 8.6%. Target for 2021 > 50%
- Reduced the accident rate by 23% and reduced the severity rate by 13%. TRCF of 0.76 (1.0 in 2019). Target for 2021 < 0.95
- Zero fatalities target for 2021 (Two fatalities in 2020, none in 2019)
- 64,405 in situ audits/inspections; 10,510 safety observations were notified; published 43 lessons learned in 2020
- 177 innovation projects involving 865 employees with 111 patents granted of which 13 granted in 2020
- Actions supporting our social contribution: education of young people, support disadvantaged groups, campaigns for life threatening illnesses and promoting safe and healthy lifestyles



## SOCIAL RECOGNITIONS IN 2020



Named **"Top Employer"** in Spain for the third consecutive year and in Latin America for the first time



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



Selected as one of the top-three European companies in the category **"Talent Management and Development"**



Selected as one of the three best companies in Europe due to our project to **promote a group-wide corporate culture**



The **best social company for its CSR strategy** aligned with nine of the 17 UN's Sustainable Development Goals



"Cinco Días" Award 2020 received for the **most innovative business initiative in ESG**



Randstad Awards 2020 for being in the **top-three** of large companies due to our project for **Diversity and Inclusion**



The "Sin Límites" **Workforce Inclusion Programme in Spain** was recognised by the United Nations Global Compact



Alares Awards for the Reconciliation of Work, Family and Personal Life 2020. Included in the top-ten of companies, from 393, for **good practices to promote a better work-life balance**



First prize in the **Equal Opportunity Award** in the "Premios Transfronterizos" (Cross-border Awards), given in the Spanish regions of Extremadura, Galicia, Castilla y León and North Portugal"



One of the three large companies in the **"Healthy Corporation"** category for best practice in health & safety and well-being



Applus+ is governed by a set of corporate rules, policies and processes that define its corporate governance model to ensure the Group's long-term vision. Ethics and transparency are its key principles

- Ensure that the Group's principles of good governance have been developed through the approval and implementation of specific policies
- Maintain a constructive dialogue with our institutional investors and proxy advisors
- Continuously improving our compliance model (training, policies, controls, follow-up indicators)
- Ensure risks are managed adequately and continuously through the implementation of its Risk Management Policy and Procedure.

- High adherence to Good Governance Code for listed companies (87% effective compliance in 2020). Target of > 85% in 2021
- Board of Directors is strong and diverse
  - 3 Committees (Audit, Appointments/Remuneration, ESG) all chaired by Independents
  - 7 out of 10 of the Directors are independent including the Chairman
  - Chairman and CEO separation
  - 2 executive directors
  - Good complement of skills, experience, nationalities and age and 3 women directors (30%)
  - Target of 40% women directors by 2022
- Proactive annual Corporate Governance engagement with top investors
- High AGM participation (>70%)
- Shareholder rights in line with best practice (eg no poison pills and 1 share, 1 vote)
- Compliance Management System includes Policies and annual training
  - Code of Ethics (99% of all employees completed the annual training). Target for 2021 > 98%
  - Global Anti-corruption Policy and Procedure
  - Whistleblowing channel - 104 communications in 2020, 41 resulted in corrections

## Mission

- Together with our customers we help society to mitigate risks, evaluating the quality and safety of products, assets and operations

## Vision

- To give our customers the best technical solutions and service and become a world leader in our chosen markets

## Values

- Integrity
- Transparency
- Impartiality and independence
- Responsibility

Applus<sup>+</sup> *Together* beyond  
standards

[www.applus.com](http://www.applus.com)