



Annual Report on the functioning of the Audit Committee of the Board of Directors of Applus Services, S.A. during year 2020

I. Introduction

This Report is drafted by the Audit Committee (the “**Committee**”) of the Board of Directors of Applus Services, S.A. (hereinafter, “**Applus**” or the “**Company**”) in compliance with article 39.15 of the Regulations of the Board of Directors of Applus (hereinafter, the “**Regulations**”), in order to inform about the work performed by the Committee during year 2020.

This Report shall be submitted to the Board of Directors of the Company, which is the body in charge of evaluating the work performed by the Committee during year 2020, in conformity with article 36 of the Regulations.

II. Performance of the Committee during year 2020

1. Composition

The Committee has been composed by the following four members during year 2020: Mr. Nicolás Villén Jiménez (Chairman), Mr. Ernesto Mata López, Ms. María Cristina Henríquez de Luna Basagoiti and Ms. Essimari Kairisto. All of them are independent directors, except Mr. Ernesto Mata López, who has the category of "other external".

2. Meetings

During year 2020, the Committee held four meetings, i.e. the regular quarterly meetings (20 February, 29 April, 21 July and 22 October). All of the members attended each of said meetings, three of which were held by telematics means as a consequence of the health situation caused by Covid-19.

The Committee considers that it has met with the frequency required to perform its functions, and in any event with the minimum frequency of meetings established under article 38.10 of the Regulations.

3. Actions carried out during year 2020

The Committee, in the performance of the functions attributed to it under article 529 quaterdecies of the Spanish Companies Act, article 31 of the Company’s bylaws, and article 38 of the Regulations, has mainly focused its meetings on the following actions:

A. Review of Periodic Financial Information

The Committee has reviewed all the quarterly, biannual, and annual financial statements of the Company, both individual and consolidated, which must be submitted to the National Securities Exchange Commission (“*Comisión Nacional del Mercado de Valores*” or “**CNMV**”) due to the Company’s publicly listed status, prior to its approval by the Board of Directors.

Furthermore, the Committee has ensured its compliance with the legal requirements for the preparation of the financial statements and, in particular, with respect to the

delimitation of the scope of consolidation and the correct application of the applicable accounting principles.

B. Review of the process for the preparation of the annual accounts

The Committee has reviewed the process for the preparation of the annual accounts corresponding to year 2019 prior to their approval by the Board of Directors. In this regard, the Committee has completed the following actions:

- (i) Verified the compliance with, and the correct application of accounting principles.
- (ii) Maintained a continuous communication with the external auditor of the Company in order to identify significant weakness of the internal control systems that may be detected, as well as any other relevant risk that may affect the audit process.
- (iii) Supervised and reviewed the processing of financial information, the internal systems of control of the Company, and monitored its complete adequacy and integrity.

C. Relationship with the External Auditor

The Committee has supervised the relations with the Company's external auditor, Deloitte, S.L., (the "**Auditor**") as well as the completion of the audit agreement currently in force, and has ensured that the opinion about the annual accounts and the content of the audit report were drafted in a clear and precise manner.

The Committee maintained appropriate contacts with the Auditor during year 2020, from which it received punctual and detailed information regarding the auditing services and those non-audit services provided to the Company and its group of companies, in accordance with article 38.7c of the Regulations and the Spanish accounting and audit regulations. In addition, the Committee has supervised that there are no objective reasons to question the independence of the auditor of the accounts corresponding to year 2019 and that it has respected the rules governing the audit process in the framework of the elaboration of the financial information of the Company.

Finally, it is expressly stated that the Committee has enabled the attendance of the Auditor to two of the four meetings held during year 2020 (in particular, the February and July meetings, in which the 2019 financial statements and the 2020 first semester financial statements were reviewed, respectively) in order to support and provide appropriate clarifications to the Committee members.

D. Internal Audit

The Committee has complied, during year 2020, with its functions relating to the internal audit function of the Company.

In this sense, the Committee has supervised the implementation of the Internal Audit Plan for year 2020 as well as its correct execution. To that end, the Committee has granted access to its meetings to the responsible person of the Company's internal audit department, who has provided support and information to the Committee when needed, and has duly provided any clarifications requested.

In addition, the Committee has actively monitored the independence of the department in charge of the Company's internal audit.

E. Internal control systems of financial information (“ICFR”)

In relation with the Internal Control Systems of Financial Information (“ICFR”), the Committee hereby states that:

- (i) the internal control systems and risk management have been periodically reviewed so that the main risks are identified, managed, and adequately understood;
- (ii) discussions have been held with the auditors regarding the significant weaknesses of the internal control system detected in the development of the audit; and
- (iii) it has monitored the processes of implementation of the ICFR in significant subsidiaries of the group.

F. Systems for the management of corporate risks

The Committee dedicated two of its meetings (those held in April and October), among other matters, to follow-up on the Risk Map of the Company, which was defined in 2019. This follow-up was basically focused on the update of the Key Risk Indicators (KRIs) and the evolution of the risks and the action plans, as well as on the analysis of the impact of the Covid-19 pandemic on the materialization of the different risks contemplated in the Risk Map.

Furthermore, the Committee:

- (i) has reviewed the main aspects of the taxation of Applus (organization of the tax department, strategy, taxes paid, tax credits, recoverability of the same, etc.), including in particular the analysis of tax inspections that affect the Group, with special attention to the tax inspection carried out in Spain in relation to corporate income tax for the years 2014 to 2017 of the Company and some of its subsidiaries, as well as VAT and withholding taxes for the years 2015 to 2017 of some of such companies; and

- (ii) has supervised the performance of the cybersecurity control systems of the Company analysing the main risks in this area, the defence strategy against such risks, their possible impact on the business of Applus and the action plans to mitigate these risks.

G. Treasury stock transactions

The Committee has been monitoring the transactions on treasury stock shares of the Company during all the meetings of the year 2020.

H. Amendment of the Regulations

The Committee, at its meeting of 22 October 2020, agreed to propose to the Board the amendment of the Regulations in order to (i) conform its content to the modifications introduced in June 2020 to the Spanish Code on Good Governance of Listed Companies, (ii) remove the regulation of the Supervisory Committee of the Board of Directors, as this committee was abolished in 2016 and is no longer expected to be recovered, and (iii) introduce technical improvements in the wording of some articles, clarifying their content and correcting minor errors, as well as updating some legislative references and legal terms. These modifications were the subject of the corresponding justifying report issued by the Committee and were approved by the Board of Directors at its meeting of 15 December 2020.

The Committee, at the aforementioned meeting of 22 October 2020, also agreed to propose to the Board of Directors the approval of specific Regulations of the Audit Committee, in accordance with the recommendations contained in the Technical Guide 3/2017 on audit committees of public interest entities of the CNMV. These Regulations were also approved by the Board of Directors at its meeting of 15 December 2020.

In Madrid, on 17 February 2021