

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR LISTED PUBLIC LIMITED COMPANIES**

**ISSUER IDENTIFICATION**

YEAR- END DATE

31/12/2022

Tax Identification No. C.I.F.:

A-64622970

**Company Name:**

APPLUS SERVICES, S.A.

**Registered Office:**

CALLE CAMPEZO 1, EDIFICIO 3, 28022 MADRID

**ANNUAL CORPORATE GOVERNANCE REPORT  
FOR LISTED PUBLIC LIMITED COMPANIES**

**A CAPITAL STRUCTURE**

**A.1.** Complete the following table on share capital and the attributed voting rights, including those corresponding to shares with a loyalty vote as of the closing date of the year, where appropriate:

Indicate whether company bylaws contain the provision of double loyalty voting:

**No X**

Yes **Board approval date**

**Minimum period of uninterrupted ownership required by the statutes**

Indicate whether the company has awarded votes for loyalty:

**No X**

Yes

Date of the last modification of the share capital	Share capital	Number of shares	Number of voting rights (not including additional loyalty-attributed votes)	Number of additional attributed voting rights corresponding to shares with a loyalty vote	Total number of voting rights, including additional loyalty-attributed votes
05/08/2022	13,586,750.80	135,867,508	135,867,508	0	135,867,508

Number of shares registered in the special register pending the expiry of the loyalty period

Observations

Indicate whether there are different classes of shares with different associated rights:

**Yes**

**No X**

Class	Number of shares	Par value	Number of voting rights	Rights and obligations conferred

Observations

A.2. List the company's significant direct and indirect shareholders at year end, including directors with a significant shareholding:

Name or company name of shareholder	% of voting rights attached to the shares (including votes for loyalty)		% of voting rights through financial instruments		% of total voting rights	From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
DWS INVESTMENT GMBH		4.073			4.073		
FIDELITY INTERNATIONAL LIMITED		2.185			2.185		
HARRIS ASSOCIATES INVESTMENT TRUST	3.005				3.005		
HARRIS ASSOCIATES L.P.		3.025			3.025		
LONGLEAF PARTNERS INTERNATIONAL FUND	3.123				3.123		
MORGAN STANLEY		0.093		9.207	9.300		
RYE BAY EUROPEAN MASTER FUND LIMITED			1.379		1.379		
SANTANDER ACCIONES ESPAÑOLAS, FI	3.049			3.049	3.049		
SANTANDER ASSET MANAGEMENT, S.A., SGIIC		3.083		3.083	3.083		
SOUTHEASTERN ASSET MANAGEMENT, INC		5.146			5.146		

Observations

Breakdown of the indirect holding:

Name or company name of the indirect owner	Name or company name of the direct owner	% of voting rights attached to the shares (including votes for loyalty)	% of voting rights through financial instruments	% of total voting rights	<u>From the total number of voting rights attributed to the shares, indicate, where appropriate, the additional votes attributed corresponding to the shares with a loyalty vote</u>	
DWS INVESTMENT GMBH	DWS INVESTMENT GMBH	4.073		4.073		
FIDELITY INTERNATIONAL LIMITED	FIDELITY INTERNATIONAL LIMITED	2.185		2.185		
HARRIS ASSOCIATES L.P.	HARRIS ASSOCIATES L.P.	3.025		3.025		
MORGAN STANLEY	MORGAN STANLEY	0.093	9.207	9.300		
SANTANDER ASSET MANAGEMENT, S.A., SGIIC	SANTANDER ASSET MANAGEMENT, S.A., SGIIC	3.083		3.083		
SOUTHEASTERN ASSET MANAGEMENT, INC	SOUTHEASTERN ASSET MANAGEMENT, INC	5.146		5.146		

Observations

Indicate the most significant changes in the shareholder structure during the year:

Most significant movements

Name of the shareholder	Date of the transaction	Description
DWS INVESTMENT GMBH	02/12/2022	It has increased above 4% in the capital stock
MORGAN STANLEY	02/12/2022	It has increased above 9% in the capital stock
SANTANDER ACCIONES ESPAÑOLAS, FI	18/11/2022	It has increased above 3% in the capital stock
SANTANDER ASSET MANAGEMENT, S.A., SGIIC	24/06/2022	It has increased above 3% in the capital stock

**A.3. Give details of the participation at the close of the fiscal year of the members of the board of directors who are holders of voting rights attributed to shares of the company or through financial instruments, whatever the percentage, excluding the directors who have been identified in Section A2 above:**

Name or company name of director	% voting rights attributed to shares (including loyalty votes)		% of voting rights through financial instruments		% of total voting rights	From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Joan Amigó	0.065				0.065		
Nicolas Villen		0.011			0.011		
Chris Cole	0.021				0.021		
Maria Jose Esteruelas	0.003				0.003		
Maria Cristina Henriquez de Luna	0.002				0.002		
Essimari Kairisto	0.001				0.001		
Marie-Françoise Damesin -	0.001				0.001		
Ernesto Mata	0.002				0.002		
Brendan Connolly	0.001				0.001		
<b>Total</b>	0.097	0.011			0.108		

<b>Total percentage of voting rights held by the Board of Directors</b>	0.108
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<b>Observations</b>

Breakdown of the indirect holding:

Name or company name of director	Name or company name of the direct owner	% voting rights attributed to shares (including loyalty votes)	% of voting rights through financial instruments	% of total voting rights	<u>From the total % of voting rights attributed to the shares, indicate, where appropriate, the % of the additional votes attributed corresponding to the shares with a loyalty vote</u>	

Observations

List the total percentage of voting rights represented on the board:

Total percentage of voting rights held by the Board of Directors	0.108
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Observations

- A.4** If applicable, state any family, commercial, contractual or corporate relationships that exist among significant shareholders to the extent that they are known to the company, unless they are insignificant or arise in the ordinary course of business, except those that are reported in Section A.6:

Name of related Party	Nature of relationship	Brief description
N/A		

- A.5** If applicable, state any commercial, contractual or corporate relationships that exist between significant shareholders and the company and/or group, unless they are insignificant or arise in the ordinary course of business:

Name of related Party	Nature of relationship	Brief description
N/A		

- A.6** Describe the relationships, unless insignificant for the two parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of proprietary directors. Explain, as the case may be, how the significant shareholders are represented. Specifically, state those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders and/or companies in its group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of directors, or their representatives, as the case may be, of the listed company, who are, in turn, members of the Board of Directors or their representatives of companies that hold

significant shareholdings in the listed company or in group companies of these significant shareholders.

Name or company name of related director or representative	Name or company name of related significant shareholder	Company name of the group company of the significant shareholder	Description of relationship/post
N/A			

Observations
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**A.7** State whether the company has been notified of any shareholders' agreements that may affect it, in accordance with Articles 530 and 531 of the *Ley de Sociedades de Capital* ("Corporate Enterprises Act" or "LSC"). If so, describe these agreements and list the party shareholders:

Yes ☐ No ☒

Parties to the shareholders' agreement	% of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable

Observations
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State whether the company is aware of any concerted actions among its shareholders. If so, provide a brief description:

Yes ☐ No ☒

Parties to the concerted action	% of affected shares	Brief description of the agreement	Date of termination of agreement, if applicable

If any of the aforementioned agreements or concerted actions have been modified or terminated during the year, please specify expressly:

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**A.8** State whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the *Ley de Mercados de Valores* ("Spanish Securities Market Act" or "LMV"). If so, please identify them:

Yes ☐ No ☒

Name of individual or company

Observations
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**A.9 Complete the following table with details of the company's treasury shares:**

**At the close of the year:**

Number of direct shares	Number of indirect shares (*)	Total percentage of share capital
2,227,423		1.64

Observations
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**(\*) through:**

Name of direct shareholder	Number of direct shares
N/A	
Total:	

Observations
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**Explain any significant changes during the year:**

Explain significant changes
The Company announced its first Share buy-back program on January 27th, 2022, and on May 16th, 2022, it announced it had achieved to purchase 5% of the share capital for an amount of EURO 53,642,057.33. Later in the year, on November 8 <sup>th</sup> it announced a second Share buy-back program for a maximum investment of 50M€ or 6,793,375 shares equivalent to 5% of the current share capital. This program is ongoing.

**A.10 Provide a detailed description of the conditions and terms of the authority given to the Board of Directors to issue, repurchase, or dispose of treasury shares.**

The General Shareholders Meeting of 28 Jun 2022 agreed to "authorise the Company's Board of Directors, with power to sub-delegate, so it may proceed with a derivative acquisition of its own shares, in accordance with article 146 of the Spanish Companies Act in the terms established below:

1. The acquisitions may be made either directly by the Company or indirectly through any of its subsidiaries, in the same terms as described herein;
2. The acquisition may be made as a sale and purchase, swap or goods received in lieu of payment, or any other transaction legally permitted, once or several times;
3. The number of shares acquired, when added to those already held by the Company, shall not exceed ten per cent (10%) of the capital stock;
4. The price or consideration will range between the face value of the shares and one hundred and ten per cent (110%) of their listed price;
5. The authorisation will remain valid for a maximum term of 5 years as of today.

*It is hereby expressly noted that any shares acquired as a result of this authorisation may be used either for disposal or redemption, or towards the direct delivery of these shares to the employees or Directors of the Company or any of the group companies, or as a consequence of the exercise of any option rights or the application of any remuneration systems.*

*To revoke, to the extent of the unused amount, the authorization granted by the General*



shareholders Meeting in 29 May 2020"

**A.11 Estimated floating capital:**

	%
Estimated floating capital	60.78

**A.12 State whether there are any restrictions (article of associations, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, state the existence of any type of restriction that may inhibit a takeover attempt of the company through acquisition of its shares on the market, and those regimes for the prior authorization or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.**

Yes ☐ No ☒

Description of restrictions

**A.13 State if the shareholders have resolved at a meeting to adopt measures to neutralize a take-over bid pursuant to the provisions of Act 6/2007.**

Yes ☐ No ☒

If so, please explain the measures approved and the terms under which such limitations would cease to apply:

Explain the measures approved and the terms under which such limitations

**A.14 State if the company has issued shares that are not traded on a regulated EU market.**

Yes ☐ No ☒

If so, please list each type of share and the rights and obligations conferred on each.

List each type of share

**B GENERAL SHAREHOLDERS' MEETING**

**B.1 State whether there are any differences between the quorum established by the LSC for General Shareholders' Meetings and those set by the company and if so, describe them in detail:**

Yes ☐ No ☒

	% quorum different from that contained in Article 193 LSC for general matters	% quorum different from that contained in Article 194 LSC for special resolutions
Quorum required at 1st call		
Quorum required at 2nd call		

Description of differences

- B.2 State whether there are any differences in the company's manner of adopting corporate resolutions and the manner for adopting corporate resolutions described by the Spanish Companies Act (LSC) and, if so, explain:**

Yes ☐ No ☒

**Describe how it is different from that contained in the LSC.**

	<b>Qualified majority different from that established in Article 201.2 LSC for Article 194.1 LSC matters</b>	<b>Other matters requiring a qualified majority</b>
<b>% established by the company for adoption of resolutions</b>		

<b>Description of differences</b>

- B.3 State the rules for amending the company's Articles of Association. In particular, state the majorities required for amendment of the Articles of Association and any provisions in place to protect shareholders' rights in the event of amendments to the Articles of Association.**

In accordance with Spanish Companies Act, in order for a General Meeting to be validly convened, for an amendment of the By-laws, article 16.8 (b) of the Regulations will apply, whereby it will be necessary for the attendance of shareholders, present or represented at first call that hold at least fifty per cent (50%) of the subscribed voting capital stock. At second call, it will suffice for twenty-five per cent (25%) of the capital stock to attend.

In order for the General Shareholders Meeting to adopt resolutions that entail an amendment of the By-laws, article 21.1 (b) of the Regulations will apply, whereby an absolute majority will be required if more than fifty per cent (50%) of the voting capital stock subscribed is present. However, it will require the favourable vote of at least two thirds (2/3) of the voting capital stock in attendance when in the second call more than twenty-five per cent (25%) of the voting capital stock is present and in case it does not reach the fifty per cent (50%).

- B.4 Give details of attendance at General Shareholders' Meetings held during the year of this report and the previous year:**

<b>Date of General Meeting</b>	<b>Attendance data</b>				
	<b>% physically present</b>	<b>% present by proxy</b>	<b>% distance voting</b>		<b>Total</b>
			<b>Electronic voting</b>	<b>Other</b>	
28/06/2022	5.293	61.552	0.001	1.950	68.796
28/05/2021	0.114	72.025	0.008	1.756	73.903
29/05/2020	0.16	70.38	0	0.79	71.33
<b>Of which floating:</b>	0.016	61.552	0.001	1.723	63.292

<b>Observations</b>
Given the high percentage of attendance quorum obtained at the 2021 General Meeting (held exclusively on a remote basis), demonstrating, therefore, that given the composition of its shareholders and the dialogue that the Company has been maintaining with its main shareholders, the celebration of the General Meeting on a remote basis is an optimal alternative, the 2022 General Meeting was held in a hybrid basis, including virtual attendance, as permitted by the Board Regulations, as amended in February 2021.

- B.5 State whether any point on the agenda of the General Shareholders' Meetings during the year has not been approved by the shareholders for any reason.**

Yes ☐ No ☒

Points on agenda not approved	% votes against (*)

(\*) If the non-approval of the point is for a reason other than the votes against, this will be explained in the text part and "N/A" will be placed in the "% votes against" column.

- B.6 State if the Articles of Association contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or on distance voting:**

Yes ☐ No ☒

Number of shares required to attend General Meetings	
Number of shares required for distance voting	

Observations

- B.7 State whether it has been established that certain decisions other than those established by law exist that entail an acquisition, disposal or contribution to another company of essential assets or other similar corporate transactions that must be subject to the approval of the General Shareholders' Meeting.**

Yes ☐ No ☒

Explain the decisions that must be subject to the General Shareholders' Meeting, other than those established by law

- B.8 State the address and manner of access to the page on the company website where one may find information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.**

The corporate website is available at [www.applus.com](http://www.applus.com). At the top, under "Investor Relations", full information is provided on corporate governance and General Meetings. Specifically, through the following links-<http://www.applus.com/es/InvestorRelations/Corporate-governance> and <http://www.applus.com/es/InvestorRelations/Shareholders-meetings> - direct access is provided to information on corporate governance and General Meetings, respectively.

## **C** COMPANY ADMINISTRATIVE STRUCTURE

### **C.1 Board of Directors**

#### **C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general meeting:**

Maximum number of directors	12
Minimum number of directors	9
Number of directors set by the general meeting	9

Observations

#### **C.1.2 Please complete the following table on directors:**

Name of director	Natural person representative	Director category	Position on the Bboard	Date first appointed to Board	Last re-election date	Method of selection to Board	Birth date
CHRISTOPHER COLE	N/A	INDEPENDENT	CHAIRMAN	07/05/2014	28/06/2022	GENERAL SHAREHOLDERS MEETING RESOLUTION	30/08/1946
ERNESTO MATA LÓPEZ	N/A	OTHER EXTERNAL	MEMBER	29/11/2007	28/06/2022	GENERAL SHAREHOLDERS MEETING RESOLUTION	06/03/1941
NICOLÁS VILLÉN JIMÉNEZ	N/A	INDEPENDENT	MEMBER	27/10/2015	29/05/2020	GENERAL SHAREHOLDERS MEETING RESOLUTION	19/11/1949
MARIA CRISTINA HENRÍQUEZ DE LUNA BASAGOITI	N/A	INDEPENDENT	MEMBER	21/07/2016	28/05/2021	GENERAL SHAREHOLDERS MEETING RESOLUTION	15/09/1966
MARIA JOSÉ ESTERUELAS AGUIRRE	N/A	INDEPENDENT	MEMBER	20/02/2019	20/02/2019	BOARD OF DIRECTORS APPOINTMENT ("Cooptación") – RATIFIED BY AGM	21/03/1972
ESSIMARI KAIRISTO	N/A	INDEPENDENT	MEMBER	09/04/2019	09/04/2019	BOARD OF DIRECTORS APPOINTMENT ("Cooptación") – RATIFIED BY AGM	28/05/1966
JOAN AMIGÓ CASAS	N/A	EXECUTIVE	MEMBER	30/05/2019	30/05/2019	GENERAL SHAREHOLDERS MEETING RESOLUTION	21/07/1966
MARIE-FRANÇOISE DAMESIN	N/A	INDEPENDENT	MEMBER	17/11/2021	28/06/2022	GENERAL SHAREHOLDERS MEETING RESOLUTION	28/02/1957

						RS MEETING RESOLUTION	
BRENDAN CONNOLLY	N/A	INDEPENDENT	MEMBER	17/11/2021	28/06/2022	GENERAL SHAREHOLDE RS MEETING RESOLUTION	10/04/1956

Total number of directors	9
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State if any directors, whether through resignation, dismissal or any other reason, have left the Board during the period subject to this report:

Name of director	Director type at time of leaving	Date of last appointment	Date director left	Specialized committees of which he/she was a member	Indicate whether the director left before the end of the term
FERNANDO BASABE ARMIJO	Executive	31/05/2018	27/06/22		NO

Observations
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C.1.3 Complete the following tables regarding the members of the Board and their Categories:

#### EXECUTIVE DIRECTORS

Name or company name of director	Post in organizational chart of the company	Profile
JOAN AMIGO CASAS	CEO	Joan holds a degree in Economics from the Autonomous University of Barcelona as well as completing an IESE Business School's Executive Development Program, a Global Business Strategy Program at Wharton, University of Pennsylvania and an Advanced Management Program at ESADE Business School. Before joining Applus+, he held positions in PWC, where he started his career as external auditor, and Bimbo (Sara Lee), where he held various senior positions: Vice President and Chief Financial Officer, Financial Shared Services Director, Controller and Internal Audit Director and Vice President for Financial Planning and Control at Sara Lee Bakery's Europe Division. He joined Applus+ in December 2007 as Chief Financial Officer and was appointed Executive Director of Applus+ on 30 <sup>th</sup> May 2019 and later, as CEO.

Total number of executive directors	1
Percentage of Board	11.11

Observations
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#### **PROPRIETARY DIRECTORS**

Name or company name of director	Post in organizational chart of the company	Profile

Total number of executive directors	
%Percentage of Board	

#### **INDEPENDENT DIRECTORS**

Director's name	Profile
CHRISTOPHER COLE	<p>Mr. Cole holds a Degree in Environmental Engineering from Borough Polytechnic (University of South Bank) is an associate engineer in the United Kingdom and in 1999 he completed an Executive Management Course at INSEAD in France. Mr. Cole founded WSP Group Plc, a professional services engineering company that was listed on the London Stock Exchange in 1987 and held the post of Chief Executive Officer of the company until it merged with Genivar, Inc. in 2012. Following the merger, he was appointed non-executive Chairman of the enlarged group WSP Global Inc., whose shares are listed on the Toronto Stock Exchange, a role he currently retains. He is also non-executive Chairman of Tracsis Plc</p> <p>Mr Cole has many years of experience in managing large international and diversified groups in both Executive and Non-Executive capacities and brings this wealth of experience to bear in his role as Chairman of the company. In particular, he was Non-Executive Chairman position at Ashtead for 12 years where the Company progressed to a FTSE 100 leading performer until 2019 when he left.</p>
NICOLÁS VILLÉN JIMÉNEZ	<p>Mr. Villén holds an industrial engineer degree from Universidad Politécnica de Madrid, a Master in Electrical Engineer by the University of Florida (Fulbright Scholar) and an MBA from the Columbia University. Mr. Villén was CEO of Ferrovial Aeropuertos (2009-2012) and CFO of Ferrovial (1993-2009). Before that, he worked as Midland Montagu Ventures' CEO, Smith Kline &amp; French's CEO and International Vice-President, amongst other responsibilities in Abbott Laboratories and Corning Glass Works. Currently, he externally advises IFM Investors (an Australian infrastructure fund) and he is a board member of FCC Aqualia.</p> <p>Mr. Villen was appointed considering his high level experience in a variety of roles in world class Spanish and international companies including a strong financial background which lends support to the Audit Committee, of which he is currently the Chairman.</p>
MARIA CRISTINA HENRÍQUEZ DE LUNA BASAGOITI	<p>Ms. Henríquez de Luna holds a degree in Business Administration and Economics from ICADE E2 in Madrid.</p> <p>Ms. Henriquez de Luna is the President and Managing Director Spain and Head of Iberia and Israel Cluster at GlaxoSmithKline where she has benefited from an extensive career in international markets in both commercial and finance roles. Previous to this, she was at Procter &amp; Gamble in Spain, Germany, Switzerland, United Kingdom, Mexico and Peru in a variety of senior finance positions including 12 years of direct</p>

	<p>Latin American management. Ms Henriquez de Luna is independent director and audit committee member at Melia Hotels International and Viscofan. Ms Henriquez is Vicepresident of the “Fundación de Ciencias de la Salud”, “Fundación España Salud” and Farmaindustria and member of its board and executive committee. She is also in the executive committee and a trustee of the “Fundación SERES, Sociedad y Empresa Responsable”, as well as trustee at “Fundación Cotec”.</p> <p>Ms. Henriquez de Luna’s experience of operating in international markets in both commercial and finance roles in a highly regulated industry make her well suited to support the Board and the Audit Committee where she is a member.</p>
MARIA JOSÉ ESTERUELAS AGUIRRE	<p>Ms. Esteruelas holds a degree in Industrial Electrical Engineering from ICAI (Madrid). She has a Master’s degree in Operations from the Instituto de Empresa (Madrid) and a General Management Executive Programme from the IESE (Madrid).</p> <p>Ms. Esteruelas currently serves as Director of Energy at Ferrovial Construcción, company she joined February 2021. Most of her career has been at Abengoa which she joined in 1997, performing a variety of senior positions, as member of the Executive Committee and General Director for America, in charge of all the subsidiaries in the continent. Previously, she was Director of the Energy division, LATAM director and Concession and Operations directors.</p> <p>From July 2014 to December 2017 she was member of the Atlantica Yield Board of Directors appointed by Abengoa.</p> <p>Ms. Esteruelas’ experience in various positions in international markets, particularly in the energy sector, make her well suited to support the Board and the Appointments and Compensation Committee and ESG Committee, where she is a member.</p>
ESSIMARI KAIRISTO	<p>Ms. Essimari Kairisto has a diploma in Business Administration from the Bielefeld University of Applied Sciences (Germany).</p> <p>Ms. Kairisto was the Chief Financial Officer and a Board Director for Hochtief Solutions AG until 2016 after which she has taken on independent consulting roles. These include, since 2015, member of the Supervisory Board, member of its Shareholders’ Committee and member of the Audit Committee of Freudenberg SE, the privately owned German technology company. Since 2018, she is Non-Executive Director and member of the Audit and Risk Committee of Fortum Oyj, the clean energy generation and distribution company that is listed on the Helsinki stock exchange and, since 2020, Chair of the Audit and Risk Committee. Additionally, Ms Kairisto has been since 2019 a member of the Supervisory Board and member of the Audit Committee of TenneT BV, the Dutch state owned leading European electricity transmission system operator (TSO) with its main activities in the Netherlands and Germany where, since 2020, she is also a member of its Strategy and Investment Committee and chair of its Audit Committee. Since 2022, she is also an independent, non-executive Director of the Board of Iveco Group N.V. listed on the Milan Stock Exchange and Chair of its Audit Committee.</p> <p>Prior to her move to Hochtief Solutions in 2013, Ms Kairisto had several high profile roles in finance and general management including at Sasol, RWE and Schlumberger.</p> <p>Ms Kairisto was appointed considering her high level experience in a variety of roles in European companies, including listed and in the energy sector, in addition to her strong financial knowledge which lends support to the Audit Committee, of which she is currently a member.</p>
	<p>Ms. Damesin holds a Post-graduate degree (DEA) in Economics from Paris Dauphine University, an MBA from ESSEC Business School and</p>

<p>MARIE-FRANÇOISE DAMESIN</p>	<p>has also graduated with high distinction for the Board Director Diploma at IMD Lausanne.</p> <p>Her career has been focused on the automotive industry in global roles and responsibilities starting at the Compagnie Des Wagons-Lits &amp; Du Tourisme and subsequently joined Renault in 1984, where she developed her wide experience holding different managerial positions, including Member of the Renault Management Committee for Latin America, the Renault Foundation CSR Board Member and a Board Member for Renault Spain. She has also been Vice President Human Resources and General Affairs for the European Region at Nissan and between 2011 and 2018 she was Executive Vice President for Human Resources and Member of the Executive Committee of Renault. Concurrently she was Member of the Management Board for the Renault-Nissan-Mitsubishi Alliance.</p> <p>She was elected CHRO of the year in France in 2017 and was President of the Association of CAC 40 Chief Human Resources Officers.</p> <p>Ms. Damesin is currently an Independent Director on several companies' boards, including Urbanis and Energie Jeunes, as well as Senior Advisor and Executive Coach at Boston Consulting Group.</p> <p>She is a Chevalier de la Légion d'Honneur, France's highest order of merit.</p> <p>Ms. Damesin was appointed considering her high level experience in the automotive sector (one of Applus+'s main sectors) and especially for her knowledge and variety of roles in the Human Resources area, as she is expected to become Chairman of the Appointment and Remuneration Committee.</p>
<p>BRENDAN CONNOLLY</p>	<p>Mr. Connolly holds a BSc in Business Economics and Sociology from Southampton University and has significant experience and knowledge of the Testing, Inspection and Certification sector.</p> <p>His career started at Schlumberger, where he worked for 24 years holding diverse managerial positions in both operations and finance and in many regions, including Europe, Latin America, USA, Africa, Asia and the Middle East. He was CEO of Atos Origin UK, America and Asia and CEO of Moody International, which was acquired by Intertek Group plc in 2011. At Intertek, he was appointed VP Middle East, Russia, FSU and Eastern Europe.</p> <p>His Non-Executive Director career started at Cape Plc, where he served as Chairman of the Remuneration Committee and Member of the Audit and Nomination Committee. He is currently Senior Independent Director of Synthomer PLC and Non-Executive Director at NES Global Talent, Victrex Plc and PEPCO GROUP NV.</p> <p>Mr. Connolly was appointed considering his high level of executive and non-executive experience in the TIC sector and the oil &amp; gas industry, in which the Company operates, as well as the variety of executive roles held, with a deep knowledge of the business that contributes value to both the Board and the Committees to which he is a member (namely ESG and Appointments and Remunerations).</p>

<b>Number of independent directors</b>	7
<b>Percentage of the Board</b>	77.77

<b>Observations</b>
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State whether any independent director receives from the company or any company in the group any amount or benefit other than compensation as a director, or has or has had a business relationship with the company or any company in the group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

N/A

In this case, include a statement by the Board explaining why it believes that the director in question can perform his or her duties as an independent director.

Name of the director	Description of the relationship	Statement of the Board

#### **OTHER EXTERNAL DIRECTORS**

Identify the other external directors and state the reasons why these directors are considered neither proprietary nor independent, and detail their ties with the company or its management or shareholders:

Name of director	Reason	Company, director or shareholder to whom the director is related	Profile
ERNESTO GERARDO MATA LÓPEZ	Mr. Mata was initially appointed as director on 29/11/2007 holding the position in the board for more than 12 years.		Mr. Mata López holds a Degree in Economics and MA from the University of Geneva and an MBA from IESE (Barcelona). He was a member of the board, deputy to the President, and CFO at Unión Fenosa, S.A. (now Gas Natural SDG, S.A.), President at Unión Fenosa Soluziona, S.A., member of the board of directors at Compañía Española de Petróleos, S.A. and Abertis Infraestructuras, S.A., where he was the Chairman of the Audit Committee. He was the President of the advisory board at Knight Frank, member of the board of Aguas Anginas and senior advisor in Marlin Patterson Global Advisers LLC. Mr. Mata has developed extensive experience in the energy and capital markets sectors, as well as in different Audit Committees, gathered through the numerous positions he has held in highly reputable Spanish companies. This experience as well as the many relationships he has accumulated in the Spanish markets over the years were key to his appointment as director of the Company.

<b>Total number of other external directors</b>	1
<b>Percentage of the Board</b>	11.11

Observations
In accordance to article 529 duodecies 4 i) of the "Royal Legislative Decree 1/2010, of July 2nd, which approves the consolidated text of the Capital Companies Law - on directors' categories", after 12 consecutive years after his appointment, Mr. Ernesto Gerardo Mata López is no longer considered independent director.

State any changes in status that has occurred during the period for each director:

Name of director	Date of change	Previous Status	Current status
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Observations

**C.1.4 Complete the following table with information relating to the number of female directors at the close of the past 4 years, as well as the category of each:**

	Number of female directors				% of directors for each category			
	Year t	Year t-1	Year t-2	Year t-3	Year t	Year t-1	Year t-2	Year t-3
<b>Executive</b>	0	0	0	0	0	0	0	0
<b>Proprietary</b>	0	0	0	0	0	0	0	0
<b>Independen</b>	4	4	3	3	57.14	57.14	42.86	37.5
<b>Other external</b>	0	0	0	0	0	0	0	0
<b>Total</b>	4	4	3	3	57.14	57.14	42.86	37.5

Observations
The total number of Board Members has been reduced after the retirement of Mr. Fernando Basabe Armijo, from ten (10) to nine (9) members. The total number of female directors remains at four (4)

**C.1.5 State whether the company has diversity policies in relation to the Board of Directors of the company on such questions as age, gender, disability and training and professional experience. Small and medium-sized enterprises, in accordance with the definition set out in the Accounts Audit Act, will have to report at least the policy they have implemented in relation to gender diversity.**

Yes ☒ No ☐ Partial policies ☐

Should this be the case, describe these diversity policies, their objectives, the measures and way in which they have been applied and their results over the year. Also, state the specific measures adopted by the Board of Directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

In the event that the company does not apply a diversity policy, explain the reasons why.

Description of policies, objectives, measures and how they have been implemented, including results achieved
The Board of directors amended its Regulations including more detail on diversity matters to consider in selection processes, and currently, article 14.3 establishes that: "The Board of Directors shall ensure that the appointment

procedures of its members favour diversity with respect to aspect such as age, gender, disability or training and professional experience and have no implied bias that might entail any discrimination and, in particular, that they facilitate the selection of female Directors in a number allowing to reach a balanced presence of women and men”.

Likewise, it modified its Directors Selection Policy (available at [www.applus.com](http://www.applus.com)) in accordance with the Good Governance Code of June 2020.

Currently, the Policy establishes as follows: “The objective of this Policy is to explain the principles that will govern the selection of candidates to the position of directors of the Company. The selection procedures shall be aimed at achieving an adequate balance on the Board of Directors as a whole and, in particular, at promoting the goal of having at least 40% of total board places occupied by women directors by the end of 2022 year and thereafter. The Applus+ Board of Directors shall ensure in any case that the selection procedures favours diversity in gender, age disabilities, experience, professional education or experience and that they do not suffer from implicit bias that might imply any discrimination and, in particular, that might make it more difficult for the selection of female candidates, promoting an increase of women’s presence on the Board in view of best corporate governance practices and in line with the specific analysis of the Company’s needs performed by the Board of Directors. In particular, the Board will ensure that the Company adopts measures that encourage the company to have a significant number of female senior managers to contribute to gender diversity overall.”

In year 2019, the Board of Directors included in the Policy the express mention to the objective that the less represented gender would at least hold 30% of the positions in the board for 2020. In consequence, and on the basis of the needs identified by the Board of Directors, a female director was appointed in 2016 and two on 2019, reaching the objective established a year earlier. In the selection process initiated following the two vacancies arisen in 2018, female directors’ profiles were prioritized in order to achieve the representation objective.

Again, the objective proposed for the year 2022 was met ahead of schedule, since, as of November 2021 the number of women on the Board of Directors is equivalent to 40% of the positions in the board.

A Diversity target is included in the annual variable remuneration and in the Long Term Incentive of the Chief Executive Officer as part of the ESG targets included in the Remuneration Policy approved by the 2022 AGM, also included for Senior Management, as well as in the variable remuneration of the entire management team worldwide.

The Appointments and Compensation Committee and the Board of directors

promote and guarantee diversity amongst its members in a wider sense (including factors such as gender, age, experience, skills, geography) in order to continue leading the strategy of the Company, and meeting stakeholders' expectations. Finally, also to point out that the current composition of the board and its diversity is a matter positively considered both by board members during annual evaluations (who point out the contribution to the debate and decision making), as well as by institutional investors and proxy advisors within the framework of the meetings on corporate governance that the company holds with them. In respect of the vacancies that might originate in the future, the Company will act with same equality, safeguarding that nothing hinders or prevents to increase the representation of female directors in the Board.

**C.1.6 Describe the means, if any, agreed upon by the appointments committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates and which makes it possible to achieve a balance between men and women. Indicate if the measures include to promote a significant number of female top management:**

Explanation of means
<p>It should be pointed out the result of the application of the selection policy processes for board members that have made it possible to increase the female board members (more than 40% of the positions in the board).</p> <p>As indicated in the previous section, the Directors' Selection Policy establishes that: "In particular, the Board will ensure that the Company adopts measures that encourage the company to have a significant number of female senior managers to contribute to gender diversity overall."</p> <p>This reflects the Company's practices and the Company had applied a number of policies applicable to the entire group:</p> <ul style="list-style-type: none"> <li>- Code of Ethics: it establishes a framework that goes beyond regulatory compliance. It Establishes general principles to guide the integrity and professionalism in the decision making process.</li> <li>- ESG Policy: This policy refers to the framework and development of the Corporate Social Responsibility Policy within the Applus+ Group.</li> <li>- Equality and Diversity Policy, which establishes as main principle to ensure the staff promotes gender, age and capacities diversity, as Applus+ values difference. Likewise, it establishes that the company shall develop and implement adequate training programs for the achievement of these principles and will review and update the policy</li> </ul>

to adjust it to any changes that the group might face, ensuring its compliance.

- Non-discrimination global policy: This policy establishes Applus undertaking in promoting the equality within the company and the aim to eliminate any kind of discrimination, as well as the commitment to promote good relationship within staff.
- Monitoring by the Appointments and Compensation Committee of HR strategy and actions to achieve these goals, as well as follow up on related indicators), at least annually.

**In the event that there are few or no female directors or top management in spite of any measures adopted, please explain the reasons that justify such a situation**

Explanation of means

**C.1.7 Describe the conclusions of the appointments committee regarding verification of compliance with the policy aimed at promoting an adequate composition of the board of directors.**

It is the Appointments and Compensation Committee's view that the Applus+ directors' selection policy adopted the practices followed by the company in the subject and is consistent with the good corporate governance, which is a key plank of the ESG policy. Likewise, it considers that the compliance with the selection policy has contributed to the adequate and diverse composition of the Board of directors.

In this sense, the directors' selection processes that took place since the year 2021 have contributed to even improve the diversity of the Board's composition in a broad sense: gender, skills and experience. This selection has been carried out with the help of independent external advisors, following a prior definition of the skills required by the Board which namely, in these cases, aimed to enhance experience and particularly in the TIC sector and in HR.

Likewise, as indicated in section C.1.5 and 6 above, the company's most recent selection processes allowed the incorporation of three women to the Board of Directors, and a last incorporation in the 2021 year, which currently represents more than 40% of the Board and the fulfilment of the goal indicated in the Policy.

**C.1.8 If applicable, please explain the reasons for the appointment of any proprietary directors at the request of shareholders with less than a 3% equity interest:**

Name of shareholder	Reason
N/A	

**State whether the Board has failed to meet any formal requests for membership from shareholders whose equity interest is equal to or higher than that of others at whose request proprietary directors have been appointed. If this is the case, please explain why the aforementioned requests were not met:**

Yes ☐ No ☒

Name of shareholder	Explanation
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**C.1.9** Indicate the powers, if any, delegated by the Board of Directors, including those relating to the option of issuing or re-purchasing shares, to directors or board committees:

Name or company name of director or committee	Brief description

**C.1.10** Identify any members of the Board who are also directors or officers in other companies in the group of which the listed company is a member:

Individual or company name of the director	Company name of the group member	Post	Does it have executive functions?
JOAN AMIGÓ I CASAS	APPLUS TECHNOLOGIES, INC.	Chairman of the Board	No
JOAN AMIGÓ I CASAS	LIBERTYTOWN USA FINCO, INC	Chairman of the Board	Yes
JOAN AMIGÓ I CASAS	LIBERTYTOWN USA 1, INC.	Chairman of the Board	Yes
JOAN AMIGÓ I CASAS	IDIADA AUTOMOTIVE TECHNOLOGY, S.A.	Director's representative	No
JOAN AMIGÓ I CASAS	LGAI TECHNOLOGICAL CENTER, S.A.	Director's representative	No
JOAN AMIGÓ I CASAS	APPLUS SERVICIOS TECNOLÓGICOS, S.L.U.	Sole director's representative	Yes
JOAN AMIGÓ I CASAS	INVERSIONES FINISTERRE, SL	Chairman's representative	Yes
JOAN AMIGÓ I CASAS	SUPERVISIÓN Y CONTROL, S.A.U	Sole director's representative	Yes
JOAN AMIGÓ I CASAS	RITEVE SYC, S.A	Board's Chairman	Yes
JOAN AMIGÓ I CASAS	INVERSIONES Y CERTIFICACIONES INTEGRALES, S.A	Board's Chairman	Yes
JOAN AMIGÓ I CASAS	INSPECCIONES Y AVALUOS, SYC, S.A	Board's Chairman	Yes
JOAN AMIGÓ I CASAS	APPLUS ITEUVE GALICIA, S.L.U.	Sole director's representative	Yes
JOAN AMIGÓ I CASAS	CRPPLUS SERVICES, SOCIEDAD ANÓNIMA	Board's Chairman	Yes

JOAN AMIGÓ CASAS	RINGAL INVEST, S.L.U	Sole director's representative	Yes
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Observations

**C.1.11 List the positions of director, administrator or representative thereof, held by directors or representatives of directors who are members of the company's board of directors in other entities, whether or not they are listed companies:**

Identity of the director or representative	Company name of the listed or non-listed entity	Position
CHRISTOPHER COLE	WSP GLOBAL, INC	NON EXECUTIVE CHAIRMAN
CHRISTOPHER COLE	TRACSIS, PLC	NON EXECUTIVE CHAIRMAN
ESSIMARI KAIRISTO	FORTUM OYJ	NON-EXECUTIVE DIRECTOR AND CHAIR OF THE AUDIT COMMITTEE
ESSIMARI KAIRISTO	FREUDENBERG	SUPERVISORY BOARD MEMBER AND MEMBER OF AUDIT COMMITTEE
ESSIMARI KAIRISTO	IVECO GROUP N.V.	INDEPENDENT DIRECTOR OF AND CHAIR OF AUDIT COMMITTEE
ESSIMARI KAIRISTO	TENNET BV	MEMBER OF THE SUPERVISORY BOARD AND MEMBER OF STRATEGY AND INVESTMENTS COMMITTEE AND CHAIR OF THE AUDIT COMMITTEE
MARIA CRISTINA HENRIQUEZ DE LUNA	GLAXOSMITHKLINE	PRESIDENT AND MANAGING DIRECTOR SPAIN AND HEAD OF IBERIA AND ISRAEL CLUSTER

MARIA CRISTINA HENRIQUEZ DE LUNA	HOTELES MELIA INTERNATIONAL, S.A.	INDEPENDENT DIRECTOR AND AUDIT COMMITTEE MEMBER
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	VISCOFAN, S.A.	INDEPENDENT DIRECTOR AND AUDIT COMMITTEE MEMBER
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	GLAXOSMITHKLINE, S.A.	PRESIDENT, CEO
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	GLAXO, S.A.	PRESIDENT, CEO
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	SMITHKLINE BEECHAM FARMA, S.A.	PRESIDENT, CEO
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	DESARROLLO ENERGÍA SOLAR ALTERNATIVA, S.L.	DIRECTOR
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	FUNDACIÓN DE CIENCIAS DE LA SALUD	VICEPRESIDENT
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	FUNDACIÓN ESPAÑA SALUD	VICEPRESIDENT
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	FARMAINDUSTRIA	<u>VICEPRESIDENT, EXECUTIVE COMMITTEE MEMBER</u>
DOÑA MARIA CRISTINA HENRIQUEZ DE LUNA	<u>FUNDACIÓN SERES EMPRESA RESPONSABLE</u>	<u>EXECUTIVE COMMITTEE MEMBER</u>
NICOLÁS VILLÉN JIMÉNEZ	FCC AQUALIA, S.A.	MEMBER OF THE BOARD OF DIRECTORS
MARIE-FRANÇOISE DAMESIN	URBANIS	INDEPENDENT DIRECTOR
MARIE-FRANÇOISE DAMESIN	ENERGIE JEUNES	INDEPENDENT DIRECTOR
BRENDAN CONNOLLY	NES GLOBAL TALENT	NON-EXECUTIVE DIRECTOR
BRENDAN CONNOLLY	VICTREX PLC	NON-EXECUTIVE DIRECTOR
BRENDAN CONNOLLY	PEPCO GROUP NV.	NON-EXECUTIVE DIRECTOR
BRENDAN CONNOLLY	SYNTHOMER PLC	SENIOR INDEPENDENT DIRECTOR



Notes
The Appointments & Remunerations Committee verifies the dedication of each director. The Chairman of the Board has been reducing his positions held in other companies, in line with the best Corporate governance practices, as well with the specific expectations of institutional investors and proxy advisors.

Indicate, where appropriate, the other remunerated activities of the directors or directors' representatives, whatever their nature, other than those indicated in the previous table.

Identity of the director or representative	Other paid activities
ERNESTO GERARDO MATA	CHAIRMAN OF THE ADVISORY BOARD KPMG S.A.
ERNESTO GERARDO MATA	CHAIRMAN OF THE ADVISORY BOARD QUIRONSALUD, S.A.
MARÍA JOSÉ ESTERUELAS	DIRECTOR OF ENERGY FERROVIAL CONSTRUCCIÓN, S.A.
NICOLÁS VILLÉN JIMÉNEZ	SENIOR ADVISOR IFM INVESTORS
MARIE-FRANÇOISE DAMESIN	SENIOR ADVISOR AND EXECUTIVE COACH BOSTON CONSULTING GROUP
MARIE-FRANÇOISE DAMESIN	ADVISORY BOARD MEMBER GRUPO ADELAIDE

Observations

**C.1.12** State whether the company has established rules on the number of boards on which its directors may hold seats, providing details if applicable, identifying, where appropriate, where this is regulated:

Yes ☐ No ☒

Explanation of the rules and identification of the document where this is

**C.1.13** Indicate the remuneration received by the Board of Directors as a whole for the following items:

Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros)	2,629
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Observations		
<p>a) Annual Remuneration</p> <p>In 2022, the former Executive Director-CEO, until the date of the end of his term as member of the Board of Directors on 27 June 2022, and the Chief Financial Officer, during the entire 2022 year, first as Chief Financial Officer Director, and from 28 June, as Chief Executive Officer Director and sole Executive Director, are considered Executive Directors.</p> <p>The fixed remuneration of the Executive Directors includes a portion in RSUs (amounting to 56 thousand euros per year).</p> <p>From 2022 onwards, the variable remuneration of executive directors consists of 62.5% in cash and the remainder in RSUs exchangeable for shares over a period of three years from the date of grant (at a rate of 30% in each of the first two years and 40% in the third year). The impact of these RSU's on the financial year amounts to 191 thousand euros. At the end of the 2022 financial year, three RSU plans are in force, corresponding to those granted in February 2020, 2021 and 2022 for 34,645, 17,618 and 39,998 RSU's respectively. In February 2022, 15,268 net shares were delivered.</p> <p>Detail on the plans in place can be found in the Remuneration Report.</p> <p>Other items include total benefits which, in accordance with the Remuneration Policy, is 15% of Fixed Remuneration excluding fixed RSUs.</p> <p>b) Long-term incentive ("LTI"):</p> <p>In accordance with the current remuneration policy, the Executive Directors will receive annual PSUs (Performance Stock Units) convertible into shares of the Parent Company, based on the fulfilment of certain objectives, to be realised within three years from the date of grant. The total expense recorded in 2022, for the three plans in force, was 447 thousand euros derived from the fulfilment of the variables defined for them.</p>		
	<b>Funds accumulated by current directors for long-term savings systems with consolidated economic rights (thousands of euros)</b>	
	<b>Funds accumulated by current directors for long-term savings systems with unconsolidated economic rights (thousands of euros)</b>	
	<b>Pension rights accumulated by former directors (thousands of euros)</b>	

**C.1.14 Identify senior management staff who are not executive directors and their total remuneration accrued during the year:**

Name	Position
BASCHWITZ GARCÍA, CRISTINA	Corporate Development
PEREZ FERNANDEZ, JOSE DELFIN	Human Resources, Marketing & Communications
ARGILES MALONDA, EVA	Legal
FARRAN . JOSEP MARIA	Idiada Division

RETES AGUADO, AITOR	Automotive Division
LOPEZ SERRANO, JAVIER	Energy & Industry Division
DIAZ ORPINELL, ANNA	Compliance
SANFELIU RIBOT, M.TERESA	Internal Quality, H&S and Innovation (HSQE)
UBEDA SORIANO, MAURICIO	Laboratories Division
AGUILO BARCELO, PEDRO	Operational Excellence
SWIFT, ASTON GEORGE WILLIAM	Investor Relations
RIBAS AGUILERA, ALEIX	Internal Audit

<b>Number of women in senior management</b>	4
<b>% of total of senior management members</b>	33.33%

<b>Total senior management remuneration (thousand euros)</b>	4,463
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<b>Observations</b>
<p>As of 2022, this Group has been reduced and senior management is considered to be those executives who report directly to the Executive Director. However, on previous year, a larger number of senior managers were included.</p> <p>For the purposes of information relating to remuneration, the internal auditor is also included, in accordance with the definition contained in current accounting regulations and particularly in the "Report of the Special Working Group on Good Governance of Listed Companies" published by the CNMV on May 16, 2006.</p> <p>The fix compensation of some managers includes a part in RSUs (Restricted Stock Units), convertibles in shares in the third anniversary of the date of grant as detailed in the annual accounts of the company. The variable compensation of certain members of the management includes a portion in cash, and the remainder in RSUs convertibles in shares in a period of three years as of the date of grant, 30% the first two years and 40% the third, as detailed in the annual accounts of the company. Pluri-annual compensation and Long Term Incentive in PSUs: in accordance with the Remuneration Policy in force, some members of the management of the group receive annually PSUs (Performance Stock Units), convertibles in shares of the company in a period of three years from the day of grant.</p>

**C.1.15 State whether the Board rules were amended during the year:**

Yes ☐ No ☒

<b>Description of amendment</b>

**C.1.16 Specify the procedures for selection, appointment, re-election and removal of directors: the competent bodies, steps to follow and criteria applied in each procedure.**

**Selection:** Appointments and Compensation Committee is responsible for (i) evaluating the skills, expertise and experience necessary in the Board of Directors to define, consequently, the functions and abilities needed in candidates who are to fill each vacancy, and to evaluate the time and dedication necessary to perform their duties; and of (ii) to safeguard that, when filling new vacancies, the selection procedure does not suffer from implicit biases that might

hinder the selection of female Directors; and so that the company deliberately searches for, and includes amongst potential candidates, women who meet the professional profile sought (article 39.3 vi and x del of the Regulations of the Board of Directors).

**Appointment:** The members of the Board of Directors shall be appointed by the General Shareholders' Meeting, notwithstanding the possibility of co-opting members as established in the Spanish Companies Act (article 23 of the company By-laws,). It is not necessary to be a shareholder to be elected member of the Board, except in the case of co-option. Individual or legal entities covered by any of the prohibitions established by current legislation for reasons of incapacity or incompatibility shall be disqualified from Board membership.

Proposals for the appointment of Directors submitted by the Board of Directors to the consideration of the General Shareholders' Meeting and appointment decisions adopted by the Board of Directors pursuant to its interim appointment authority shall be made subject to the prior report by the Appointments and Compensation Committee (in the case of executive and proprietary Directors), and subject to a proposal from the Appointments and Compensation Committee, in the case of independent Directors (articles 14 and 39.3 of the Regulations of the Board of Directors).

In all the directors' selection processes, the A&C has relied on recognized external recruitment firm, being all candidates always selected on the bases of the candidates presented by it.

**Term of office** (article 23.3 of the company By-laws and 15 of the Board of Directors Regulations). Tenure of office shall be four (4) years as from the date of acceptance, being able to be re-elected one or more times for periods of equal duration.

**Re-appointment** (article 16 of the Regulations of the Board of Directors). Before the reappointment of Directors is proposed to the General Shareholders' Meeting, the Appointments and Compensation Committee shall issue a report evaluating the work and dedication of the Directors proposed during the previous term in office.

**Self-evaluation** (article 36 of the Regulations of the Board of Directors): *"The Board of Directors shall dedicate the first meeting of the year to an assessment of its operation during the previous financial year, evaluating the quality of its work, assessing the effectiveness of its regulations, and if appropriate, correcting those aspects that were found not to be functional. Furthermore, the Board of Directors shall assess the performance of its duties through the Chairman of the Board of Directors and the senior executive of the company, based on the report issued by the Appointments and Compensation Committee, as well as the operation of the Board of Directors Committees, based on their reports".*

During the 2021 and 2022, an external evaluation of the Board of Directors was carried out by Spencer Stuart. This evaluation included a confidential questionnaire addressed to each Director, as well as telephone interviews and specific face-to-face meetings with each director. The results of the evaluation processes were reported to the Appointments and Remuneration Committee, which dedicated several sessions (before sharing the Results with the Board of Directors in full). At the first meeting of the Board of Directors in 2022, the agenda included the presentation of the Evaluation Report by the external advisor and the analysis by the Board of Directors. Additionally, an evaluation of the chairman and CEO has been carried out, respectively led by Mrs. Damesin (as Chairman of the Appointments and Remuneration Committee) and by Mr. Cole as chairman of the Board (and interim chair of the A&C).

**Removal** (article 17 of the Regulations of the Board of Directors). Directors shall be removed from their post once the term for which they were appointed has lapsed or when so is decided by the General Shareholders' Meeting pursuant to the powers conferred upon them by law and in the by-laws, with no need for said decision to be included in the agenda of the General Shareholders' Meeting. The Board of Directors shall not propose the removal of any independent Director before the end of the statutory term for which they have been appointed, except where the Board of Directors considers that sufficient grounds for such action exist, based on a report by the Appointments and Remuneration Committee. In particular, sufficient grounds will be deemed to exist when the Director has failed to fulfil the duties of its position or is affected by one or more of the circumstances that would have prevented its appointment as an independent Director, in accordance with applicable legal provisions.

**C.1.17 Explain how the annual evaluation of the Board has given rise to significant changes in its internal organization and to procedures applicable to its activities:**

Description of changes
<p>The previous year's evaluation did not drive to significant changes in the internal organization of the Board nor procedures, save for a greater focus on certain risk &amp; opportunities areas for the Company (such as cybersecurity, ESG) as well as the consideration of conducting the next evaluation by an independent third party. It should be noted that, all of these goals have been met in 2022. As a result of the external evaluation, the Board confirmed its good performance in relation to work environment, professionalism, dedication and commitment. The Board agreed to continue focusing its efforts in the following areas: succession, talent management, strategy with particular focus on ESG, cybersecurity and digitalization. Current evaluation on year 2022 has taken the former into account.</p>

**Describe the evaluation process and the areas evaluated by the Board of Directors with the help, if any, of external advisors, regarding the function and composition of the board and its committees and any other area or aspect that has been evaluated.**

Description of the evaluation process and evaluated areas
<p>The evaluation was coordinated by the Chairman of the Board and the Chairman of the Appointments and Compensations Committee during the years 2021 and 2022. An independent external firm was hired for the first time. The process consisted on the completion of an online questionnaire by each Director, followed by confidential individual interviews.</p> <p>Upon receipt of the external report issued by the consultant early in 2022, it was submitted to the Appointments and Remuneration Committee, which held several meetings to analyze it during the year 2022.</p> <p>The external report was submitted by Spencer Stuart at the beginning of the year 2022 to be analyzed by the Board. The measures agreed upon will continue to be addressed at future meetings, as appropriate. The evaluation of the year 2022 is ongoing and while it has been internally developed, it has taken into consideration the recommendations from the former external evaluation.</p>

**C.1.18 Describe, in those years in which the external advisor has participated, the business relationships that the external advisor or any group company maintains with the company or any company in its group.**

<p>At the end of 2021, the external advisor (Spencer Stuart) had not provided other services to Applus Group and during 2022, upon the overall evaluation exercise being finalized, the firm enlarged the evaluation of the then CFO as candidate for the succession of the retiring CEO.</p>
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**C.1.19 State the situations in which directors are required to resign.**

<p>According to article 17.3 of the Regulations of the Board of Directors, "<i>Directors must tender their resignation to the Board of Directors and, where considered appropriate by the Board, formalize the appropriate resignation in the following circumstances:</i></p> <p>(a) <i>When they cease in the positions, posts, or functions related with their appointment as executive Directors;</i></p> <p>(b) <i>In the case of proprietary Directors, when the shareholder whose interests they represent transfers all of their shares, or that they do it in the corresponding number in case said shareholder reduces its holding in the Company;</i></p>
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(c) When they are affected by any of the incompatibility or prohibition provisions legally established;

(d) If they are severely reprimanded by the Board of Directors on the basis of a report by the Appointments and Remuneration Committee as a result of having breached their duties as Directors; or

(e) When their continuance on the Board of Directors may jeopardize the interests of the company”.

Article 17.4 establishes that “when a Director is removed from its office before the end of the term of office following its resignation or through resolution of the general meeting, the Director shall explain sufficiently the reasons for doing so, or in the case of non-executive Director, his/her opinion of the reasons for the general meeting resolution, in a letter addressed to all the members of the Board of Directors. This should all be reported in the Annual Corporate Governance Report, and if it is relevant for investors, the Company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the Director.”

**C.1.20 Are qualified majorities other than those established by law required for any specific decision?**

Yes ☐ No ☒

If so, please describe any differences.

Description of differences

**C.1.21 Explain whether there are any specific requirements, other than those relating to directors, to be appointed as chairman of the Board of Directors.**

Yes ☐ No ☒

Description of requirements

**C.1.22 State whether the Articles of Association or the Board Rules establish any limit as to the age of directors:**

Yes ☐ No ☒

	Age limit
Chairman	
CEO	
Directors	

Observations
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**C.1.23 State whether the Articles of Association or the Board Rules establish any term limits for independent directors other than those required by law:**

Yes ☐ No ☒

Additional requirements and/or maximum number of term limits	
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**C.1.24 State whether the Articles of Association or Board Rules establish specific proxy rules for votes at Board meetings, how they are to be delegated and, in particular, the maximum number of delegations that a director may have, as well as if any limit regarding the category of director to whom votes may be delegated and whether a director is required to delegate to a director of the same category. If so, please briefly describe the rules.**

Article 27.2 of the company By-laws provides that Directors shall personally attend the meetings. In case they cannot attend, the Director may only be represented at meetings of the Board of Directors by another director. Non-executive Directors can only be represented by other non-executive Directors. In any case, representation shall be granted by a letter addressed to the Chairman or by other means detailed in the Regulations for the Board of Directors.

Article 18 of the Regulations of the Board of Directors provides the obligations that Directors must fulfil when in office. Specifically, article 18.2 (a) establishes that Directors shall attend meetings of bodies of which they are part and actively participate in deliberations, so that they can effectively contribute to the decision-making process. Furthermore, said article also provides that if any Director cannot be present at sessions to which they have been called to attend, they must instruct the director who they have appointed as representative.

According to article 35.7 of the Board of Directors Regulations, the Chairman shall decide, in the event of any doubt, on the validity of the delegations conferred by Directors who are not present at the meeting. Said representations shall only be granted by letter or any other written method which, in the Chairman's opinion, ensures that the representation is valid.

**C.1.25 State the number of meetings held by the Board of Directors during the year, and if applicable, the number of times the Board met without the chairman present. Meetings where the chairman sent specific proxy instructions are to be counted as attended.**

<b>Number of Board meetings</b>	9
<b>Number of Board meetings without the chairman</b>	0

<b>Observations</b>
In 2022, the Board met nine (9) times: six (6) of them physically and three (3) of them on a remote basis (videoconference). In addition, six (6) Board meetings were held by written procedure, without a meeting.

**State the number of meetings held by the coordinating director with the other directors, where there was neither attendance nor representation of any executive director:**

<b>Number of meetings</b>	N/A

<b>Observations</b>

**Please specify the number of meetings held by each committee of the Board during the year:**

<b>Number of meetings held by the executive committee</b>	N/A
<b>Number of meetings held by the audit committee</b>	4

Number of meetings held by the nomination and remuneration committee	8
Number of meetings held by the nomination committee	N/A
Number of meeting held by the remuneration committee	N/A
Number of meetings held by the ESG committee	4

Observations
With respect to the audit committee, an additional meeting was held by written procedure and without a meeting.
With respect to the appointments and remuneration committee, two (2) of the eight (8) meetings were held by videoconference; and an additional three (3) meetings were held by written procedure and without a meeting.

**C.1.26 State the number of meetings held by the Board of Directors during the year in which all of its directors were present. For the purposes of this section, proxies given with specific instructions should be considered as attendance**

Number of meetings when all directors attended	9
% of attendance over total votes during the year	100%
Number of meetings in situ or representations made with specific instructions of all directors	9
% of votes issued at in situ meetings or with representations made with specific instructions out of all votes cast during the year	100%

Observations
As indicated in section C.1.25, six (6) meetings were held by physical attendance and the remaining three (3) meetings were held by videoconference.

**C.1.27 State if the individual and consolidated financial statements submitted to the Board for preparation were previously certified:**

Yes ☐ No ☒

**Identify, if applicable, the person/s who certified the individual and consolidated financial statements of the company for preparation by the Board:**

Name	Position
Observations	

**C.1.28 Explain any measures established by the Board of Directors so that the annual accounts that the board submits to the General Shareholders' Meeting are prepared in accordance with applicable accounting regulations.**

Article 10.1 of the Regulations of the Board of Directors establishes that: *"The Board of Directors shall prepare the annual accounts and the management*



*report (both individual and consolidated) so that they provide a true and fair view of the equity, financial position, and results of the Company, as provided for in the Spanish Companies Act, subject to the prior report of the Audit Committee".*

In accordance with article 38 of the Regulations of the Board of Directors, the Audit Committee is in charge of, amongst others, monitoring and evaluating the preparation and the integrity of the mandatory financial information, reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.

Likewise, the Policy for the communication of economic-financial, non-financial and corporate information and communication and contact with shareholders, institutional investors and proxy advisors establishes that *"The management and supervision of the information communicated at the highest level to shareholders, institutional investors and the markets in general belongs to the Board of Directors, protecting and enabling the exercise of their rights and interests within the protection of the corporate interest and in accordance with the applicable laws and the good governance. In line with applicable rules and with the Regulations of the Board of Directors, the approval of the information that, being a listed company, Applus+ must publish occasionally or periodically, and any information made available to the markets, sits within the Board of Directors. The Board has approved a procedure for the publication of information on the CNMV's page in development of the Company's Internal Regulation of Conduct in the securities markets."*

**C.1.29 Is the secretary of the Board also a director?**

Yes ☐ No ☒

**If the secretary is not a director, please complete the following table:**

<b>Name of the secretary</b>	<b>Representative</b>
VICENTE CONDE VIÑUELAS	N/A

**C.1.30 State, if any, the concrete measures established by the entity to ensure the independence of its external auditors, financial analysts, investment banks, and rating agencies, including how legal provisions have been implemented in practice.**

Article 38.7(c) (iii) of the Regulations of the Board of Directors provides that the Audit Committee, will *"monitor the independence of the external auditor, to which end, the company shall:*

- *Notify any change of auditor to the CNMV as a relevant fact, accompanied by a statement of any disagreements arising with the outgoing auditor and, should this be the case, their content.*
- *Ensure that the company and the auditor comply with current regulations on the provision of non-audit services, the limits on the auditor's business concentration, the regulations referring to the requirement to rotate the auditor issuing the audit report, and in general, any other provisions established in order to ensure the independence of the auditors.*
- *The Audit Committee shall issue a report annually, in which it shall express its opinion on the auditors' independence. This report shall refer in any case to the provision of additional services provided by the auditors to the company or to any entity associated with the company, whether directly or indirectly.*
- *To this end, the Audit Committee shall receive the auditors' written confirmation of their independence in respect of the company, and any of its associated entities, whether directly or indirectly, as well as any information on additional services of any kind that they have provided to the company or any of its associated entities, whether directly or indirectly.*

- *In the event that the external auditor withdraws, the circumstances motivating this withdrawal shall be examined.”*

It is important to point out that since the Company went public, the partner responsible for the audit firm has changed in 2 occasions, as well as part of the supporting team. Moreover, the Audit Committee ensures the minimization of the other fees that the audit firm might receive. Likewise, the Company issues before every AGM the report on the auditors' independency. Finally, on December 14<sup>th</sup>, 2022, the Board of Directors informed that following the recommendation of the Audit Committee and, as a result of a selection process carried out by such Committee, resolved to appoint PricewaterhouseCoopers Auditores, S.L. as the auditor of the annual accounts of Applus and its consolidated group for financial years 2024, 2025 and 2026. The Board of Directors will propose such appointment to the next Annual General Shareholders' Meeting

**C.1.31 State whether the company changed its external auditor during the year. If so, please identify the incoming and outgoing auditor:**

Yes ☐ No ☒

**If there were any disagreements with the outgoing auditor, please provide an explanation:**

Yes ☐ No ☒

Explanation of disagreements
N/A

**C.1.32 State whether the audit firm provides any non-audit services to the company and/or its Group and, if so, the fees paid and the corresponding percentage of total fees invoiced to the company and/or Group:**

Yes ☒ No ☐

	Company	Group Companies	Total
Amount invoiced for non-audit services (thousand euros)	0	205	205
Amount invoiced for non-audit services/Amount for audit work (in %)	0	9.05	9.05

Observations

**C.1.33 State whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, please explain the reasons given by the chairman of the audit committee to explain the content and extent of the aforementioned qualified opinion or reservations.**

Yes ☐ No ☒

**C.1.34 State the number of consecutive years the current audit firm has been auditing the financial statements of the company and/or group. Furthermore, state the number of years audited by the current audit firm as a percentage of the total number of years that the financial statements have been audited:**

	Individual	Consolidated
Number of consecutive years	16	16

	Individual	Consolidated
Number of years audited by the current audit firm/number of fiscal years the company has been audited (by %)	100	100

**C.1.35 State whether there is a procedure whereby directors have the information necessary to prepare the meetings of the governing bodies with sufficient time and provide details if applicable:**

Yes ☒ No ☐

Explanation of procedure
<p>Article 30.3 of the Regulations of the Board of Directors provides that “<i>As the Chairman of the Board of Directors is responsible for the effective operation and functioning of the Board of Directors, it shall be required to ensure that the Directors are provided with sufficient information beforehand; (...)</i>”. In practice, this means that the information required for a particular session is available at least at the moment of its call and, sometimes, according with the complexity of the matter, with enough anticipation.</p> <p>Likewise, the Board of Directors has set up an intranet so, amongst others, the information is available by electronic means and confidentiality is safeguarded, as well to enhance the previous accessibility of the information.</p> <p>In addition, article 23 of the Regulations of the Board of Directors provides that each director is entitled to ask for additional information, and the article regulates these requests.</p>

**C.1.36 Indicate whether the company has established rules obliging directors to inform the Board of any circumstances, whether or not related to their actions in the company itself that might harm the company's standing and reputation, tendering their resignation where appropriate. If so, provide details:**

Yes ☒ No ☐

Explain the rules
<p>Article 17.3 of the Regulations of the Board of Directors provides that “<i>Directors must tend their resignation to the Board of Directors and, where considered appropriate by the Board, formalize the appropriate resignation in the following circumstances:</i></p> <p style="padding-left: 40px;">(c) <i>When they are affected by any of the incompatibility or prohibitions provisions legally established;</i></p> <p style="padding-left: 40px;">(d) <i>If they are severely reprimanded by the Board of Directors on the basis of a report by the Appointments and Remuneration Committee as a result of having breached their duties as Directors; or</i></p> <p style="padding-left: 40px;">(e) <i>When their continued presence on the Board of Directors may jeopardize the interests of the Company.</i></p> <p>In accordance with Article 17.4: “<i>When a Director is removed from its office before the end of the term of office following its resignation or through resolution of the general meeting, the Director shall explain sufficiently the reasons for doing so, or in the case of non-executive Director, his/her opinion of the reasons for the general meeting resolution, in a letter addressed to all the members of the Board of Directors. This should all be reported in the Annual Corporate Governance Report, and if it is relevant for investors, the Company should publish an announcement of the departure as rapidly as possible, with sufficient reference to the reasons or circumstances provided by the Director.</i>”</p>

**C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware**

of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

Yes ☐ No ☒

Director's name	Nature of the situation	Observations

Indicate whether the Board of Directors has examined the case. If so, explain with reasons whether, given the specific circumstances, it has adopted any measure, such as opening an internal enquiry, requesting the director's resignation or proposing his or her dismissal.

Indicate also whether the Board decision was backed up by a report from the nomination committee.

Yes ☐ No ☒

Decision / action taken	Reasoned explanation

**C.1.38 Detail any material agreements entered into by the company that come into force, are modified or are terminated in the event of a change in control of the company following a public takeover bid, and their effects.**

The Multicurrency Facilities Agreement and Note Purchase Agreements signed by the company on 7 June 2018, 4 July 2018 and 1 June 2021 include early maturity clauses in the event of a change in control, in standard terms for contracts of this kind. Likewise, there are other agreements entered into by subsidiaries of the company which might contain change of control clauses, such as concession or similar contracts.

**C.1.39 Identify individually for director, and generally in other cases, and provide detail of any agreements made between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal or termination of employment without cause following a takeover bid or any other type of transaction.**

Number of beneficiaries	11
Type of beneficiary	Members of the management committee that report directly to the CEO
Description of agreement	<p>The company has entered into various arrangements with members of the senior management team:</p> <ul style="list-style-type: none"> <li>- 7 golden parachute clauses.</li> </ul> <p>"In the event of termination of the employment contract, by decision of the company, whatever its form except in the event of disciplinary dismissal, declared fair by the social jurisdiction in a final judgment, he shall be entitled to receive compensation in the amount equivalent to the greater of the following two amounts: twice the total gross monetary remuneration received in the last twelve months; or the compensation resulting from applying 33 days per year of service with a maximum of 24 monthly payments."</p> <p>"In the event of termination of the Contract in the events</p>

	<p>set out below, the Senior Executive shall be entitled to an indemnity equivalent to 33 days of his or her remuneration per year worked, subject to the following rules:</p> <p>i) Seniority for the purposes of calculation shall be calculated as from 1 January 2020; and</p> <p>ii) For the calculation of this indemnity, the monetary remuneration received in the last 12 months shall be considered (...).</p> <p>Without prejudice to the foregoing, for clarification purposes, in the event of termination of the previous ordinary employment relationship referred to in Slide I, the Senior Manager shall be entitled, in the cases indicated below, to an indemnity (net of taxes) for the termination of the ordinary employment relationship, which shall be equivalent to the greater of the following two amounts:</p> <ul style="list-style-type: none"> <li>(i) Twice the net monetary remuneration received in the year 2019.</li> <li>(ii) The compensation resulting from applying 45 days' salary per year of service, with a maximum of 42 monthly payments.</li> </ul> <p>In any event, the sum of the amount of the severance payments corresponding to the termination of the ordinary employment relationship and the termination of the senior management employment relationship may not exceed the amount that would have been generated had the severance payment for the termination of the ordinary employment relationship been applied to the period of time of the ordinary employment relationship and the senior management relationship, calculated as a whole".</p> <p>"Specifically, in the cases detailed below, you will be entitled to receive compensation (net of taxes) for termination of the contract equivalent to the higher of the following two amounts: twice the total net monetary remuneration received in the last year at the termination of the contract; or the compensation resulting from applying 45 days' salary per year of service with a maximum of 42 monthly payments.</p> <p>The cases of termination that would give rise to the indemnity would be the following:</p> <p>a) Termination of the contract decided by the company, whatever its form, except in cases of disciplinary dismissal declared fair by the social court in a final judgement.</p> <p>b) Termination of the contract decided by the employee, whatever its form and for any reason, except in cases of resignation or voluntary dismissal without cause".</p> <p>"In the event that the company unilaterally terminates the employment contract that unites them for any reason, except in the case of disciplinary dismissal declared fair by a final or uncontested court ruling, they shall be entitled to compensation equivalent to the sum of the following amounts: (i) two annuities of the fixed salary that they were receiving at the time of termination of their employment relationship and (ii) the annual bonus that, if applicable, they had received in the twelve months prior to the termination of the Contract. This indemnity includes and replaces any other indemnity that may correspond to him/her.</p>
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	<p>For the calculation of the compensation provided for in the preceding paragraph, no remuneration other than those expressly mentioned shall be taken into account.</p> <p>"In the event that (i) the contract is terminated by decision of the company whatever the form of termination, or (ii) there is a substantial modification of their working conditions, except in cases of disciplinary dismissal declared fair in a final judgment by the social jurisdiction, the worker shall be entitled to receive compensation for termination of the contract equal to the fixed annual remuneration received in the year immediately prior to the termination plus the amount of the last annual bonus received in cash. "</p> <p>"In the event of termination of the contract decided by the company, if such termination is recognized as unfair by the company or declared unfair by the social jurisdiction in a final judgment, the executive will be entitled to receive a severance payment equal to the higher of these two amounts:</p> <p>i) the one determined by the social jurisdiction ii) the gross fixed remuneration of the last year at the time of termination."</p> <p>"If this employment contract is terminated by the employer and the dismissal is not considered a just disciplinary dismissal declared by a final judgment, the employee will receive compensation equivalent to two times the gross total annual base salary + payment of annual bonus."</p> <ul style="list-style-type: none"> <li>- 7 post-contractual non-compete clauses. In accordance with these clauses, said executives commit, following the termination of the contract and for a specific period: (5) Five of the senior managers have an obligation for two years, and one manager for one year, to refrain from providing services to any Competitor Business or potential business of the Company or any Group company in a restricted territory after the resolution of the Contract. As compensation for the non-compete obligation, these executives will receive the gross amount equivalent to half of the fixed remuneration that they were receiving at the time of termination of the contract, distributed in monthly payments equivalent to the post-contractual non-compete period. (1) One manager has an obligation for 9 months to refrain from providing services to any Competitor Business or potential business of the Company or any Group company in a restricted territory.</li> <li>- 9 clauses that establish a notice commitment in case of termination of the contract. In accordance with these clauses, both the company and the executives undertake to notify the termination of the relationship in writing, with a minimum notice period of two months for six of them, three months for two of them, and six months for one of them.</li> </ul>
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**Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorized by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication :**

	<b>Board of Directors</b>	<b>General Shareholders' Meeting</b>
<b>Body authorizing the severance</b>	YES	NO

	<b>Yes</b>	<b>No</b>
<b>Are these clauses notified to the General Shareholders' Meeting?</b>		X

<b>Observaciones</b>

## C.2 Committees of the Board of Directors

**C.2.1** Provide details of all committees of the Board of Directors, their membership, and the proportion of executive, proprietary, independent and other external directors that comprise them:

### EXECUTIVE COMMITTEE

<b>Name</b>	<b>Position</b>	<b>Current</b>

<b>% of executive directors</b>	
<b>% of proprietary directors</b>	
<b>% of independent directors</b>	
<b>% of other external directors</b>	

<b>Observations</b>
N/A

Explain the functions delegated or assigned to this committee, other than those that have already been described in Section C.1.9, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

### AUDIT COMMITTEE

<b>Name</b>	<b>Post</b>	<b>Category</b>
NICOLAS VILLÉN	PRESIDENT	INDEPENDENT
ERNESTO GERARDO MATA LÓPEZ	MEMBER	EXTERNAL

MARIA CRISTINA HENRÍQUEZ DE LUNA	MEMBER	INDEPENDENT
ESSIMARI KAIRISTO	MEMBER	INDEPENDENT

% of proprietary directors	0
% of independent directors	75
% of external directors	25

Observations

**Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.**

The members of the Audit Committee are appointed by the Board of Directors. The Audit Committee consists of three to five members of the Board of Directors, based on their knowledge and experience in accounting, auditing and risk management matters.

Audit Committee's functions are listed in article 38 of the Regulations of the Board of Directors and mainly consist of:

- a) To report the General Shareholders Meeting on the issues raised in relation to those matters within the competence of the Audit Committee.
- b) In relation to the information and internal control systems:
  - (i) To monitor the effectiveness of the internal control of the Company, the internal audit, and the risk management systems, as well as to discuss with the external auditor any significant weaknesses in the internal control system detected during the course of the audit, all of which without breaching their independence.
  - (ii) To monitor and to evaluate the preparation and the integrity of the mandatory financial information, reviewing compliance with regulatory requirements, the accurate demarcation of the consolidation perimeter and the correct application of accounting principles.
  - (iii) To monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of the internal audit; propose the department's budget; to approve the priorities and annual work plan; receive regular information on its activities; and verify that the senior management are acting on the findings and recommendations of their reports.
  - (iv) To analyse financial and accounting irregularities with potentially serious implications that may have been reported.
  - (v) To monitor and to evaluate the control and management systems of the financial and non-financial risks the Company and the Applus+ Group are exposed to.
  - (vi) To monitor in general that the policies and systems related to internal control are applied effectively.
- c) In respect of the external auditor:
  - (i) To make recommendations to the Board of Directors for the selection, appointment, re-appointment and removal of the external auditor and the conditions of its engagement.
  - (ii) To gather regularly information from the external auditor on the audit programme, its implementation and the results of its implementation, as well as verify that the senior management are acting on its recommendations.
  - (iii) To monitor the independence of the external auditor
  - (iv) To establish the appropriate relationships with the external auditor to receive information on any issues that could be a threat to their independence.
- d) In relation with other duties, it corresponds to the Audit Committee:
  - (i) To report during the AGM on the matters raised therein by shareholders which fall



under its scope of responsibility.

(ii) To monitor the process of preparing the annual accounts and management reports, individual and consolidated, for their formulation by the Board.

(iii) To report to the Board of Directors, for its formulation, on the correctness and reliability of the annual statements and management reports, individual and consolidated, and the periodic financial information disseminated to the markets.

(iv) To monitor compliance with internal codes of conduct and, in particular, with these Regulations under the terms provided herein.

(v) To report to the Board of Directors, prior to its adoption of the corresponding decisions, on the following subjects:

- ☐ The financial information that the Company must periodically make public.
- ☐ The creation or acquisition of holdings in special purpose entities or those established in countries or territories which are considered tax havens, as well as any other transactions or operations of an analogous nature.
- ☐ The preparation of a report on all those transactions that have the condition of Related-Party Transactions.

The main actions of the Audit Committee during 2022 were:

- Definition, approval and monitoring of the Internal Audit annual plan;
- Monitoring and supervision of the actions performed in connection with the risk map management, as well as understanding and analysing the development of the main risks;
- Monitoring and supervision of the ICFR model;
- Approval and follow up of action plans defined on the basis of internal audits performed (in response to the weaknesses found in the internal control);
- Quarterly monitoring of group results as well as periodic supervision of the most significant accounting estimates;
- Review of the scope and results (half and yearly) of the audit works performed by external audit;
- Review and approval of the audit fees and as well as of other fees for compatible services, as well as approval of the scope of the work of auditor
- Approval of the auditors' independence report.
- Approve the selection process of the new auditor for the financial year 2024 until 2026
- Proposal to the Board of Directors of an external auditor for the years 2024 to 2026

**Identify the directors who are member of the audit committee and have been appointed taking into account their knowledge and experience in accounting or audit matters, or both, and state the date that the Chairperson of this committee was appointed.**

<b>Name of directors with experience</b>	NICOLÁS VILLÉN MARIA CRISTINA HENRÍQUEZ DE LUNA ERNESTO GERARDO MATA LÓPEZ ESSIMARI KAIRISTO
<b>Date of appointment of the chairperson</b>	29/05/2020

<b>Observations</b>
All four members of the Audit Committee (as described in their profiles in section C.1.3 above) are experts in the subject and have been appointed considering their knowledge and experience in accounting and audit.

#### **APPOINTMENTS AND REMUNERATION COMMITTEE**

<b>Name</b>	<b>Post</b>	<b>Category</b>
MARIE-FRANÇOISE DAMESI	PRESIDENT	INDEPENDENT
MARIA JOSE ESTERUELAS AGUIRRE	MEMBER	INDEPENDENT

BRENDAN CONNOLLY	MEMBER	INDEPENDENT
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% of proprietary directors	0
% of independent directors	100
% of external directors	0

Observations
<p>The Chairman of the Board of Directors ceased to be a member and Chairman of the Appointments and Remuneration Committee, an interim role he hold during the transition since the former chairman's of the committee's depart. Ms. Marie-Francoise Damesin was appointed chairman of the Committee, reinforcing gender diversity and based on her wealth of experience in the areas the Committee deals with.</p>

**Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.**

The Appointments and Compensation Committee consists of at least three and a maximum of five Directors, appointed by the Board of Directors for a period not exceeding their term as Directors and without prejudice to being re-elected, insofar as they are also Directors. The Board of Directors designate the members of the Committee, based on the knowledge, skills and experience of the Directors and the tasks entrusted to the Committee.

Appointments and Compensation Committee's functions are:

- To formulate the proposals for appointment, re-appointment and removal of Independent Directors, and to report on the proposals for appointment, re-appointment and removal of the rest of Directors.
- To establish an objective of representation for the under-represented gender on the Board of Directors and to prepare guidelines on how to achieve said objective.
- To verify the character of each Director and check that he/she meets the requirements for qualification as Executive, Independent, Nominee or Other External Director.
- To evaluate the skills, expertise and experience necessary in the Board of Directors, to define, consequently, the functions and abilities needed in candidates who are to fill each vacancy, and to evaluate the time and dedication necessary in order for them to perform their duties.
- To examine and organize, in such a way as is understood to be suitable, the succession of the Chairman and the chief executive and, where necessary, to make proposals to the Board of Directors, so that such succession occurs in an orderly and well-planned manner.
- To report annually on the duties performed by the Chairman of the Board of Directors and by the chief executive of the Company.
- To report on the appointments and resignations of the Secretary and Deputy Secretary of the Board of Directors and of the senior executives whom the chief executive proposes to the Board of Directors.
- To report to the Board of Directors on the diversity issues, and safeguard that, when filling new vacancies, the Board shall respect the provisions set forth in Article 14.3 of the Regulations of the Board of Directors.
- To develop and implement a record of situations concerning Directors and senior executives from the Company, and to receive and maintain in that record the personal information provided by the Directors, as established under articles 18 and 19 of the Regulations of the Board of Directors.
- To receive the information supplied by Directors.
- To propose to the Board of Directors the remuneration policy for Directors and managing directors or others who perform their top management duties and directly depend on the Board of Directors, supervisory committees or chief executive officers.
- To propose to the Board of Directors the individual remuneration of Executive Directors

- and other conditions of their contracts.
- To propose to the Board of Directors the basic conditions of contracts for senior executives.
- To oversee compliance with the remuneration policy set by the Company.
- Periodically review the remuneration policy for Directors and senior officers, including share-based remuneration systems and their application, and ensure that their individual compensation is proportionate to the amounts paid to other Directors and senior officers in the Company.
- Ensure that conflicts of interest do not undermine the independence of the external professionals referred to the Article 40.4 of the Regulations of the Board of Directors.
- Verify the information on Director and senior officers' pay contained in corporate documents, including the annual Directors' remuneration report

The main actions of the Appointments and Compensation Committee in 2022 were:

- Approval of the evaluation of the bonus in accordance with the system in force; accrued in the financial year 2021 to be applied to the direct reports to the Chief Executive Officer.
- Approval of the salary review of these Directors for the year 2022.
- Acknowledgement of the allocations made in accordance with the current restricted stock unit (RSU) and performance stock unit (PSU) systems.
- Approval of a new incentive scheme 2022-2024 for direct reports to the Chief Executive Officer and proposal to the Board of the scheme for the Chief Executive Officer to be submitted to the General Meeting in 2023.
- Approval of the adjusted earnings per share (EPS) target for the 2022-2024 PSU plans for the Chief Executive Officer and affected executives
- Approval of the evaluation, in accordance with the system in force, of the bonus accrued in the financial year 2021 to be applied to the Chief Executive Officer.
- Proposal of the future Directors' Remuneration Policy approved at the 2022 General Meeting.
- Proposal and reports regarding the re-election of Mr. Brendan Connolly, Ms. Marie-Françoise Madeleine Damesin, Mr. Christopher Cole, all of them as Independent Directors and Mr. Ernesto Gerardo Mata López as External Director.
- Approval of the Annual Report on Directors' Remuneration 2021.
- Support in the process of evaluation of the Board, its Chairman and the Chief Executive Officer by an independent expert (Spencer Stuart) and monitoring of the associated action plans.
- Succession management of the Chief Executive Officer and Chief Financial Officer.
- Monitoring of certain strategic human resources initiatives.
- Contribution to the preparation of and attendance at meetings with shareholders, proxy advisors on matters within their remit.
- Reviewing the characteristics of Directors' and officers' liability insurance.
- Approval of the terms of termination of a Senior Manager and the appointment of his successor, as well as the appointment and terms of another Senior Manager.
- Approval of the conditions for the termination of the relationship of the former Managing Director and the conditions for the new Managing Director.
- Approval of the evaluation of the bonus in accordance with the system in force; accrued in the financial year 2021 to be applied to the direct reports of the Chief Executive Officer.

#### NOMINATION COMMITTEE

Name	Position	Current

<b>% of proprietary directors</b>	
<b>% of independent directors</b>	
<b>% of other external directors</b>	

<b>Observations</b>
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N/A
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Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

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#### REMUNERATION COMMITTEE

Name	Position	Current

% of proprietary directors	
% of independent directors	
% of other external directors	

Observations
N/A

Explain the functions assigned to this committee, including where applicable those that are additional to those prescribed by law, and describe the rules and procedures for its organisation and functioning. For each of these functions, briefly describe its most important actions during the year and how it has exercised in practice each of the functions assigned to it by law, in the articles of incorporation or in other corporate resolutions.

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#### ESG COMMITTEE

Name	Post	Category
CHRISTOPHER COLE	PRESIDENT	INDEPENDENT
BRENDAN CONNOLLY	MEMBER	INDEPENDENT
MARIA JOSÉ ESTERUELAS	MEMBER	INDEPENDENT

% of executive directors	0
% of proprietary directors	0
% of independent directors	100
% of external directors	0

Observations

Explain the duties exercised by this committee, describe the rules and procedures it follows for its organization and function. For each one of these functions, briefly

**describe its most important actions during the year and how it has exercise in practice each of the functions attributed thereto by law, in the Articles of Association or other corporate resolutions.**

The ESG Committee comprises a minimum of three and a maximum of five Directors appointed by the Board of Directors, for a period not exceeding that of their term as Directors and without prejudice to their ability to be re-appointed insofar as they were re-appointed as Directors. The Board of Directors will appoint the members of the ESG Committee based on the expertise, skills and experience of the Directors and its commitments.

ESG Committee's functions are, amongst others:

- To promote the Company's policy in terms of ESG and of the Applus+ Group supervising and ensuring the adoption and effective implementation of good practices in the field of environmental social governance responsibility, good governance, ethics and transparency and procuring that expectations of the various stakeholders.
- To submit to the Board of Directors the initiatives and proposals it deems appropriate and inform on the proposals submitted for the consideration thereof, ensuring that the business strategy of the Company is aligned with the values of the Company's policy in terms of ESG approved by the Board of Directors.
- In particular, to design, define and approve initiative and according development plans for the achievement of the goals previously set up according to the Company's policy in terms of ESG and to such other policies or codes that, within the scope of its functions, it may promote.
- To assess, review and monitor the development and implementation of initiatives and plans of the Company in implementing the Company's policy in terms of ESG, by monitoring their compliance with the indicators defined.
- To monitor and to evaluate the preparation and the integrity of the annual report on corporate governance, the annual report on ESG matters and any other mandatory non-financial information, coordinating whenever necessary the process for reporting such information in accordance with applicable regulations and international reference standards.
- To establish and to monitor a mechanism whereby employees and other persons related to the Company, such as Directors, shareholders, suppliers, contractors or subcontractors can report irregularities of potential significance, including financial, non-financial and accounting irregularities, or those of any other nature, related to the Company which are evidenced within the Company or the Applus+ Group.
- To oversee compliance with the general policy regarding the disclosure of economic-financial, non-financial and corporate information, as well as the communication and relations strategy with shareholders and investors, proxy advisors and other stakeholders, including small and medium-sized shareholders.
- To periodically evaluate the effectiveness of the Company's corporate governance system and of the Company's policy in terms of ESG, in order to confirm that it is fulfilling its mission to promote the corporate interest and to take into account, where appropriate, the legitimate interests of the remaining stakeholders.
- To monitor that the Company's environmental and social practices are in accordance with the established strategy and policy.

During 2022, the ESG Committee worked on these areas:

- Review of compliance with 2021 objectives, publication of the 2021 financial and non-financial information report.
- ESG objectives for 2022 were defined and published, linking them to the remuneration scheme, and monitored throughout the year.
- The ratings in which we participate were reviewed: MSCI ESG Rating, FTSE4Good IBEX, Gaïa Rating, CDP, Sustainalytics, S&P Global.
- Commitments: GRI standards, UN Global Compact, UN SDGs (Sustainable Development Goals), SBTi (Science Based Targets initiative).
- TCFD and SASB have been incorporated into the reporting indicators, in addition to reporting the eligibility of activities subject to the European Taxonomy regulation for adaptation and mitigation of climate change.
- With regard to commitments, it was agreed to establish environmental targets to meet the 1.5°C reduction scenario and these were validated

- by SBTi.
- At the end of the year the ESG targets were set and in the case of the environmental targets these were set for the short (2022), medium (2024) and long term (2050). An implementation strategy for the next three (3) years was established.
  - During the year, the new regulatory framework in Europe has been reviewed on ongoing legislative initiatives such as: alignment of activities to the European Taxonomy Regulation, the new Corporate Sustainability Due Diligence Directive and the Corporate Sustainability Reporting Directive. Other relevant country regulatory frameworks were also reviewed to identify reporting trends.
- Business ethics: (i) monitoring the Compliance Management system with new publications of policies and procedures as well as ensuring the effective implementation of existing ones; (ii) strengthening the compliance culture with training sessions; (iii) review of third party agents under the Anti-Corruption policy; (iv) complaints management through the Whistleblowing Channel; (v) deployment and management of the Compliance Management policies and procedures control model; (vi) coordination and management of the annual signing of the "Management declarations", and external audit as a member of the TIC Council.
  - Corporate Governance: (i) check & balance at its first meeting of the year of Applus+ corporate governance model compared with Spanish Code recommendations and investors and proxy advisors expectations; (ii) roadshow with main investors and proxy advisors, (iii) preparation and monitoring of the General Shareholders' Meeting by hybrid means (reaching a relevant quorum) and with specific report on chairman's re election.

**C.2.2 Complete the following table with information regarding the number of female directors who were members of Board committees at the close of the past four years:**

	Number of female directors							
	Year 2022		Year 2021		Year 2020		Year 2019	
	Number	%	Number	%	Number	%	Number	%
<b>Audit committee</b>	2	50	2	50	2	50	2	50
<b>Appointments and remuneration</b>	2	66.66	2	50	1	33.33	1	33.33
<b>ESG Committee</b>	1	33.33	1	33.33	0	0.00	0	0.00

**C.2.3 State, where applicable, the existence of any regulations governing Board committees, where these regulations may be found, and any amendments made to them during the year. Also, state whether any annual reports on the activities of each committee have been voluntarily prepared.**

The Rules for Board's Committees are included in the Regulations of the Board of Directors, which establish their competences, composition, procedures, etc; these are available for consultation both on the CNMV website and the [www.applus.com](http://www.applus.com) corporate website, and may be directly accessed through the following link: <http://www.applus.com/es/InvestorRelations/Corporate-governance>. Likewise, on 2020, the Board of Directors approved a regulation for each of the three committees, all of them available at <https://www.applus.com/global/en/investor-relations/corporate-governance>.

The three committees issue an annual report on their activities, which is submitted to the Board in the first yearly meeting.



## RELATED PARTY AND INTRAGROUP TRANSACTIONS

- D.1. Explain, where appropriate, the procedure and competent bodies relating to the approval of transactions with related and intragroup parties, indicating the criteria and general internal rules of the entity that regulate the abstention obligations of the affected director or shareholders. Detail the internal information and periodic control procedures established by the company in relation to those related-party transactions whose approval has been delegated by the board of directors.**

Further to article 7.2 h) of the Regulations of the Board of Directors and article 529 ter of the Spanish Companies Act, transactions carried out by the company or companies of the Applus Group with its directors, significant shareholders, and shareholders represented on the Board of Directors of the company or any Applus group company, or with persons associated with them, must be approved by the Board of Directors on the basis of a prior report by the Audit Committee.

In accordance with the article 19.1 c) The Directors shall perform their duties with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company. The duty of loyalty obliges the Director to refrain from participating in the discussion and voting on resolutions or decisions in which they or a person related to them has a, direct or indirect, conflict of interest.

The article 21.11 of the Regulations of the Board of Directors provides that *"In accordance with Article 7.2 above, the acknowledgement and approval, following a report from the Audit Committee, of the Related-Party Transactions are among the non-delegable competencies of the Board of Directors. However, in accordance with Article 7.5, when, for reasons of urgency, duly justified, the Related-Party Transactions may be authorized, where appropriate, by delegated persons or bodies and shall be ratified at the first meeting of the Board of Directors that is held after the adoption of the resolution."*

Following the reform of the Companies Act, the Board of Directors (October 2021) approved the Related-Party Transactions, Procedure including, among others, the mechanisms for approval of such transactions by delegation of the Board (within the scope of ordinary management and under market conditions or by virtue of contracts with standardized conditions).

- D.2. Give individual details of operations that are significant due to their amount or of importance due to their subject matter carried out between the company or its subsidiaries and shareholders holding 10% or more of the voting rights or who are represented on the board of directors of the company, indicating which has been the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:**

Name or company name of the shareholder or any of its subsidiaries	% Shareholding	Name or company name of the company or entity within its group	Nature of the relationship	Type of operation and other information required for its evaluation	Amount (thousands of euros)	Approving body	Identity of the significant shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents

Observations

- D.3. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with the administrators or managers of the company, including those operations carried out with entities that the administrator or manager controls or controls jointly, indicating the competent body for its approval and if any affected shareholder or director has abstained. In the event that the board of directors has responsibility, indicate if the proposed resolution has been approved by the board without a vote against the majority of the independents:

Name or company name of the administrators or managers or their controlled or jointly controlled entities	Name or company name of the company or entity within its group	Relationship	Nature of the operation and other information necessary for its evaluation	Amount (thousands of euros)	Approving body	Identity of the shareholder or director who has abstained	The proposal to the board, if applicable, has been approved by the board without a vote against the majority of independents

Observations



- D.4. Report individually on intra-group transactions that are significant due to their amount or relevant due to their subject matter that have been undertaken by the company with its parent company or with other entities belonging to the parent's group, including subsidiaries of the listed company, except where no other related party of the listed company has interests in these subsidiaries or that they are fully owned, directly or indirectly, by the listed company.

In any case, report any intragroup transaction conducted with entities established in countries or territories considered as tax havens:

Company name of the entity within the group	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)

Observations

- D.5. Give individual details of the operations that are significant due to their amount or relevant due to their subject matter carried out by the company or its subsidiaries with other related parties pursuant to the international accounting standards adopted by the EU, which have not been reported in previous sections.

Company name of the related party	Brief description of the operation and other information necessary for its evaluation	Amount (thousands of euros)

Observations

- D.6. Give details of the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management, significant shareholders or other associated parties.

Article 19 of the Regulations of the Board of Directors specifically regulates conflicts of interest:

*"The Directors shall perform their duties with the loyalty of a faithful representative, acting in good faith and in the best interest of the Company. In particular, the duty of loyalty obliges the Director:*

- a) ...
- b) ...
- c) *To refrain from participating in the discussion and voting on resolutions or decisions in which they or a person related to them has a, direct or indirect, conflict of interest. The agreements or decisions relating to them in their condition of Directors, including their appointment or revocation for the*

positions on the Board or others analogous in nature, shall be excluded from the above obligation of refrain from participating and voting.

- d) *To perform their duties under the principle of personal responsibility with freedom of judgement or good judgement and independence with regard to the instructions and links to third parties.*
- e) *To adopt the necessary measures to avoid finding themselves in situations in which their interests, on their own account or that of a third party, may conflict with the corporate interest and their duties to the Company.*
- f) *In particular, the duty to avoid the conflicts of interest referred to in the previous paragraph obliges the Director to refrain from:*
  - (i) *Carrying out transactions with the Company, except in the event of ordinary transactions, carried out under standard conditions for the clients and non-material, defined as those transactions whose information is not necessary to present a fair view of the Company's equity, the financial situation and the results of the entity.*
  - (ii) *Using the name of the Company or using their status as Director to unduly influence private operations being conducted.*
  - (iii) *Making use of the corporate assets, including the confidential information of the Company, for private purposes.*
  - (iv) *Taking advantage of the business opportunities of the Company.*
  - (v) *Obtaining advantages or remuneration from third parties other than the Company and the Applus+ Group associated to the performance of their duties, except in the case of the corporate hospitality.*
  - (vi) *Carrying out activities on their own account or on behalf of a third party which entail effective competition, whether actual or potential, with the Company or that, otherwise, would create a permanent conflict of interests with regard to the interests of the Company.*
- g) *The foregoing provisions shall also apply in the event that the beneficiary of the acts or activities prohibited is a person related to a Director.*
- h) *In any case, the Directors shall inform the other Directors and the Board of Directors of any conflict, direct or indirect, that they or persons related to them may have with the interests of the Company.*
- i) *The conflict of interest of the Directors shall be disclosed in the Notes of the financial statements"*

Likewise, article 7.2 (h) of the Regulations of the Board of Directors establishes that the following is a matter reserved for the Board of Directors: *"the approval, subject to a prior report from the Audit Committee, of the transactions carried out by the Company or companies of the Applus+ Group with its Directors, shareholders, whether on their own or together with others, considered as significant, including the shareholders represented on the Board of Directors of the Company or of other companies that are part of the Applus+ Group, or with persons related thereto"*. This shall not apply for transactions which fulfil the following conditions: (a) they are carried out under the terms of contracts whose conditions are standardized and applied to a large number of clients; (b) they are implemented at prices or rates generally set by the person supplying the good or service in question; and (c) the value of these transactions does not exceed 1% of the annual turnover of the Company.

Finally, section 4.11 of the Code of Ethics and the Global Conflict of Interests Policy regulate the situations of conflict of interest of Applus+ employees, as well as the mechanisms to follow in case of conflict.

Each member of the Board of Directors has signed a declaration of lack of conflict of interest.

**D.7. Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its**

subsidiaries (other than the listed company) or carries out activities related to those of any of them

Yes ☐ No ☒

Indicate whether the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries have been defined publicly and precisely:

Yes ☐ No ☐

<b>Report the respective areas of activity and any business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries, and identify where these aspects have been publicly reported</b>

Identify the mechanisms in place to resolve potential conflicts of interest between the parent of the listed company and the other group companies:

<b>Mechanisms for resolving possible conflicts of interest</b>



## **RISK MANAGEMENT AND CONTROL SYSTEMS**

### **E.1 Explain the scope of the company's Risk Management and Control System, including tax compliance risk.**

The Board of Directors is ultimately responsible for the existence and maintenance of an internal control and risk management system that is adequate and effective, tax risks included, and with regards to the definition of the risk appetite. This supervision function has been entrusted to the Audit Committee.

The Group has developed a policy and a procedure of Risk Management, approved by the Board of Directors.

As a result of the implementation of said procedure the Group's Risk Map is reviewed and updated on a yearly basis.

The risk management model implemented by the Group consists of the following three stages:

Stage 1: identification and assessment of risks based on the impact and the likelihood of occurrence.

Stage 2: monitoring of risks based on Key Risks Indicators (KRI), determination of the tolerance levels and definition of action plans when considered necessary.

Stage 3: periodical reporting to the Audit Committee and the Board of Directors about the risks evolution through their KRIs. Twice a year, the Audit Committee's agenda includes the monitoring of the Risk Map and the review of the action plans under development.

It is the senior management who proposes the Risk Map to the Audit Committee in which all risks are identified and assessed, including strategic, operational, financial, tax, legal, compliance and also risks to sustainability including those related to climate change.

This risk map has incorporated those factors deemed critical, considering all of the Group's lines of activity, geographical areas where it operates and its business divisions, as well as any risk factors deemed critical in relation to support functions (such as finances, human resources, legal and tax).

In addition, the company has a criminal risk map and a Criminal Risk Management and Crime Prevention Handbook in accordance with article 31 bis of the Criminal Code and other applicable laws. Under ESG Committee instigation, it has reviewed and strengthened the existing Corporate Compliance Program, by designing and implementing in the group the new Applus+ Criminal Risk Management and Crime Prevention System (hereinafter, the System), which is described in the referred handbook. The group has implemented the System by deploying the necessary internal control and surveillance measures to ensure compliance with criminal laws and to avoid the occurrence of offenses of which, in accordance with Spanish Criminal Code, any group company might be held responsible or, in case these cannot be avoided, at least to significantly reduce the risk of they taking place. Prevention is one of the main objectives of the System, the other one being to make possible the quick detection and reaction before any potential criminal offense in the group.

**E.2 Identify the bodies within the company responsible for creating and executing the Risk Management and Control System, including tax compliance risk.**

Pursuant to Article 7.2 (vii) of the Regulations of the Board of Directors, the Group's Board of Directors is in charge of all risk control and management policy, tax risks included, and will periodically follow up on any internal reporting and control systems, by optimizing the cost/benefit ratio, in order to:

- Reach any medium-term strategic objectives
- Safeguard shareholder value
- Give assurance the Group's results and reputation
- Uphold the interests of the Group's shareholders and stakeholders
- Ensure compliance in those countries where it operates including tax regulations

The Audit Committee, pursuant to Article 39.7 (a) (ii), is in charge of periodically reviewing any internal control and risk management systems in order to ensure that any main risks are identified, managed and adequately understood, including discussions with the auditors on any significant weaknesses in the internal control system detected during the audit. To do this, the Committee is backed up by the supervision tasks completed by the Group's Internal Audit Management. Supervision of any risk control systems includes approval of the risk model and periodic supervision, at different intervals depending on their importance.

The Group's Chief Executive Officer is in charge of handling these risks, as well as the heads of each corporate functional area and the Executive Vice President of each business Division, in accordance with their scope of activity, according to acceptable risk levels for the company.

The Internal Audit Management and the Group's Internal Control Responsible are in charge of supervising compliance with risk tolerance, the effectiveness of control systems and following up on the implementation of necessary actions, which are subsequently monitored by the corporate functions affected.

**E.3 State the primary risks, including tax compliance risks, and those deriving from corruption (with the scope of these risks as set out in Royal Decree Law 18/2017), to the extent that these are significant, which may affect the achievement of business objectives.**

The Applus+ Group risk map covers any risks that may have a significant impact on its results, to the best of its understanding. The risks contemplated in this map may be classified as follows:

1. strategic risks including those related to all ESG matters.
2. inherent to business activities (operational)
3. financial risks including tax
4. legal risks and compliance

The main risks managed by the Group are:

- Adequate supervision of the Group's business based on long-term agreements with a finite life-span (such as concessions in the technical vehicle inspection business in Spain, Europe and America) or IDIADA, providing services to the world's leading vehicle manufacturers.
- Certain levels of dependence on the evolution of some of the sectors in which the Group operates (automotive and oil and gas sectors)
- Adequate follow-up on the formal and service quality terms in any services provided based on granted accreditations. In this regard, the Group has taken out insurance policies.
- Risks related to the economic, social and political situation of the countries where the Group operates, as well as the main macroeconomic indicators that could have a short and medium-term impact on Applus+ Group's results, particularly considering its geographic spread.
- Retention of key staff for the Group and talent management.
- Potential criminal sanctions or significant business losses resulting from possible penalties that could be derived from non-compliance with the crime prevention handbook implemented by the Group.
- Risks related to cyber security.
- Risks linked to the Group's ESG strategy, including those inherent to climate change.

In financial terms, the Group manages and monitors the main risks that could affect Applus Group's results:

- Liquidity risk and leverage level of the Group.
- Risk of overestimation of certain significant assets (such as goodwill, intangible assets generated as a result of inorganic growth, as well as tax assets).
- Working Capital management.

**E.4 State whether the entity has a risk tolerance level, including tolerance for tax compliance risk.**

The levels of tolerance are defined through the established value limit set by the KRI associated with each risk.

Tolerance levels are defined according to the following parameters:

- Maintenance of quality standards
- Volume of business affected and potential impact on business sustainability
- Impact on reputation and on business continuity
- Compliance with applicable law (tax laws included)
- Probability of materializing

For those risks deemed high or medium, given the impact upon materialization

on the achievement of the Group's objectives, specific tolerance levels are defined, indicating action guidelines, timeframe to achieve, people in charge, follow-up indicators.

**E.5 State which risks, including tax compliance risks, have materialized during the year.**

In relation to the existing businesses with expiration date, the contract for the technical inspection of vehicles in Costa Rica expires in 2022. However, the main risk in the management of these contracts is related to the IDIADA Division, whose contract expires in 2022.

In 2022, macroeconomic factors, such as higher costs due to inflation and higher energy costs, have slightly slowed down the positive margin evolution that has been taking place since 2021.

We continue to focus on improving efficiency in our operations, both directly by reducing costs and increasing tariffs where possible, and through the incorporation of digital technologies in all business processes.

Our objective remains to further diversify and improve the quality of our service portfolio through divestments in non-strategic businesses and acquisitions with good growth prospects and margins.

The Group has performed impairment tests for all cash-generating units in relation to goodwill and intangible assets, concluding that in 2022 it was not necessary to recognize significant impairments on any of them.

In relation to tax issues, several tax inspections have been carried out during 2022 in different geographies where the Group operates, without significant sanctions. With regards to the open inspections, no material impacts beyond the risk appetite established in the Group's Risk Map are foreseen.

Finally, the Group has not been involved in any new litigation that could have a relevant impact on its results, and currently open litigation actions have not led to events which could modify previous fiscal year's accounting accruals. The Directors do not expect any material liabilities to arise as a result of a potential inspection.

**E.6 Explain the response and monitoring plans for all major risks, including tax compliance risks, of the company, as well as the procedures followed by the company in order to ensure that the board of directors responds to any new challenges that arise.**

The Applus Group has an updated risk map contemplating any material risks which could affect the achievement of its strategic objectives.

To do this, the Group has implemented measures to mitigate these risks, in order to reduce the likelihood of occurrence and its potential impact. The management of the risk map is a responsibility carried out periodically by the group's top management, as part of their responsibilities. From the aforementioned ongoing management, action plans are detected to be implemented, defining who is responsible for, and execution deadlines are set, with the purpose of starting up the necessary measures to reduce the impact of such risks, should they materialize.

These measures are generally executed by the Group's Management; the Audit Committee and, ultimately, the Board of Directors are the two bodies in charge

of approving and supervising the measures carried out.

In tax compliance risks which entail a high technical difficulty related to regulations interpretation, the Group resorts to external advisors in order to obtain a third party opinion on any potential risks if a certain transaction is carried out, mitigating them before they appear. Additionally, the Group will use any instruments available in tax laws (prior evaluation agreements, binding consultations, etc.), in those cases where i) this is deemed appropriate in order to reduce any disagreement derived from application of the tax rule, and ii) this is reasonable based on the instruments available, the issue in question and foreseeable timeframes.

Furthermore, the Group has taken out insurance policies to cover damages that may be caused to third parties as a result of negligence when providing its services, including its subsidiaries, in those sectors where it operates.

The Group had started implementing an ambitious improvement plan and investments focused on mitigating cybersecurity risk.

The Group has internal control and risk management systems and tools that allow for constant monitoring and tracking of any action plans and incidents identified in the reporting and review of financial information.

## **F INTERNAL RISK MANAGEMENT AND CONTROL SYSTEMS RELATED TO THE PROCESS OF ISSUING FINANCIAL INFORMATION (ICFR)**

**Describe the mechanisms comprising the System of Internal Control over Financial Reporting (ICFR) of your company.**

### **F.1 Control environment**

**Report on at least the following, describing their principal features:**

#### **F.1.1. The bodies and/or departments that are responsible for (i) the existence and maintenance of an adequate and effective ICFR; (ii) their implementation; and (iii) their supervision.**

Applus+ Group's Internal Control over Financial Reporting (hereinafter, "ICFR") is part of its general internal control system and makes up a group of processes carried out by the Board of Directors, the Audit Committee, the Management and the Group's staff, in order to ensure reasonable safety regarding the reliability of any financial information disclosed to the markets.

The Board of Directors of the Applus+ Group is the Group's senior decision-making body, entrusting all regular management to the executive bodies and management team and, consequently, concentrating its activity on the supervision function. The Board of Directors is ultimately responsible for the existence and maintenance of an adequate and effective ICFR, and has delegated this task to the Audit Committee. ICFR supervision is implemented through activities of this kind, carried out by the Internal Audit function.

The Group's internal control model for financial reporting has three distinct areas of control: (i) self-evaluation of the persons in charge of all processes and critical controls, (ii) review of the financial evaluation process by the Financial Managements in each Division and by the Corporate Financial Management in the consolidation process, and (iii) evaluation of the efficiency and efficacy of controls and risk identification by the Internal Audit Management.

The Group's Corporate Financial Management, through the Risk & Internal

Control Department, carries out the following tasks in relation to the ICFR:

- To review and approve any accounting Policies and Manuals incorporated into the Group's Financial Management Intranet.
- To establish and disseminate the necessary procedures to ensure adequate internal control of financial reporting.
- To establish and maintain internal controls on financial information, to ensure its reliability, and to guarantee that all reports, transactions or other relevant events are communicated in due form and time.
- To establish and maintain internal tax controls, in order to ensure the timely filing of accurate and complete tax statements.

During 2022 as in previous years an Internal Control Model over Financial Reporting has been implemented, in order to guarantee its reliability.

**F.1.2. State whether the following are present, especially if they relate to the creation of financial information:**

- **Departments and/or mechanisms in charge of: (i) design and review of corporate structure; (ii) clear definition of lines of responsibility and authority with an adequate distribution of tasks and functions; and (iii) assurance that adequate procedures exist for proper communication throughout the entity.**

The Board of Directors of Applus+, through its Chief Executive Officer, entrusts the Corporate Financial Management with designing and reviewing the organisational structure involved in financial reporting. The Management outlines the structure and how responsibilities are distributed, as well as their design procedure, review, update and dissemination; this procedure is documented in flowcharts (organisational structure) and the process model and associated regulations, as part of the Applus+ Group's policy catalogue.

Furthermore, lines of authority and responsibility have been defined in all relevant processes by formalising the Model for Delegation of Authority and Responsibility, which includes any critical decisions of the Group that may eventually affect financial reporting.

As regards the financial reporting preparation process, instructions are issued by the Corporate Financial Management establishing specific guidelines and responsibilities for each closing of the accounts (procedures explaining the main tasks, both in the corporation and in each subsidiary company), to include the IFRS Internal Manual.

- **Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of transactions and the preparation of financial information are specifically mentioned), body in charge of reviewing breaches and of proposing corrective actions and penalties.**

The Applus+ Group has a Code of Ethics and Anti-Corruption Policy in place, approved by the Board of Directors, which specifically refer to the registration of transactions and financial reporting, as well as compliance with the law and the Group's accounting policies, amongst others. Likewise, there are specific internal policies for the accounting and finance functions. Furthermore, all employees have been specifically trained and are obliged to explicitly accept both rules each year.

The main values and principles gathered in the Code of Ethics are integrity, transparency, responsibility, impartiality and independence. Furthermore, the Code of Ethics includes a commitment to strictly fulfil the obligation to provide reliable financial information, prepared under applicable regulations, and the responsibility of the company's employees and executives to ensure that this is so, both by adequately carrying out their tasks and by informing the governance bodies of any circumstance that could affect this commitment.



The body in charge of analysing any potential non-compliance, proposing corrective action, is the ESG Committee of the Applus+ Group, along with the Group's Compliance Management and in particular, it corresponds to the Audit Committee, in accordance with article 39.7 b) iv of the Regulations of the Board of Directors to *"To analyse financial and accounting irregularities –with potentially serious implications– that may have been reported by employees through the mechanism provided in section 41.6.viii"*.

- **Whistleblower channel, that allows notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organization, reporting, as the case may be, if this is of a confidential nature.**

The ESG Committee is responsible (article 41.6 viii of the Regulations of the Board of Directors) to *"establish and to monitor a mechanism whereby employees can report, confidentially, and if necessary, anonymously, any irregularities they detect in the Company with potentially serious implications"* which is central in the Applus+ Compliance system. The Applus+ Group has put in place, and encourages the use of, a whistleblowing channel allowing the reporting of potential infringements of the Code of Ethics and other irregular activities.

All communications are confidential and compliance with data protection laws is also ensured. There is a unique whistleblowing channel for the entire Group and is available on the corporate website.

- **Training and periodic refresher programs for staff involved in the preparation and revision of financial information, as well as assessment of the ICFR (Internal Control System for Financial Information), that covers at least accounting rules, audits, internal control and risk management.**

As regards the training and periodic refreshment courses in matters that may affect the reporting and publication of financial information, Applus+ believes that development and continuous training of its employees and executives is essential. Furthermore, the Group arranges specific training sessions on issues related to the ICFR for the staff involved in drawing up the Group's financial statements. To do this, constant communications with external auditors and other independent third professionals will guarantee this continuous training, amongst other issues.

Any training needs detected and provided at corporate level are extended to all other financial managers in the Group's subsidiaries, through face-to-face training or through online training held each year; training will be a key point of the agenda, including individualised sessions if deemed appropriate.

Additionally, there has been specific training provided on the relevant policies to ensure the knowledge of their content by all responsible employees who are part of the financial information preparation and review.

## **F.2 Assessment of financial information risks**

**Report on at least the following:**

### **F.2.1. The main characteristics of the risk identification process, including error and fraud risk, as regards:**

- **Whether the process exists and is documented.**

The Applus+ Group has an Internal Control over the Financial Reporting (ICFR) Policy in place that establishes the basic principles and general action framework to manage the internal control over the financial information reported,

which contains:

- The criteria established to define which companies within the Group are relevant for the purposes of the Group's SCIIF Model
- Methodology to identify new risks and to periodically evaluate existing ones, establishing common and homogenous parameters for the entire Group.
- Maintenance of an internal control system to monitor, assess and improve the control measures applied to existing risks.

In 2019 the ICFR model was expanded to companies which, both comply with the materiality level and also to those companies which do not, to include the implementation of the criminal risk management and crime prevention for those areas with crimes applicable globally and not only in Spain.

- **Whether the process covers all of the objectives of financial information, (existence and occurrence; completeness; valuation; delivery; breakdown and comparability; and rights and obligations), whether it is updated and with what frequency.**

The methodology used to manage risks is COSO (Committee of Sponsoring Organizations for the Treadway Commission). The criteria used to identify the most relevant processes include quantitative criteria (materiality) and qualitative criteria (business risk, visibility to third parties and reputational risks). Any risks identified are prioritised by professional opinion based on a series of variables (process level of automation, whether the process is known and/or it is necessary to use judgments and estimates). In addition, risks of fraud are implicitly identified insofar as they may generate material errors in financial information.

As a result of applying its Internal Control over the Financial Reporting (ICFR) Policy, the Group has developed risk matrixes and controls for its relevant business processes, specifically for each subsidiary of significant relevance in the consolidated Group. Each risk identified in the process to draw up consolidated financial statements is associated to the processes and different financial lines deemed significant (either by contribution to the consolidated financial statements or due to other more qualitative factors) and to the Group's companies under the ICFR scope.

Each risk identified in those frameworks has assigned all objectives and assertions of the financial information: existence and occurrence; completeness; assessment; presentation, breakdown and comparability, and rights and obligations). Once the applicable ICFR scope in the Applus+ Group is defined, based on identified risk frameworks, control activities have been designed to cover such risks.

Any risks identified as relevant are reviewed at least once a year, during the certification and evaluation process conducted by the managers on the effectiveness of the company's internal control. The object of this review is to update any risks to changing circumstances where the Group operates, particularly if there are changes in the organisation, IT systems, regulations, products or the market scenario.

The model scope is defined in the Internal Control over the Financial Reporting (ICFR) policy, based on the materiality level of revenues and fixed assets applied in each legal entity. Currently the model is developed for subsidiary companies which in aggregate represent more than 80% of the Group Sales.

- **The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex company structures, shell companies, or special purpose entities.**

As regards the process of identifying the scope of consolidation, the Group considers that the financial closing and consolidation process is one of the relevant processes that may affect financial reporting. This is why Applus+ has considered all the risks inherent to said processes, ensuring adequate

configuration and execution, as well as an accurate identification of the scope of consolidation. As part of this process, the Consolidation Department, which reports to the Corporate Financial Management, periodically reviews any changes in the Group's structure along with the Legal Department.

- **Whether the process takes into account, the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.**
- The process to identify a risk of errors in financial reporting takes into account the effects of other types of risk, which are evaluated and managed by various corporate units.
- **The governing body within the company that supervises the process.**

The process to identify any risk of error in financial reporting is completed and documented by the Risk & Internal Control Management. Internal Audit Management reviews the process, as part of the supervisory role ultimately carried out by the Audit Committee.

### F.3 Control activities

**Report on whether the company has at least the following, describing their main characteristics:**

**F.3.1. Review and authorization procedures for financial information published by the stock markets and a description of the ICFR, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including financial closing procedures and the specific review of judgements, estimates, valuations and relevant forecasts.**

The Corporate Consolidation Management, which reports to the Corporate Financial Management, is in charge of executing procedures to review and authorise financial information and the ICFR description for disclosure to the stock exchange. Furthermore, the task of reporting financial data on a monthly, quarterly, six-monthly and annual basis begins with a view and certification by the financial manager of each subsidiary. Tax information is drawn up by the Tax Management, which reports to the Corporate Financial Management.

Any ICFR documentation, evidence of its execution and supervision, as well as significant events and action plans, are managed through the Group's internal control and risk management system.

In this sense, during the financial year 2021 the Group has implemented a new software (SAP GRC) that replaces the previous one (Applus+ GRC). This tool provides the following advantages in ICFR terms:

- Centralisation of all documentation and ICFR model management of the Group, in a homogenous manner.
- Integration of internal control over financial information in all business and corporate processes, allowing each organisational unit responsible to periodically evaluate its controls, providing the necessary evidence and executing the ICFR internal certification process each year.
- Use of automatic workflows to manage control activities and to launch action plans.
- Provision of a back-up tool for the ICFR supervision and testing process by the Internal Audit Department and external auditors.
- Procurement and support for the information required for ICFR reporting.
- Integrated internal control over the preparation and presentations of tax returns in those countries where it operates, using automatic workflows to manage tax control activities.
- Integrate the design of internal control and implementation of all controls

related to compliance and more specifically corruption.

As regards activities and controls directly related to transactions that may have a material effect on financial statements, Applus+ has implemented a control description to mitigate the risk of any material error in information reported to the markets. Furthermore, in each subsidiary, the following information is available for each control activity belonging to significant processes:

- Description of the process and sub process.
- Description of financial reporting risks associated to various processes, sub processes and control objectives.
- Definition of control activities designed to mitigate any identified risks.
- Description of the managers of all processes, risks and control activities.
- Classification of control activities implemented or pending implementation (action plans).
- Level of automation of control activities (manual or automatic).
- Classification of each control activity by nature (preventive or detective).
- Definition of control execution frequency.
- Definition of evaluation frequency by the Risk & Internal Control Department.
- Definition of any evidence required.

In the year 2022, the implementation of SAP GRC has allowed Applus+ the automation of the control testing directly against the ERP system transactional records, which provides a significantly higher level of comfort and control. Currently, 28 controls have already been automated.

Each financial closing process carried out in the subsidiaries is treated as a single process; the same applies to all financial closing activities carried out at corporate level with the consolidation process and the preparation of annual accounts.

As regards any relevant judgements and estimates, Applus+ indicates in its individual and consolidated annual accounts which areas of uncertainty are estimated that could have a relevant impact on the financial information. These mainly refer to:

- The recoverability of deferred tax assets entered into the accounts.
- An estimate, at each date, of the effects of any tax certificates challenged and the outcome of any tax inspections underway, for the financial years audited.

A specific review of any relevant judgements, estimates, valuations, provisions and forecasts, as well as key calculation hypotheses, with a material impact on consolidated financial statements, is carried out through a continuous supervision by the Group's Corporate Financial Management.

**F.3.2. Internal IT control policies and procedures (access security, change controls, their operation, operational continuity, and segregation of duties, among others) which support relevant processes within the company and relate to the creation and publication of financial information.**

Some of the controls implemented to mitigate or manage risks of error in financial reporting are related to the most relevant computer applications, such as controls on authorised user access or the integrity of information transferred amongst applications and an adequate management of the Company's digital certificate for the filing of tax statements.

The Applus+ Group uses SAP-BPC as a common data system to adequately register and control its operations; consequently, its adequate operation is essential and of particular interest to the Group. The reporting tool is the same for all legal entities of the Group without exceptions.

There are two control levels in the process to identify the risk of material errors in financial reporting:

- In each subsidiary, there are controls to ensure that all information reported through SAP-BPC is consistent with local reporting systems, if different.
- At corporate level there are automatic and manual controls, conducted on the main application, in order to generate SAP-BPC financial information and guarantee that the consolidation process is adequately completed.

For those systems and applications identified (used at corporate level to draw up consolidated financial information), the Corporate Systems Management has established a series of policies aimed at ensuring their adequate operation. In particular, there are documented policies on the following:

- Classification of information.
- System access management.
- Data leak prevention.
- Identification and maintenance of critical applications.
- Back-up copies.
- Restrictions on the use of Internet and e-mail.
- Data encryption.
- Third party agreements.
- Protection of equipment.
- Legal compliance.
- Communication of incidents.
- Licences and infrastructure use.

In terms of operative continuity, the Group has improved its already high level of availability in its central data systems, hosted in a main datacentre in Madrid, with a Disaster Recovery or DR solution. This DR is hosted in the Microsoft cloud (Azure Cloud) and is connected to the central database through a dedicated high speed cable. In the unlikely event of force majeure (fire, flood, earthquake, etc.) leaving the main datacentre inoperative, in a matter of hours the DR could restore the most critical business applications.

Additionally, a series of supplementary key controls are carried out by consolidation team members to strengthen the reliability of data systems used in financial reporting.

The Group has an improvement and monitoring plan in its data systems as regards the segregation of duties; it also incorporates into the Audit Plan the supervision of said internal control systems related to the segregation of functions in financial information systems.

**F.3.3. Internal control policies and procedures intended to guide the management of subcontracted activities and those of third parties, as well as those aspects of assessment, calculation or evaluation entrusted to independent experts, which may materially affect financial statements.**

Each year, the Applus+ Group checks which activities executed by third parties are relevant for the financial reporting process.

Unlike in previous years, the group has opted to internalise certain activities associated with financial, personnel and back office administration which, until recently, were outsourced, with the result that some of the control activities that had been designed to assess the quality and integrity of the outsourced service with an impact on financial reporting are either no longer necessary or have been redesigned as they have been internalized.

Furthermore, in the rest of the Group, outsourced activities are very circumstantial or highly centralised in very specific processes or sub processes, such as the issue of payrolls. These facts are considered a risk in the ICFR model of these companies and Applus Group makes ensures that there is an efficient and effective associated control.

Additionally, when the Applus+ Group considers it necessary to get independent experts involved, upon recruiting these services, it demands in their selection criteria the absence of any doubt on their competence, qualifications, reputation and

impartiality.

#### **F.4 Information and communication**

**State whether the company has at least the following, describing their main characteristics:**

**F.4.1. A specifically assigned function for defining and updating accounting policies (accounting policy area or department) and resolving doubts or conflicts arising from their interpretation, maintaining a free flow of information to those responsible for operations in the organization, as well as an up-to-date accounting policy manual distributed to the business units through which the company operates.**

The Corporate Financial Management, through the Risk & Internal Control area, is in charge of defining, updating and disseminating the accounting policies of the Applus+ Group for reporting consolidated financial data under IFRS-EU regulations (consequently including the information to be reported by each subsidiary). The Applus+ Group has an accounting policy manual (IFRS Internal Manual) for the issue of financial statements under IFRS-EU, which is drawn up by the Corporate Financial Management, is periodically updated (at least once a year) and is published on the Intranet of the Corporate Financial Management, which all staff may access, involved in the drafting and review of financial information.

The functions of the Corporate Financial Management, through the Consolidation Department, include replying to any accounting consultations that may be raised by the various business units or other corporate managements of the Applus+ Group. Furthermore, at meetings held by corporate, division and subsidiary financial managers, training is arranged on the interpretation and application of any new issues.

Additionally, the Group's external auditor, both in relation to consolidated statements and the most representative subsidiaries in consolidated terms, demands that the financial data reported by these subsidiaries follow the principles enshrined in the Group's Accounting Manual, i.e. IFRS-EU, both in the annual audit and the limited six-monthly audit.

**F.4.2. Measures for capturing and preparing financial information with consistent formats for application and use by all of the units of the entity or the group, and which contain the main financial statements and notes, as well as detailed information regarding ICFR.**

The Applus+ Group has various integrated platforms, both for the accounting registrations of transactions and for financial reporting. The issue of regulated financial data, as well as individual financial statements, is centralised in the Finance Management, in order to guarantee homogeneity. In addition, the integrity and reliability of these data systems is validated through the general controls indicated in section F.3.2.

Each month, reporting are received from each company through the SAP-BPC reporting and consolidation tool, gathering all the necessary information to prepare the Group's consolidated financial data (abridged intermediate financial statements and consolidated annual accounts). This reporting guarantees data homogeneity with the following characteristics:

- Homogenous and consistent for all countries and business activities.
- Based on the Applus+ Group's instructions and accounting manual, of which there is just one for all of the Group's companies.
- Incorporation of all applicable legal, tax, commercial and regulatory requirements.
- SAP-BPC incorporates automatic validation controls between the reported financial statements and any additional details requested.

## F.5 Supervision of system performance

Describe at least the following:

**F.5.1. The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function that has among its mandates support of the committee and the task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible prepares the assessment reports on its results, whether the company has an action plan describing possible corrective measures, and whether its impact on financial reporting is considered.**

The Group's Audit Committee has carried out the following activities during the 2022 financial year in relation to ICFR:

- Supervision of the level of implementation of the ICFR model of the Applus+ Group and of any risk matrixes and ICFR controls.
- Supervision of the outcome of any ICFR reviews completed by the Internal Audit Department and external auditor.
- Review of any ICFR information included in the Annual Corporate Governance Report.

The Audit Committee uses the Internal Audit function to supervise adequate operation of the internal control system, including the ICFR, and ensures its impartiality. This function completes independent and periodic reviews on the design and operation of the internal control system, locating any weaknesses and making recommendations for improvement through the issue of various reports, forwarded to the Corporate Financial Management and Audit Committee, as part of the meetings that are periodically held. These reports are submitted to the Audit Committee, along with any action plans adopted by the managers and Corporate Financial Management for mitigation.

Any potential internal control weaknesses identified in reviews conducted by the Internal Audit function are catalogued by criticality as high, medium or low, based on the impact they may have if they materialise. These weaknesses are managed through the SAP GRC application, a manager is assigned and a timeframe to carry out an action plan, and their resolution is checked by the Internal Audit function.

As a result of the ICFR evaluation activities carried out by the Internal Audit function in 2022, submitted to the Audit Committee, no material weaknesses have been identified that could have a relevant impact on the financial information of the Applus+ Group in the 2022 financial year; the necessary corrective actions have been established to handle any future weaknesses.

Furthermore, the external auditor, as indicated in section F.7.1, issues an annual report on the procedures agreed regarding the ICFR description made by Applus+, which has not pointed out any issues worthy of mention.

**F.5.2. If there is a procedure by which the account auditor (in accordance with the contents of the *Normas Técnicas de Auditoría (NTA)* - "Auditing Standards"), internal auditor and other experts may communicate with senior management and the audit committee or senior managers of the company regarding significant weakness in internal control identified during the review of the annual accounts or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses found.**

The procedure to discuss any improvements and relevant internal control weaknesses identified is generally based on periodic meetings held by the Audit Committee with the following parties:

- Group's Chief Financial Officer, as the senior manager in charge of financial reporting, explains how the main financial metrics have performed in the period under discussion, including any transactions and the most relevant impacts arising during the period, and communication of the main estimates

made.

- The Group's Internal Audit Manager, as the person in charge of supervising the internal control model, ICFR included, reports on the state of any possible weaknesses identified and on the outcome of his reviews.
- The external auditor shares the auditing or limited review schedule to be carried out during the ongoing year, in relation to the annual accounts, and reports any internal control weaknesses or any other issue that it considers should be notified to the Audit Committee.

The Applus+ Group, both from the Corporate Finance Department and Audit Committee, represented by the Internal Audit function, encourages total collaboration and coordination with the Group's external auditors. As a result, it has direct contact with the Management, holding periodic meetings both to obtain the necessary information for its work and to report any control weaknesses identified further to its audit.

The action plans related to weaknesses detected in 2022 have been instrumented as recommendations, following the prioritisation circuit, allocation of a manager and supervision described in section F.5.1.

## **F.6 Other relevant information**

There is no other relevant information worth noting with respect to the Internal Control System for Financial Reporting.

With the aim of reinforcing the Group's Internal Control and in line with the efforts related to the Crime Prevention model implementation, in 2019 a new project to identify fraud using advanced data analysis techniques combined with artificial intelligence was started, which is already implemented in Spain and South America and will be deployed to other relevant geographies in the coming years. This project allows detection of anomalous transactions that may be potentially fraudulent, identify and reveal, as result of the investigations, any improvement opportunities in the processes and controls to prevent them in the future.

This is a continuous improvement opportunity for ICFR, as lessons learned from anomalies detected will be included in the control model.

The Applus Group prepares the consolidated financial statements of Applus Services S.A. using the European Single Electronic Format (ESEF), which was approved by the European Commission on December 18, 2018 and applies to all issuers of securities listed on EU regulated markets. The Group already used it in 2020, despite the fact it was voluntary. In 2022, the Group has also labeled all the text notes, as required by the regulations, or the years beginning on January 1, 2022 (in a second phase).

## **F.7 External auditor's report**

**Report from:**

**F.7.1. If the ICFR information submitted to the markets has been subject to review by the external auditor, in which case the entity shall include its report as an attachment. If not, reasons why should be given.**

The Applus+ Group has submitted its ICFR information, disclosed to the markets in 2021, to an external audit. Consequently, the scope of the auditing procedures has been completed according to Circular E14/2013, of 19 July, of the Spanish Institute of Chartered Accountants (*Instituto de Censores Jurados de Cuentas de España*), which publishes the Action Guide and standard auditor's report regarding information related to the internal control system over financial reporting (ICFR) of listed companies in Spain.



## **G** DEGREE OF COMPLIANCE WITH THE CORPORATE GOVERNANCE RECOMMENDATIONS

Specify the company's degree of compliance with recommendations of the Good Governance Code for listed companies.

In the event that a recommendation is not followed or only partially followed, a detailed explanation of the reasons must be included so that shareholders, investors and the market in general have enough information to assess the company's conduct. General explanations are not acceptable.

1. That the Articles of Association of listed companies do not limit the maximum number of votes that may be cast by one shareholder or contain other restrictions that hinder the takeover of control of the company through the acquisition of shares on the market.

Complies X Explain

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:

a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.

b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies Complies Partially Explain Not Applicable X

3. That, during the course of the ordinary General Shareholders' Meeting, complementary to the distribution of a written Annual Corporate Governance Report, the chairman of the Board of Directors makes a detailed oral report to the shareholders regarding the most material aspects of corporate governance of the company, and in particular:

a) Changes that have occurred since the last General Shareholders' Meeting.

b) Specific reasons why the company did not follow one or more of the recommendations of the Code of Corporate Governance and, if so, the alternative rules that were followed instead.

Complies X Complies Partially Explain

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors, that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders.

And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

And that, without prejudice to the legal obligations regarding dissemination of inside information and other types of regulated information, the company should also have a general policy regarding the communication of economic-financial, non-financial and corporate information through such channels as it may consider appropriate (communication media, social networks or other channels) that helps to maximise the dissemination and quality of information available to the market, investors and other stakeholders.

Complies X Complies Partially Explain

5. That the Board of Directors should not propose to the General Shareholders' Meeting any proposal for delegation of powers allowing the issuance of shares or convertible securities without pre-emptive rights in an amount exceeding 20% of equity at the time of delegation.

And that whenever the Board of Directors approves any issuance of shares or convertible securities without pre-emptive rights the company immediately publishes reports on its web page regarding said exclusions as referenced in applicable company law.

	Complies X	Complies Partially	Explain
6. That listed companies which draft reports listed below, whether under a legal obligation or voluntarily, publish them on their web page with sufficient time before the General Shareholders' Meeting, even when their publication is not mandatory:			
a) Report regarding the auditor's independence.			
b) Reports regarding the workings of the audit committee and the appointments and remuneration committee.			
c) Report by the audit committee regarding related-party transactions			
d) Report on the corporate social responsibility policy.			
	Complies X	Complies Partially	Explain
7. That the company reports in real time, through its web page, the proceedings of the General Shareholders' Meetings.			
And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.			
	Complies X	Complies Partially	Explain
8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.			
	Complies X	Complies Partially	Explain
9. That the company permanently maintains on its web page the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.			
And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.			
	Complies X	Complies Partially	Explain
10. That when a verified shareholder has exercised his right to make additions to the agenda or to make new proposals to it with sufficient time in advance of the General Shareholders' Meeting, the company:			
a) Immediately distributes the additions and new proposals.			
b) Publishes the attendance card credential or proxy form or form for distance voting with the changes such that the new agenda items and alternative proposals may be voted upon under the same terms and conditions as those proposals made by the Board of Directors.			
c) Submits all of these items on the agenda or alternative proposals to a vote and applies the same voting rules to them as are applied to those drafted by the Board of Directors including, particularly, assumptions or default positions regarding votes for or against.			
d) That after the General Shareholders' Meeting, a breakdown of the results of said additions or alternative proposals is communicated.			
	Complies	Complies Partially	Explain      Not Applicable X

11. That, in the event the company intends to pay for attendance at the General Shareholders' Meeting, it establish in advance a general policy of long-term effect regarding such payments.

Complies                      Complies Partially                      Explain                      Not Applicable X

12. That the Board of Directors completes its duties with a unity of purpose and independence, treating all similarly situated shareholders equally and that it is guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, and the promotion of continuity and maximization of the economic value of the business.

And that in pursuit of the company's interest, in addition to complying with applicable law and rules and in engaging in conduct based on good faith, ethics and a respect for commonly accepted best practices, it seeks to reconcile its own company interests, when appropriate, with the interests of its employees, suppliers, clients and other stakeholders, as well as the impact of its corporate activities on the communities in which it operates and in the environment.

Complies X                      Complies Partially                      Explain

13. That the Board of Directors is of an adequate size to perform its duties effectively and collegially, and that its optimum size is between five and fifteen members.

Complies X                      Explain

14. That the Board of Directors should approve a policy aimed at favouring an appropriate composition of the Board and that:

a) Is concrete and verifiable;

b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and

c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

That the result of the prior analysis of the skills required by the Board of Directors be contained in the supporting report from the nomination committee published upon calling the General Shareholders' Meeting to which the ratification, appointment or re-election of each director is submitted.

The nomination committee will annually verify compliance with this policy and explain its findings in the annual corporate governance report.

Complies X                      Complies Partially                      Explain

15. That proprietary and independent directors constitute a substantial majority of the Board of Directors and that the number of executive directors is kept at a minimum, taking into account the complexity of the corporate group and the percentage of equity participation of executive directors.

And that the number of female directors should represent at least 40% of the members of the Board of Directors before the end of 2022 and thereafter, and no less 30% prior to that date.

Complies X                      Complies Partially                      Explain

16. That the percentage of proprietary directors divided by the number of non-executive directors is no greater than the proportion of the equity interest in the company represented by said proprietary directors and the remaining share capital.

This criterion may be relaxed:

a) In large-cap companies where very few shareholdings are legally considered significant.

b) In the case of companies where a plurality of shareholders is represented on the Board

of Directors without ties among them.

Complies X      Explain

17. That the number of independent directors represents at least half of the total number of directors.

Nonetheless, when the company does not have a high level of market capitalization or in the event that it is a high cap company with one shareholder or a group acting in a coordinated fashion who together control more than 30% of the company's equity, the number of independent directors represents at least one third of the total number of directors.

Complies X      Explain

18. That companies publish and update the following information regarding directors on the company website:

- a) Professional profile and biography.
- b) Any other Boards to which the director belongs, regardless of whether the companies are listed, as well as any other remunerated activities engaged in, regardless of its nature.
- c) Category of director, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- d) The date of their first appointment as a director of the company's Board of Directors, and any subsequent re-election.
- e) Company shares and options they own.

Complies X      Complies Partially      Explain

19. That the Annual Corporate Governance Report, after verification by the appointments committee, explains the reasons for the appointment of proprietary directors at the proposal of the shareholders whose equity interest is less than 3%. It should also explain, where applicable, why formal requests from shareholders for membership on the Board meeting were not honored, when their equity interest is equal to or exceeds that of other shareholders whose proposal for proprietary directors was honored.

Complies      Complies Partially      Explain      Not Applicable X

20. That proprietary directors representing significant shareholders must resign from the Board if the shareholder they represent disposes of its entire equity interest. They should also resign, in a proportional fashion, in the event that said shareholder reduces its percentage interest to a level that requires a decrease in the number of proprietary directors representing this shareholder.

Complies      Complies Partially      Explain      Not applicable X

21. That the Board of Directors may not propose the dismissal of any independent director before the completion of the director's term provided for in the Articles of Association unless the Board of Directors finds just cause and a prior report has been prepared by the appointments committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to dedicate the time necessary for attention to the duties attendant to his post as a director, fails to complete the tasks inherent to his or her post, or enters into any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public share offer, joint venture or similar transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of the proportionate representation criteria provided for in Recommendation 16.

Complies X      Explain

22. That companies establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which may damage the company's

standing and reputation. Specifically, directors must be required to report any criminal acts with which they are charged, as well as the consequent legal proceedings.

And that, if the Board is informed or becomes aware in any other manner of any of the circumstances mentioned above, it must investigate the case as quickly as possible and, depending on the specific circumstances, decide, based on a report from the nomination and remuneration committee, whether or not any measure must be adopted, such as the opening of an internal investigation, asking the director to resign or proposing that he or she be dismissed. And that these events must be reported in the annual corporate governance report, unless there are any special reasons not to do so, which must also be noted in the minutes. This without prejudice to the information that the company must disseminate, if appropriate, at the time when the corresponding measures are implemented.

Complies X      Complies Partially      Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

Furthermore, when the Board of Directors makes significant or repeated decisions about which the director has serious reservations, the director should draw the appropriate conclusions and, in the event the director decides to resign, explain the reasons for this decision in the letter referred to in the next recommendation.

This recommendation also applies in the case of the secretary of the Board of Directors, despite not being a director.

Complies X      Complies Partially      Explanation      Not Applicable

24. That whenever, due to resignation or resolution of the General Shareholders' Meeting, a director leaves before the completion of his or her term of office, the director should explain the reasons for this decision, or in the case of non-executive directors, their opinion of the reasons for cessation, in a letter addressed to all members of the Board of Directors.

And that, without prejudice to all this being reported in the annual corporate governance report, insofar as it is relevant to investors, the company must publish the cessation as quickly as possible, adequately referring to the reasons or circumstances adduced by the director.

Complies X      Complies Partially      Explain      Not Applicable

25. That the appointments committee ensures that non-executive directors have sufficient time in order to properly perform their duties.

And that the Board rules establish the maximum number of company Boards on which directors may sit.

Complies      Complies Partially X      Explain

While the company does not establish specific rules on the number of Board of Directors of which its directors can be part, the Appointments and Compensations Committee ensures that the non-executive directors have the appropriate time for the fulfilment of their functions. The result of the evaluation described above in section C.1.17 of this report confirmed the appreciation of the members of the Board on such dedication, and specifically on Chairman's availability, time and attention.

26. That the Board of Directors meet frequently enough so that it may effectively perform its duties, at least eight times per year, following a schedule of dates and agenda established at the beginning of the year and allowing each director individually to propose items do not originally appear on the agenda.

Complies X      Complies Partially      Explain

27. That director absences only occur when absolutely necessary and are quantified in the Annual Corporate Governance Report. And when absences occur, that the director appoints a proxy with instructions.

	Complies X	Complies Partially	Explain	
28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes, upon a request from the protesting party..				
	Complies X	Complies Partially	Explain	Not Applicable
29. That the company establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.				
	Complies X	Complies Partially	Explain	
30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances require.				
	Complies X	Explain	Not Applicable	
31. That the agenda for meetings clearly states those matters about which the Board of Directors are to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.				
When, under exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.				
	Complies X	Complies Partially	Explain	
32. That directors shall be periodically informed of changes in equity ownership and of the opinions of significant shareholders, investors and rating agencies of the company and its group.				
	Complies X	Complies Partially	Explain	
33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out his duties required by law and the Articles of Association, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organize and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances so dictate.				
	Complies X	Complies Partially	Explain	
34. That when there is a coordinating director, the Articles of Association or the Board rules should confer upon him the following competencies in addition to those conferred by law: chairman of the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; reflect the concerns of non-executive directors; liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate governance of the company; and coordinate a succession plan for the chairman.				
	Complies	Complies Partially	Explain	Not Applicable X
35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account the recommendations regarding good governance contained in this Code of Good Governance and which are applicable to the company.				
	Complies X	Explain		
36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:				

- a) The quality and efficiency of the Board of Directors' work.
- b) The workings and composition of its committees.
- c) Diversity of membership and competence of the Board of Directors.
- d) Performance of the chairman of the Board of Directors and the chief executive officer of the company.
- e) Performance and input of each director, paying special attention to those in charge of the various Board committees.

In order to perform its evaluation of the various committees, the Board of Directors will take a report from the committees themselves as a starting point and for the evaluation of the Board, a report from the appointments committee.

Every three years, the Board of Directors will rely upon the assistance of an external advisor for its evaluation, whose independence shall be verified by the appointments committee.

Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group shall be specified in the Annual Corporate Governance Report.

The process and the areas evaluated shall be described in the Annual Corporate Governance Report.

Complies X                      Complies Partially                      Explain

The company complies with the totality of this recommendation, with the exception of the assistance by external advisor, which the board has for the time being not introduced, in view of the improvements developed in the evaluation procedure and the results of the same.

37. That if there is an executive committee, the proportion of each different director category must be similar to that of the Board itself, and its secretary must be the secretary of the Board.

Complies                      Complies Partially                      Explain                      Not Applicable X

38. That the Board of Directors must always be aware of the matters discussed and decisions taken by the executive committee and that all members of the Board of Directors receive a copy of the minutes of meetings of the executive committee.

Complies                      Complies Partially                      Explain                      Not Applicable X

39. That the members of the audit committee, in particular its chairman, be appointed in consideration of their knowledge and experience in accountancy, audit and risk management issues, both financial and non-financial.

Complies X                      Complies Partially                      Explain

40. That under the supervision of the audit committee, there must be a unit in charge of the internal audit function, which ensures that information and internal control systems operate correctly, and which reports to the non-executive chairman of the Board or of the audit committee.

Complies X                      Complies Partially                      Explain

41. That the person in charge of the unit performing the internal audit function should present an annual work plan to the audit committee, for approval by that committee or by the Board, reporting directly on its execution, including any incidents or limitations of scope, the results and monitoring of its recommendations, and present an activity report at the end of each year.

Complies X                      Complies Partially                      Explain                      Not Applicable

42. That in addition to the provisions of applicable law, the audit committee should be responsible for the following::

- 1. With regard to information systems and internal control:

- a) Supervising and evaluating the process of preparation and the completeness of the financial and non-financial information, as well as the control and management systems for financial and non-financial risk relating to the company and, if applicable, the group - including operational, technological, legal, social, environmental, political and reputational risk, or risk related to corruption - reviewing compliance with regulatory requirements, the appropriate delimitation of the scope of consolidation and the correct application of accounting criteria.
- b) Ensure the independence and effectiveness of the group charged with the internal audit function; propose the selection, appointment, re-election and dismissal of the head of internal audit; draft a budget for this department; approve its goals and work plans, making sure that its activity is focused primarily on material risks to the company (including reputational); receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establishing and supervising a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any potentially serious irregularities, especially those of a financial or accounting nature, that they observe in the company or its group. This mechanism must guarantee confidentiality and in any case provide for cases in which the communications can be made anonymously, respecting the rights of the whistleblower and the person reported.
- d) Generally ensuring that internal control policies and systems are effectively applied in practice.

**2. With regard to the external auditor:**

- a) In the event that the external auditor resigns, examine the circumstances which caused said resignation.
- b) Ensure that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d) Ensure that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks accomplished and regarding the development of its accounting and risks faced by the company.
- e) Ensure that the company and the external auditor comply with applicable rules regarding the rendering of services other than auditing, proportional limits on the auditor's billing, and all other rules regarding the auditor's independence.

Complies X      Complies Partially      Explain

- 43. That the audit committee may require the presence of any employee or manager of the company, even without the presence of any other member of management.**

Complies X      Complies Partially      Explain

- 44. That the audit committee be kept abreast of any corporate and structural changes planned by the company in order to perform an analysis and draft a report beforehand to the Board of Directors regarding economic conditions and accounting implications and, in particular, any exchange ratio involved.**

Complies X      Complies Partially      Explain      Not Applicable

- 45. That the risk management and control policy identify, as a minimum:**

- a) The various types of financial and non-financial risks (among those operational, technological, legal, social, environmental, political and reputational) which the company



faces, including financial or economic risks, contingent liabilities and other off balance sheet risks.

- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) Fixing of the level of risk the company considers acceptable.
- d) Means identified in order to minimize identified risks in the event they transpire.
- e) Internal control and information systems to be used in order to control and manage identified risks, including contingent liabilities and other off balance sheet risks.

Complies X      Complies Partially      Explain

46. That under the direct supervision of the audit committee or, if applicable, of a specialized committee of the Board of Directors, an internal control and management function should exist delegated to an internal unit or department of the company which is expressly charged with the following responsibilities:

- a) Ensure the proper functioning of risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks that may affect the company.
- b) Actively participate in the creation of the risk strategy and in important decisions regarding risk management.
- c) Ensure that the risk management and control systems adequately mitigate risks as defined by policy issued by the Board of Directors.

Complies X      Complies Partially      Explain

47. That members of the appointment and remuneration committee -- or of the appointments committee and the remuneration committee if they are separate -- are chosen taking into account the knowledge, ability and experience necessary to perform the duties they are called upon to carry out and that the majority of said members are independent directors.

Complies X      Complies Partially      Explain

48. That high market capitalization companies have formed separate appointments and remuneration committees.

Complies      Explain      Not Applicable X

49. That the appointments committee consult with the chairman of the Board of Directors and the chief executive of the company, especially in relation to matters concerning executive directors.

And that any director may ask the appointments committee to consider potential candidates he or she considers appropriate to fill a vacancy on the Board of Directors.

Complies X      Complies Partially      Explain

50. That the remuneration committee exercises its functions independently and that, in addition to the functions assigned to it by law, it should be responsible for the following:

- a) Propose basic conditions of employment for senior management.
- b) Verify compliance with company remuneration policy.
- c) Periodically review the remuneration policy applied to directors and senior managers, including remuneration involving the delivery of shares, and guarantee that individual remuneration be proportional to that received by other directors and senior managers.
- d) Oversee that potential conflicts of interest do not undermine the independence of external advice rendered to the Board.

- e) Verify information regarding remuneration paid to directors and senior managers contained in the various corporate documents, including the Annual Report on Director Remuneration.

Complies X      Complies Partially      Explain

51. That the remuneration committee consults with the chairman and the chief executive of the company, especially in matters relating to executive directors and senior management.

Complies X      Complies Partially      Explain

52. That the rules regarding composition and workings of supervision and control committees appear in the rules governing the Board of Directors and that they are consistent with those that apply to mandatory committees in accordance with the recommendations above, including:

- a) That they are comprised exclusively of non-executive directors, with a majority of them independent.
- b) That their chairmen be independent directors.
- c) That the Board of Directors select members of these committees taking into account their knowledge, skills and experience and the duties of each committee; discuss their proposals and reports; and detail their activities and accomplishments during the first plenary session of the Board of Directors held after the committee's last meeting.
- d) That the committees be allowed to avail themselves of outside advice when they consider it necessary to perform their duties.
- e) That their meetings be recorded and the minutes be made available to all directors.

Complies X      Complies Partially      Explain

53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies X      Complies Partially      Explain

54. The minimum functions referred to in the foregoing recommendation are the following:

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of

promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.

- d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies X      Complies Partially      Explain

55. That environmental and social sustainability policies identify and include at least the following:

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.
- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies X      Complies Partially      Explain

56. That directors remuneration be sufficient in order to attract and retain directors who meet the desired professional profile and to adequately compensate them for the dedication, qualifications and responsibility demanded of their posts, while not being so excessive as to compromise the independent judgment of non-executive directors.

Complies X      Explain

57. That only executive directors receive remuneration linked to corporate results or personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments whose value is indexed to share value, or long-term savings plans such as pension plans, retirement accounts or any other retirement plan.

Shares may be given to non-executive directors under the condition that they maintain ownership of the shares until they leave their posts as directors. The forgoing shall not apply to shares that the director may be obliged sell in order to meet the costs related to their acquisition.

Complies X      Complies Partially      Explain

58. That as regards variable remuneration, the policies incorporate limits and administrative safeguards in order to ensure that said remuneration is in line with the work performance of the beneficiaries and are not based solely upon general developments in the markets or in the sector in which the company operates, or other similar circumstances.

And, in particular, that variable remuneration components:

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk undertaken to achieve a given result.
- b) Promote sustainability of the company and include non-financial criteria that are geared towards creating long-term value, such as compliance with rules and internal operating procedures and risk management and control policies.

- c) Are based upon balancing short-, medium- and long-term objectives, permitting the reward of continuous achievement over a period of time long enough to judge creation of sustainable value such that the benchmarks used for evaluation are not comprised of one-off, seldom occurring or extraordinary events.

Complies X Complies Partially Explain Not Applicable

59. That the payment of variable remuneration components be subject to sufficient verification that previously established performance or other conditions have effectively been met. Entities must include in their annual report on director remuneration the criteria for the time required and methods used for this verification depending on the nature and characteristics of each variable component.

That, additionally, companies consider the inclusion of a reduction ('malus') clause for the deferral of the payment of a portion of variable remuneration components that would imply their total or partial loss if an event were to occur prior to the payment date that would make this advisable.

Complies X Complies Partially Explain Not Applicable

60. That remuneration related to company results takes into account any reservations which may appear in the external auditor's report which would diminish said results.

Complies X Complies Partially Explain Not Applicable

61. That a material portion of variable remuneration for executive directors depends upon the delivery of shares or instruments indexed to share value.

Complies X Complies Partially Explain Not Applicable

62. That once shares or options or financial instruments have been allocated under remuneration schemes, executive directors be prohibited from transferring ownership or exercising options or rights until a term of at least three years has elapsed.

An exception is made in cases where the director has, at the time of the transfer or exercise of options or rights, a net economic exposure to changes in the share price for a market value equivalent to at least twice the amount of his or her fixed annual remuneration through the ownership of shares, options or other financial instruments.

The forgoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition or, following a favourable assessment by the nomination and remuneration committee, to deal with such extraordinary situations as may arise and so require.

Complies X Complies Partially Explain Not Applicable

63. That contractual arrangements include a clause which permits the company to seek reimbursement of variable remuneration components in the event that payment does not coincide with performance criteria or when delivery was made based upon data later deemed to be inaccurate.

Complies X Complies Partially Explain Not Applicable

64. That payments for contract termination should not exceed an amount equivalent to two years of total annual remuneration and should not be paid until the company has been able to verify that the director has fulfilled all previously established criteria or conditions for payment.

For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies X Complies Partially Explain Not Applicable



## FURTHER INFORMATION OF INTEREST

1. **If there is any aspect regarding corporate governance in the company or other companies in the group that have not been included in other sections of this report, but which are necessary in order to obtain a more complete and comprehensible picture of the structure and governance practices in the company or group, describe them briefly below.**
2. **This section may also be used to provide any other information, explanation or clarification relating to previous sections of the report, so long as it is relevant and not redundant.**

With respect to the notes on Recommendations 25 (only which the Company complies partially), to point out that ESG Committee, within the framework of its duties, performs an annual analysis on the situation of the Company in the field of good corporate governance, which is afterwards ratified by the Board, which includes consideration of the measures that Company adopts to ensure the compliance with the objectives of the principles on which the recommendations are based.

Likewise, as mentioned in section C.1.3, the Company is proactive in corporate governance matters and dialogue with its stakeholders. It values and dedicates yearly efforts to the engagement campaign with proxy advisors and main shareholders, including the participation of the Chairman of the Appointments and Compensation Committee.

This dialogue proved to be fruitful considering the high quorum at the 2022AGM (68.796% of the share capital) which was held on hybrid basis. Moreover, the Company has also been interested in the reasons for the abstention or lesser support for certain items on the Agenda in recent years. The Company has listened and taken note of the motivations expressed. Acknowledging the concerns around the topic, the Company published a special report ahead of the AGM on the chairman's re-election.

On December 14<sup>th</sup>, 2022, the Board of Directors of the Company, informed that following the recommendation of the Audit Committee and as a result of a selection process carried out by such Committee, resolved to appoint PricewaterhouseCoopers Auditores, S.L. as the auditor of the annual accounts of Applus and its consolidated group for financial years 2024, 2025 and 2026. The Board of Directors will propose such appointment to the next Annual General Shareholders' Meeting.

**Specifically, state whether the company is subject to any corporate governance legislation other than that prevailing in Spain and, if so, include any information required under this legislation that differs from the data requested in this report.**

3. **The company may also state whether it voluntarily complies with other ethical or best practice codes, whether international, sector-based, or other. In such a case, name the code in question and the date the company began following it. It should be specifically mentioned that the company adheres to the Code of Good Tax Practices of 20 July, 2010**

- Applus Services, S.A has adhered to the United Nations Global Compact and has been at the Advanced Level since 2018 following the 10 principles.
- Applus+ participates in the Carbon Disclosure Project (CDP) since 2017 maintaining the level B consecutively since 2018. Also, Applus+ has been recognized with "AA" by the MSCI ESG Research agency in 2019.
- Applus+ has adopted the United Nations Sustainable Development Goals (SDGs) as a framework for its corporate social responsibility objectives. At least nine of the seventeen UN SDGs are applicable to Applus+ business.
- We endorse the United Nations Guiding Principles on Business and Human Rights, the Organization for Economic Cooperation and Development's Guidelines for Multinational Enterprises, and the International Finance Corporation's Performance Standards.
- Applus+ has been included in the FTSE4GoodIBEX since 2019.
- Gaïa Rating recognized Applus+ with a score of 70/100 in 2021, and Sustainalytics rated the Group with a 15.6 that places our company in the "low risk" ESG group. In March 2022, S&P Global scored Applus+ with a 54, making it the 11th best company in its sector of 105 companies.
- Applus+ has adopted the GRI standards, the SASB (Sustainability Accounting Standards Board), and the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures) for its non-financial information reporting.
- Applus+ has joined the European Charter of Principles signed by organizations to make their commitment to diversity and inclusion in the workplace visible. European Commission Diversity Charter Member for the 2021-2023 period.

- Applus+ has joined the Spanish Presidency Ministry's Initiative to promote a balanced participation of women and men in business and economic decision-making. "More Women, Better Companies" in 2021 and has actively participated in the Target Gender Equality initiative of the United Nations Global Compact in 2022.
- We are adopting the United Nations' seven Principles of Women's Empowerment since 2021.
- In 2022, Applus+ renewed its agreement with the Spanish High Council for Sports so that high-level athletes can start their professional careers in the Group, and signed the Dual FP Alliance in Spain to promote initiatives to make Vocational Training a tool to develop young talent.
- Applus+ has been included in the Network of Inclusive Companies (Andorra) since 2021.

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**This Annual Corporate Governance Report was approved by the Board of Directors of the company at the meeting held on 23 February 2023**

**State whether any directors voted against or abstained from voting on this report.**

Yes ☐ No ☒

Name of director who has not voted for the approval of this report	Reasons (against, abstention, non-attendance)	Explain the reasons

Observations