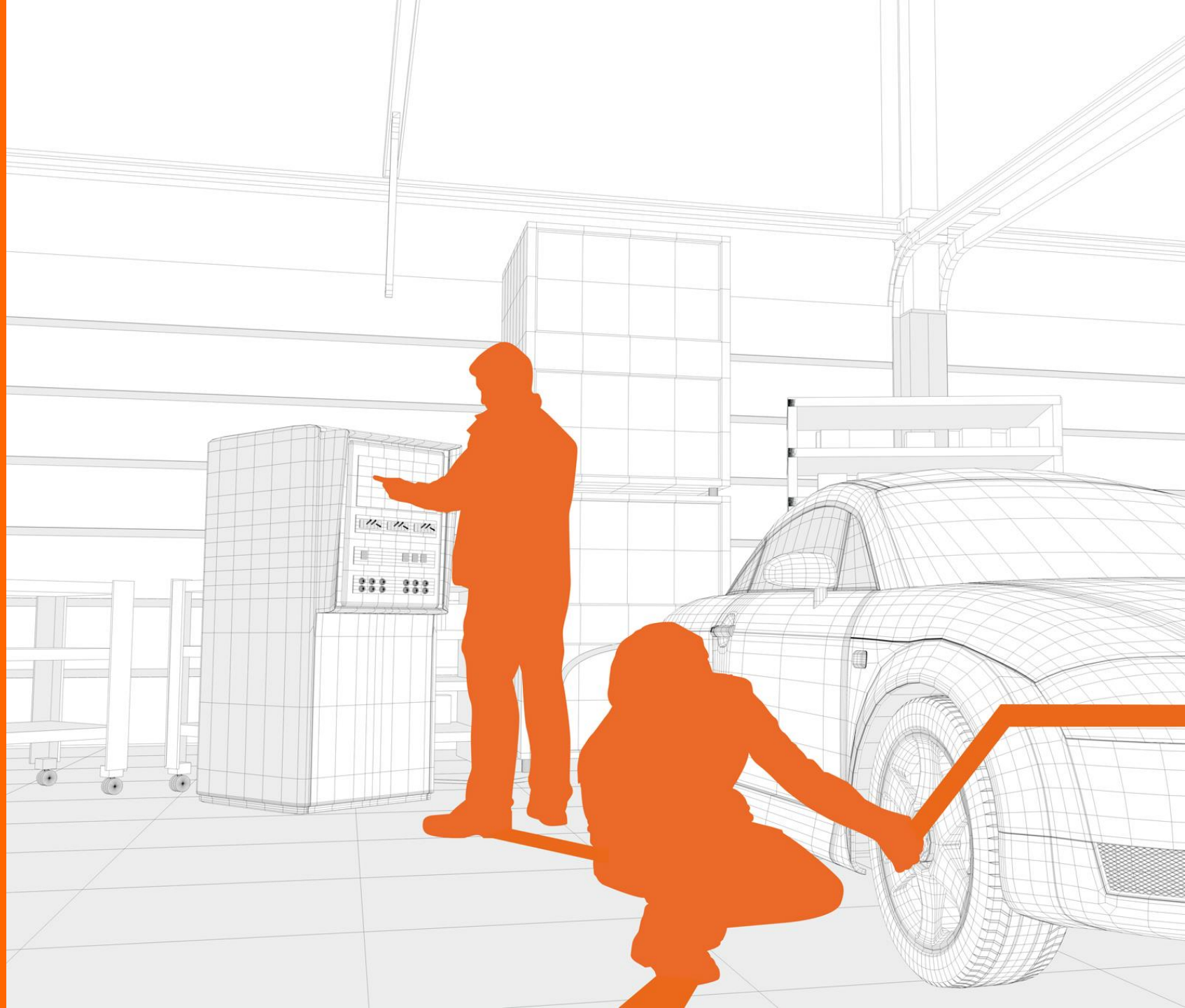


# ESG Slides For Investor Relations Presentations

May 2022

**Aston Swift - IR**

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



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

- ESG formally introduced practice in 2014 with the creation of the ESG Committee of the Board
- First Corporate Social Responsibility Report published 2015 following the Global Reporting Initiative (GRI)
- UN Global Compact Signatory since 2017 and Advanced Level from 2018. Follow the 10 Principles
- UN Sustainable Development Goals (SDG). Adopted since 2017 as a framework for ESG goals
- ESG Targets first set for 2021 and Targets linked to remuneration from 2022

## An ESG leader according to rating agencies

**S&P Global** **54/100** Top 19%

**SUSTAINALYTICS** **15.6** Low Risk

**CDP** **B** Rating  
Above average

**Gaia RATING** **71/100**  
Above average

**MSCI ESG RATINGS** **AA**  
CCC B BB BBB A AA AAA

**FTSE4Good**

### Environmental

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

### Social

Development and inclusion programmes in place including widespread recognitions

### Governance

Strong culture of compliance  
Annual Corp. Governance road show by Non Executive Director

	Vision	2024 Targets
<p><b>Environment</b></p>	<p>Help the environment by improving both ours and our client's industries and mitigate the negative impact of climate change on our business</p>	<ul style="list-style-type: none"> <li>▪ <b>30% reduction</b> of Scope 1 &amp; 2 emissions vs 2019</li> <li>▪ Be scope 1 and 2 <b>carbon neutral by 2023</b></li> <li>▪ Plan for <b>net zero by 2050</b> under SBTi</li> </ul>
<p><b>Social</b></p>	<p>To attract diverse, talented and committed people enabling them to reach full potential in a safe and contented workplace</p>	<ul style="list-style-type: none"> <li>▪ <b>≥ 40% appointments</b> to top management and Group corporate services to be filled by <b>women</b></li> <li>▪ <b>10% reduction</b> in Lost Time Injury Frequency</li> </ul>
<p><b>Governance</b></p>	<p>To uphold our principles of good governance and to operate ethically, responsibly and with highest integrity which our stakeholders expect and deserve</p>	<ul style="list-style-type: none"> <li>▪ <b>≥ 90% Compliance</b> with applicable CNMV (Spanish regulator) recommendations</li> <li>▪ <b>≥ 98% professionals</b> complete the training and sign up to the Code of Ethics</li> </ul>

**ESG Targets included from 2022 to 2024 within the Management Long Term Incentive Plan (LTIP) at 10%  
Plus  
Annual progress Bonus Targets from 2022 at 15%**

## Internal Impact

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

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

## External Impact

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

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

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

### Internal Impact

Controlling the causes of these within our activities

- Policies and environmental management systems which are extended to our supply chain
- Measuring data to get accurate figures which are annually audited. From 2019 including Scope 3 emissions (business trips, commuting and power distribution network)
- Reducing our energy use, GHG emissions and water consumption through specific actions, such as efficient lighting, mobility plans, electric vehicles and water recycling
- Deploying awareness campaigns to engage employees on sustainable practices in their day-to-day
- Decoupling our emissions from our productive activity
- Increasing the proportion of renewable energy we buy from renewable sources
- Targets linked to remuneration
- Plan for **net zero by 2050** under SBTi. Approval onto the programme has been received

### External Impact

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

- Measuring and increasing our “green services” revenues

### Internal Impact

- SBTi joined in 2021 with target of net zero by 2050
- Energy intensity decreased by 2% from 2019 to 38.1 GJ/employee. Financial Times Europe Climate Leader 2022. Bank loan from Caixabank linked to reduction of emissions per employee targets
- Increased our electricity use from Renewables to 70% (2019 was zero)
- Scope 1 Emissions 8% lower; Scope 2 Emissions 60% lower - versus 2019
- Emissions intensity (Scope 1,2) per employee reduced by 26% from 2019 to 2.21 t CO2 eq
- Target for 2024 to reduce emissions (scopes 1,2) by 30% compared to 2019 and to offset all by 2023
- Extending Scope 3 emissions measured for second year
- Reducing our groundwater consumption by 13%
- Measurement of Waste (2,440 tons)
- Environmental Management System (ISO 14001) now for 54% of operations locations

### External Impact

- Circa €300 million (17% total revenue) in 2021 from services to protect reduce/mitigate environmental impacts "green services"

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

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

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

### **People**

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

### **Innovation**

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

### **Stakeholders' engagement**

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

- 25,278 professionals distributed across 70 countries. Men and women with a broad diversity of nationalities, cultures, religions and ages
- 23 training hours given per employee
- We filled 73% (77% in 2019) of all available management positions internally
- Voluntary turnover rate of employees reduced to 11% (2019: 12%)
- 86% of employees are local (86% in 2019)
- 96% of products and services purchased locally
- Introduced supply chain management tools and controls with 100% of new suppliers using new social and environmental criteria
- People with functional diversity at 1.1% of the work force
- People covered by collective agreements 54% (53% 2019)
- People covered by Diversity and Equality councils at 60% above 2021 Target of > 50%
- Total Recordable Case Frequency (TRCF) of 1.0 (1.0 in 2019). Lost Time Injury Frequency Targets linked to Remuneration
- Zero fatalities in 2021 (Two fatalities in 2020, none in 2019)
- 91,338 in situ audits/inspections; 15,834 safety observations were notified
- 178 innovation projects involving 897 employees with 146 patents in force from 34 patent families
- Actions supporting our social contribution: well-being programmes, education of young people, support disadvantaged groups, campaigns for life threatening illnesses and promoting safe and healthy lifestyles



## SOCIAL RECOGNITIONS



Included in **Ibex Gender Equality Index** - the first Spanish stock market indicator to measure the presence of women in Management



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



In the UK recognised with the **Constructionline Gold Award**



Stevie Awards for **Best Leadership Development Program** and **Best Use of Blended Learning Categories**



A bronze award in the category of **Achievement in HR Technology**



Third prize in the categories of **Best Unique or Innovative L&D Initiative** and **Best Use of Blended Learning** for the Group's Global Management Development Programme (GM DP)



Third prize in the category of **Best Employee Experience**.



Selected as one of the **the seven best companies** for its culture and practices in diversity, inclusion and equality.



Selected as one of the six best companies in Europe for **promotion of group-wide corporate culture** and one of the **five best companies** in the category of **Best Digital Transformation Initiative** for its HR project in digital transformation



Member of the **European Commission Diversity Charter**

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

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

- High adherence to Good Governance Code for listed companies (93% effective compliance in 2021)
- Board of Directors is strong and diverse
  - 3 Committees (Audit, Appointments/Remuneration, ESG) all chaired by Independents
  - 8 out of 10 of the Directors are non-executive and 7 are independent including the Chairman
  - Chairman and CEO separation
  - 2 executive directors
  - Good complement of skills, experience, nationalities and age
  - 40% women directors
- Proactive annual Corporate Governance engagement with top investors
- High AGM participation (74% in 2021)
- New Remuneration Policy for 2022-2024 to be approved at 2022 AGM
- Board evaluation process by external third party
- Shareholder rights in line with best practice (eg no poison pills and 1 share, 1 vote)
- Compliance Management System includes Policies and annual training
  - Code of Ethics (99% of all employees completed the annual training)
  - Global Anti-corruption Policy and Procedure
  - Whistleblowing channel - 121 communications in 2021, 27 resulted in corrections

## Mission

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

## Vision

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

## Values

- Integrity
- Transparency
- Impartiality and independence
- Responsibility

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

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