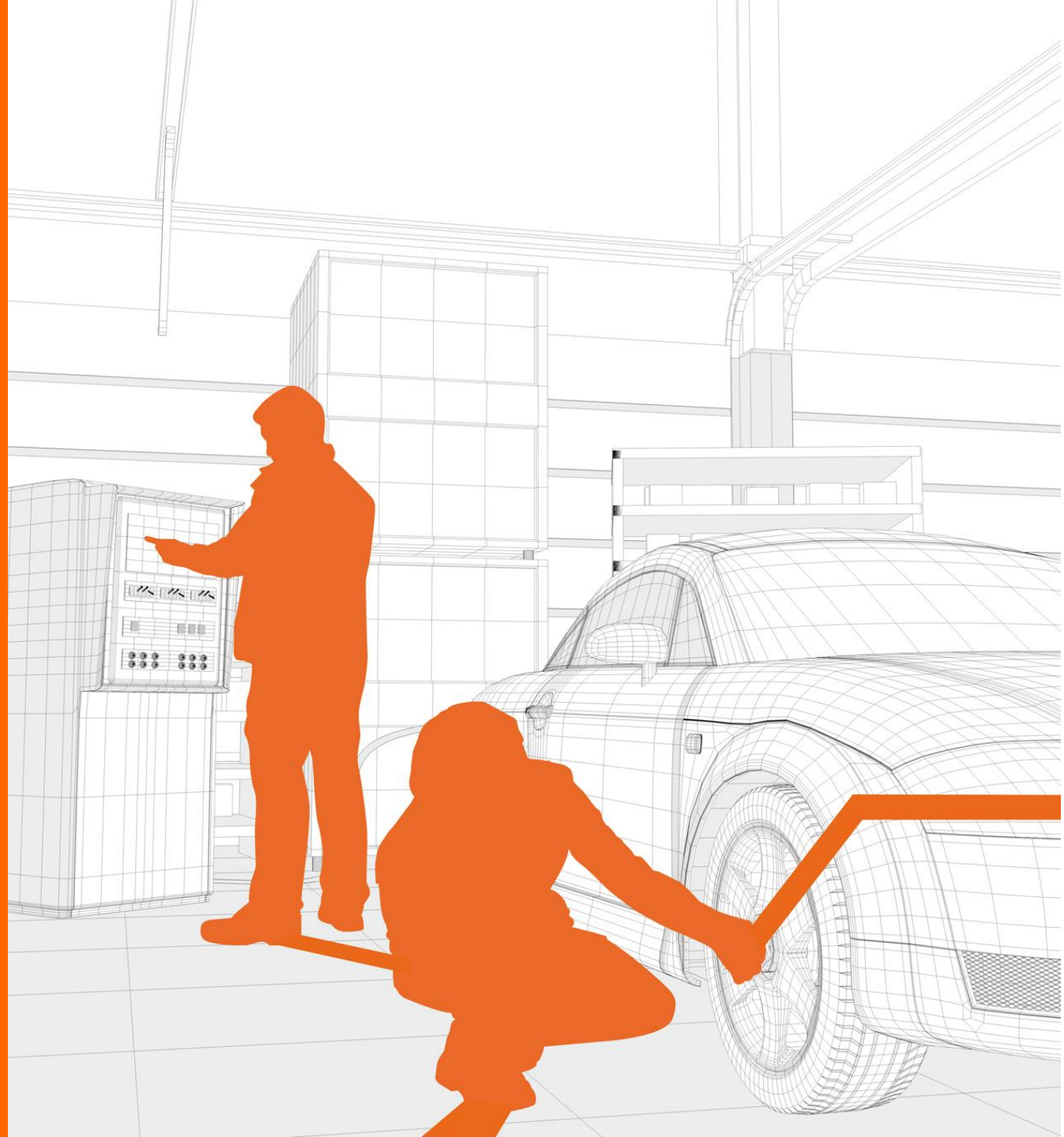


ESG Slides For Investor Relations Presentations

November 2020

Aston Swift - IR

**M^a Teresa Sanfeliu -
Internal Quality
H&S and
Innovation (HSQE)**



- ESG formally introduced practice in 2014 with the creation of the CSR Committee of the Board
- First CSR Report published in 2015 according to *GRI Standards* and audited since 2018
- **UN Global Compact** member since 2017 and **Advanced Level** from 2018. Follow 10 Principles
- **UN Sustainable Development Goals** (SDG) since 2017 as framework for Applus ESG goals
- “AA” rating from **MSCI**
- Included into **FTSE4Good IBEX** from June 2019
- “B” rating from the **CDP**



United Nations
Global Compact



ENVIRONMENTAL IMPACTS

Internal Impact

Limited negative environmental impact to *carry-out* the services provided. Mainly related to offices, laboratories and transport to client's 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.

ENVIRONMENT HOW WE MANAGE

Internal Impact

Controlling the causes of these within our activities

- Policies and environmental management systems which are extended to our supply chain
- Measuring data to get accurate figures which are annually audited. In 2019 we included **Scope 3** emissions (business trips, commuting and power distribution network)
- Reducing our energy and water consumption, as well as our GHG emissions, through specific actions, such as efficient lighting in offices, mobility plans, electric vehicles in our fleet and water re-use at our facilities
- Deploying new awareness campaigns to engage employees on sustainable practices in their day-to-day work
- Decoupling our emissions from our productive activity
- Deploying a plan to purchase green energy
- Off-setting CO2 emissions

External Impact

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

- Measuring and **increasing** our “green services” revenues

ENVIRONMENTAL ACHIEVEMENTS IN 2019

Internal Impact

- Energy intensity increased by 8% to 38.8 GJ/employee
- ✓ Reducing our electricity consumption on a like for like basis by 3%
- ✓ 2% of our fleet are eco-efficient vehicles (electric, hybrid, plug-in hybrid, bio-fuel and CNG and LNG)
- ✓ 16% off-set of CO2 emissions from flights in Spain
- ✓ Extending our GHG emissions to the Scope 3 related to business trips by airplane, train and taxi, employees commuting and power distribution network
- ✓ Reducing our water consumption by 7%

External Impact

- ✓ Circa €200 million (11% total revenue) from services to protect reduce/mitigate environmental impacts "green services"
Renewables, Automotive Emissions, Environmental Surveys, Energy Audits, Waste Management Surveys and innovation projects for Automotive eco-engines and lightweight Aerospace materials

SOCIAL

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 promote 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: Action plans from results of our last employee satisfaction survey
- ✓ 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 homologation processes

SOCIAL ACHIEVEMENTS IN 2019

- ✓ 23,051 professionals distributed across 70 countries. They comprise men and women with a **broad diversity** of nationalities, cultures, religions and ages
- ✓ **137** development plans for individuals from the managers in 26 countries, including more than 406 actions
- ✓ First group of Applus+ managers graduated from the Global Management Development Programme in 2019
- ✓ **35** training hours given per employee and **100%** of all professionals were enrolled and completed the annual Code of Ethics training
- ✓ We filled **77%** (73% in 2018) of all available management positions internally
- ✓ Voluntary turnover rate of employees remained stable at **12%**
- ✓ **584** actions implemented from the satisfaction survey's action plan
- ✓ The high percentage of local employees (**86%** and **94%** job vacancies filled locally) and products or services purchased locally (**90%**) highlight our commitment to local communities
- ✓ Reduced the accident rate by almost **10%** and reduced the severity rate by **26%**. No fatalities in 2019
- ✓ **200** innovation projects involving **881** employees with 98 accumulated patents granted
- ✓ **Actions** supporting our social contribution: education of young people, support disadvantaged groups, campaigns for life threatening illnesses and promoting safe and healthy lifestyles

GOVERNANCE

Applus+ is governed by a set of corporate rules, policies and processes that define, under applicable laws 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
- 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.

GOVERNANCE ACHIEVEMENTS IN 2019

- ✓ High adherence to Good Governance Code for listed companies (89% effective compliance ratio in 2019)
- ✓ Board of Directors is strong and diverse
 - 3 Committees (Audit, Appointments/Remuneration, CSR)
 - 7 out of 10 of the Directors are independent including the Chairman
 - Chairman and CEO separation
 - Good complement of skills, experience, nationalities and age as well as 3 female directors (30%)
- ✓ Proactive annual Corporate Governance engagement with top investors resulting in high AGM participation (>70%)
- ✓ Shareholder rights in line with best practice (eg no poison pills and 1 share, 1 vote)
- ✓ Compliance Management System includes Policies and annual training
 - Code of Ethics
 - Global Anti-corruption Policy and Procedure
 - Whistleblowing channel - 107 communications in 2019, 24 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⁺ *Together* beyond standards

www.applus.com