

**ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES**

**IDENTIFICATION DETAILS OF ISSUER**

**REFERENCE YEAR END DATE**

31/12/2022

**TAX IDENTIFICATION CODE: A64622970**

Company Name:  
APPLUS SERVICES, S.A.

Business Address:  
c/ Campezo 1, Edificio 3  
Parque Empresarial Las Mercedes, Madrid

## ANNUAL REPORT ON THE REMUNERATION OF DIRECTORS OF LISTED COMPANIES

### **A THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT FINANCIAL YEAR**

A.1.1 Explain the director remuneration policy in effect for the current financial year. Where relevant information can be incorporated by reference to the remuneration policy approved by the shareholders at the general shareholders' meeting, provided that the incorporation is clear, specific and concrete.

The specific provisions established for the current financial year must be described in terms of both remuneration of directors in their capacity as such and remuneration for the performance of executive duties that the board has performed under the terms of contracts signed with the executive directors and with the remuneration policy approved at the general meeting.

In any case, at least the following aspects must be reported on:

- a) Description of the company's procedures and decision-making bodies involved in the determination, approval and implementation of the remuneration policy and its terms.
- b) Statement and, if applicable, explanation of whether comparable companies have been taken into account to establish the company's remuneration policy.
- c) Information on whether any external advisor has participated and, if applicable, the identity thereof.
- d) Procedures under the existing remuneration policy for directors to apply for temporary exemptions to such policy, the conditions under which such exceptions may be applied for and the components that may be subject to exceptions under the policy.

The Remuneration Policy for financial years 2022, 2023 and 2024 was approved at the 2022 General Shareholders' Meeting. The principles and grounds of the Remuneration Policy revolve around remuneration based on market practices, capable of attracting, retaining and motivating the necessary talent in accordance with the features of its industry and of the countries in which the Company operates, to satisfy the needs of the business and shareholders' expectations, and independent directors will receive the remuneration necessary to reward the dedication, qualification and responsibility that the position requires, though it should not be so high as to compromise their independence. In addition, the Remuneration Policy establishes, among others, that long-term sustainability is a strategic priority and therefore links the variable remuneration of the Executive Directors to the achievement of ESG targets. The Policy also links annual variable compensation to adjusted operating profit and adjusted operating cash flow, reflecting operating profitability and cash flow generation priorities, and links the incentive plan to total shareholder return, earnings per share and average return on capital employed, reflecting sustainable shareholder value creation priorities. The compensation and employment conditions of the Company's employees have been taken into account in setting the Policy.

The director remuneration established in the Remuneration Policy is reasonably proportionate to the importance of the Company, its financial situation and the market standards of comparable companies. It is aimed at promoting the long-term profitability and sustainability of the Company and it incorporates the necessary caution to prevent the excessive assumption of risks or the rewarding of unfavourable results.

The position of director of the Company is remunerated. The remuneration of directors in their capacity as such is composed of an annual fixed amount and the maximum amount of the non-executive directors as a whole in their capacity as such was set at EUR 1,500,000 at the General Shareholders' Meeting held on 30 May 2019. This will remain effective until amended in the same way. The Board of Directors will set the exact amount to be paid within the limit approved at the General Meeting, as well as the specific remuneration of each director in their capacity as such, taking into account the duties and responsibilities allocated to each director, the time they have to dedicate to the position and relevant market conditions. Proprietary and executive directors will not receive any remuneration for their membership of the Board of Directors or of any of its Committees.

Directors will also be reimbursed for duly justified expenses relating to travel and accommodation to attend meetings and the Company has also contracted civil liability insurance.

The Remuneration Policy was proposed by the Appointments and Remuneration Committee (“**ARC**”), which prepared a reasoned report on the Policy that was made available to shareholders at the registered office and published continuously on the corporate website from the publication of the announcement of the call until the holding of the General Meeting.

Upon a report or proposal from the ARC, the Board applies the Policy on its own terms and within the framework of the bylaw-mandated remuneration scheme (and that established in the contracts with the executive directors). The ARC assists the Board of Directors in the determination and implementation of the Remuneration Policy under the powers assigned to it by the Board Regulations. Furthermore, article 39.4 of those Regulations provides that the ARC may seek external advisory services. The Company prepared the Policy with the support of Mercer Consulting, which prepared various benchmark studies regarding the remuneration status of directors on behalf of Applus during 2021.

Mercer Consulting is not employed to provide any other advisory service to the ARC. There are no provisions for applying any temporary exceptions to the Policy.

The only directors who performed executive duties during financial year 2022 were the former CEO Mr Fernando Basabe Armijo, who did not stand for re-election as a director at the 2022 General Shareholders’ Meeting due to his intention to retire and who resigned as a director effective from 27/06/2022, and the current CEO Mr Joan Amigó i Casas (who was CFO until 27/06/2022 and was appointed Chief Executive Officer effective from 28/07/2022 (the “**Executive Director**”, “Director General Manager”)).

After Mr Basabe did not stand for re-election, his senior management employment relationship with the Company remained in force during the 2022 financial year to ensure the proper and orderly transfer of the professional duties and activities he performed for the Company, resigning on 1 January 2023 under the conditions approved for this purpose by the Board of Directors, upon the proposal from the ARC.

As of 23 February 2023, the ARC is in the process of consulting with shareholders and proxy-advisors to outline an amendment to the Policy that will be submitted at the 2023 General Shareholders’ Meeting. This new Policy will maintain the above-mentioned principles, and will be updated to take into account Mr Fernando Basabe Armijo’s departure from the position of CEO, with Mr Joan Amigó i Casas (previously CFO) assuming the role of CEO.

The new Policy will be proposed by the ARC, which has drawn up a reasoned report for the new Policy that will be made available to the shareholders at the registered office and published continuously on the corporate website from the call to the holding of the General Meeting. The ARC is advised by Korn Ferry (London, UK).

A.1.2 Relative importance of variable remuneration items in comparison to fixed items (remunerative mix) and which criteria and targets have been taken into account in the determination thereof and to ensure an appropriate balance between the fixed and variable remuneration components. In particular, state the actions taken by the company about the remuneration scheme to reduce exposure to excessive risks and align it with the company’s long-term objectives, values and interests, which will include (where applicable) a reference to measures established to ensure that the remuneration policy takes into account the company’s long-term results, the measures adopted concerning those categories of staff whose professional activities have a material impact on the entity’s risk profile and any measures established to avoid conflicts of interest.

Also state whether the company has established any accrual or consolidation period for certain variable remuneration items, in cash, shares or other financial instruments, a deferral period in the payment of sums or delivery of financial instruments already accrued and consolidated, or whether any clause has been agreed for the reduction of deferred remuneration not yet consolidated or obliging the director to return remuneration received when said remuneration has been based on information whose inaccuracy has subsequently been clearly established.

Variable remuneration items are only established for the remuneration of Applus’ Executive Director. Applus relied on the aforementioned 2021 Mercer Consulting study and the advice given by Korn Ferry (London, UK), the need to retain and motivate Executive Directors and the new strategic objectives added to the long-term incentive plan in order to determine the remuneration mix set out below for the Policy approved in 2022, which provided the basis for the Policy that will be approved in 2023.

In accordance to the policy, the fixed components of the current Executive Director’s remuneration comprise annual fixed remuneration of EUR 600,000 (compared to the maximum amount of EUR 750,000 for the previous Executive Director), to be

updated based on the Spanish CPI unless the Board resolves otherwise. It is established that the Executive Director will receive other benefits with a maximum cost equal to 15% of his fixed remuneration and a pension plan contribution for an amount equal to the difference between such 15% and the cost of the benefits actually received. The Executive Director will choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan, all in line with that established for Senior Management. The aggregate value of the fixed components of his remuneration in 2023 therefore amounts to EUR 690,000.

In turn, the variable remuneration components of the Executive Director's remuneration under the Policy consist of: (i) annual variable remuneration for a maximum amount of 150% of the target base set as 80% of the fixed remuneration (i.e., a maximum amount of EUR 720,000); (ii) a long-term incentive plan for a maximum annual amount equivalent to 150%, now of the LTI target rather than of his fixed remuneration (i.e., a maximum annual amount of EUR 810,000) and in relation to which the EPS, ROCE and ESG parameter targets and their assessment will be disclosed *ex-post* in the Annual Remuneration Report; and (iii) other possible amendments which, as of 23 February 2023, have not yet been approved by the Board of Directors.

The Executive Director's maximum approved variable remuneration items could therefore represent up to approximately 222% of his fixed items (in cash and in kind) (percentage of the sum of EUR 720,000, EUR 810,000 of variable items, divided by EUR 690,000 of fixed items (in cash and in kind)), if all respective targets are achieved in full.

Additionally, to reduce exposure to excessive risks and align the remuneration scheme with the Company's long-term objectives, values and interests, 55% of the amount of the Executive Director's annual variable remuneration is linked to achieving adjusted operating profit targets, 30% is linked to the Group's adjusted operating cashflow and 15% is linked to achieving four ESG targets, meaning that certain targets are set for each of these parameters. Any increase or decrease with relation thereto is directly reflected in the variable remuneration amount, with respective maximum and minimum limits of 150% and 0% of the target base. In addition to the aforementioned strategic priorities, this reflects the Company's priorities in relation to operating profitability and cash flow generation. Furthermore, if inaccuracies in the information on which the variable cash remuneration and the RSUs were awarded are established by a certified auditor and approved by the Board of Directors, the Company will have the right, for three years after the payment of the variable cash remuneration and the RSUs or the vesting of the RSUs, respectively, to claim back the amount of the variable cash remuneration (net of any withholding tax or levy), the net amount of the RSUs and the net amount of the shares vested of the RSUs, as applicable, actually received by the Executive Director as a result of such inaccuracies.

The first incentive plan for the Executive Director also takes into account quantitative parameters (such as relative total shareholder return, adjusted earnings per share, return on capital employed target and four ESG targets) calculated for a three-year period, which makes it possible to take into account the Company's long-term results, Applus' strategic priority of long-term sustainability, as well as sustainable value creation for the shareholders. A minimum threshold below which the plans will not accrue and maximum limits to the amount of the plan are also established, and it is provided that if proven inaccuracies in the information upon which the PSUs or the shares pursuant to a vesting of PSUs were awarded are reported by a certified auditor and approved by the Board of Directors, the Company will be entitled, for a period of three years following the award of the PSUs or the vesting of the PSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of PSUs and net amount of shares pursuant to a vesting of PSUs, as applicable, which has been effectively received by each executive director because of those inaccuracies.

If a certified auditor reports or the Board confirms that there have been proven inaccuracies in the information used as a basis to award the PSUs or shares, the Company will be entitled, for a period of three years following the award of the PSUs or the accrual of the PSUs, respectively, to claim the refund of the net amount (of any withholding taxes or fees) of PSUs and net amount of shares pursuant to an accrual of PSUs, as applicable, which the Executive Director has effectively received because of those inaccuracies. The value of each PSU will be equivalent to the average listing value of the Company's shares during the sixty days prior to the award of the PSUs. Finally, the PSUs will be subject to a delayed vesting schedule.

In short, the relative importance of the variable items compared to fixed items has been improved, the average listing price of Applus shares continues to be considered in the annual variable remuneration schemes and long-term incentive plans for the Executive Director, and a deferral period is established (37.5% in the case of annual variable remuneration). Due to all the foregoing, the ARC considers that the remuneration mix established in the Policy for the Executive Director is in line with market conditions for listed companies, as well as taking the Executive Director's performance and leadership into account.

As regards measures established to avoid conflicts of interest, the Board Regulations impose an obligation on directors to notify the other directors and the Board of any direct or indirect situation of conflict that they or persons related thereto may have with the Company's interest. Situations involving conflicts of interest for directors are disclosed in Applus' report on its annual

accounts. Moreover, the director subject to conflict must refrain from attending or intervening in discussions affecting issues in which they have a personal interest and must refrain from voting on the corresponding decisions.

The features of the annual variable remuneration scheme and of the long-term incentive plan under the Remuneration Policy are described in more detail in section A.1.6. below.

### A.1.3 Amount and nature of the fixed components to be accrued during the financial year by directors in their capacity as such.

The annual fixed remuneration to be received in financial year 2023 by the members of the Board of Directors in their capacity as such is as follows:

- Chairperson of the Board of Directors: EUR 275,000.
- Members of the Board of Directors other than the Chair: EUR 66,000.
- Chairperson of any Board Committee: EUR 30,000 per Committee.
- Members of any Board Committee other than the Chairpersons thereof: EUR 20,000 per Committee.

This remuneration is the result of the 10% increase approved on 24 February 2022 for non-executive directors (including the Chairman) in their capacity as such, with no increase in remuneration for participation in or chairmanship of Board Committees.

With the composition of the Board and the Committees as of the date of this report, the fixed remuneration to be received by non-executive directors in financial year 2023 would amount to EUR 967,000.

It is stated for the record that neither proprietary directors, of whom there are currently none and who there are no plans to appoint, nor the Executive Director will receive any remuneration for their position on the Board of Directors or for membership of any of its Committees.

The Company will also pay the premiums for the civil liability insurance signed to cover its directors and managers on market conditions, which are expected to amount to EUR 171,344 in financial year 2023.

Finally, the directors will be reimbursed for duly justified travel and accommodation expenses incurred due to attendance at meetings of the Board of Directors and its Committees.

### A.1.4 Amount and nature of fixed components that will be accrued during the financial year for the performance of senior management duties by executive directors.

Under the Remuneration Policy to be submitted for approval at the 2023 General Shareholders' Meeting, the non-variable remuneration to be accrued for the performance of executive duties by the Executive Director in 2023 is expected to be as follows: (i) annual fixed cash remuneration of EUR 600,000; (ii) other benefits in kind with a maximum cost equal to 15% of his fixed remuneration (which will include the cash payment linked to these benefits described in section B.16 and a pension plan contribution for an amount equal to the difference between the aforementioned 15% and the cost of the benefits actually received). The Executive Director may choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan.

The non-variable components for the performance of senior management duties by Mr Fernando Basabe Armijo as former CEO under the Remuneration Policy approved in 2022 and accrued in financial year 2022, until his resignation on 27/06/2022, were as follows: (i) annual fixed remuneration of EUR 368,750 in cash; (ii) other benefits in kind with a cost of EUR 55,312.50 (15% of his fixed remuneration pro rata for the time during the year in which he was a director), which includes a cash supplement of EUR 7,134 as described in section B.16) and a pension plan contribution in the gross amount of EUR 39,646.50.

The non-variable components for the performance of senior management duties by the Executive Director under the Remuneration Policy approved in 2022 and accrued in financial year 2022 were pro-rated until his appointment as Executive Director (in his position as CFO under the Policy approved in 2022) and following his appointment as CEO, on the terms of his new contract signed after the approval of the Remuneration Policy and his appointment as CEO, which were: (i) annual fixed remuneration of EUR 482,000 in cash (proportionate to the length of time he has held each office); (ii) other benefits in kind with a cost of EUR 72,300.34 (15% of their proportional fixed remuneration), which include a cash supplement of EUR 49,689.63 as described in section B.16); and a pension plan contribution in the gross amount of EUR 1,500. The RSUs given as fixed remuneration in 2019 under the applicable Policy at that time (5,838 RSUs) vested as shares in February 2022. And the RSUs delivered in 2020 as fixed remuneration (i.e. 5,317 RSUs) have been exchanged for shares in February 2023.

#### A.1.5. Amount and nature of any component of remuneration in kind that will be accrued during the financial year, including but not limited to insurance premiums paid on behalf of the director.

Remuneration in kind is only paid in favour of the Executive Director. According to the provisions of the current Remuneration Policy, the Executive Director will receive other benefits at a maximum cost equal to 15% of annual fixed remuneration in cash. The Company will also make an annual contribution to the Executive Director's pension scheme in an amount equal to the difference between the aforementioned 15% of his fixed remuneration and the cost of the benefits actually received by the Executive Director during that year. The Executive Director may choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan.

On terms similar to financial year 2022, the Executive Director is expected to receive benefits consisting of the use of a company vehicle and fuel, medical insurance for him and his family (including an annual check-up for him and his wife), life insurance, and professional association fees.

The Company will pay medical insurance premiums and life insurance premiums (without prejudice to the civil liability insurance premium referred to above) for the benefit of the Executive Director during financial year 2023. The Company is expected to contribute to the Executive Director's pension plan on similar terms to financial year 2022 during financial year 2023.

Remuneration in kind under the Remuneration Policy approved in 2022 is described in section B.14.

#### A.1.6 Amount and nature of variable components, differentiating between short and long term. Financial and non-financial, including social, environmental and climate change parameters selected to determine variable remuneration in the current year, describing the extent to which these parameters are related to performance, both of the director and of the company, together with their risk profile, and the methodology, necessary period and the techniques established to determine the degree of compliance with the parameters used in the design of the variable remuneration at the end of the year.

State the range in monetary terms of the different variable components, based on the level of achievement of established targets and parameters, and whether there is any absolute maximum monetary amount.

According to the provisions of the current Remuneration Policy, the Executive Director's variable remuneration components are as follows.

The actual amount of the Executive Director's annual variable remuneration is determined by the Board of Directors at the proposal of the ARC, which is responsible for assessing in detail the level of achievement of the targets following verification thereof. For purposes of this verification, the annual accounts of Applus will be considered following submission thereof and review and issuance of the report by the Company's auditor.

##### (i) Annual variable remuneration:

The annual variable remuneration of the Executive Director consists of a annual variable amount payable in cash and via the award of rights over Applus shares known as restricted stock units ("**RSUs**"), linked to the achievement of Group targets (55% linked to adjusted operating profit or "**AOP**", 30% linked to Group adjusted operating cashflow or "**AOCF**", and 15% linked to four ESG targets).

All targets will be reported (as well as their results) *ex-post* in the Annual Remuneration Report.

In the case of the Executive Director, the variable amount, which is set as 80% of the fixed remuneration, will increase by 2% for each 1% increase above the targets, up to a maximum amount of 150% of the target base (although a 200% achievement level is possible for each target). On the other hand, variable remuneration will decrease by 5% for every 1% decrease below the targets. 62.5% of the variable remuneration to be received by the Executive Director will be paid in cash and 37.5% via the award of RSUs. The same system is established for Senior Management.

The average listing value of the Applus shares during the 60 days preceding the date of award of the RSUs will be taken into account to calculate the number of RSUs to be awarded.

The RSUs will be awarded every year on the date that the Board of Directors approves Applus' annual results and the amount of the Executive Director's annual variable remuneration.

Each RSU will vest for one Applus share in proportions of 30%, 30% and 40% after one, two and three years, respectively, provided that the Executive Director is still employed on the vesting date.

If the Participant's termination of services is due to any of the following events: (i) *mortis causa*, (ii) permanent disability, (iii) good leaver (being (a) retirement; (b) the Participant's position or employment being with a company that ceases to be a member of the Group or relating to a business or part of a business that is transferred to a person who is not a member of the Group; and (c) any termination of contract by the Company except in the event of a disciplinary dismissal classified as fair by a court in a definitive judgement or not challenged by the Participant; or (iv) change of control (defined as (i) a merger, consolidation, acquisition or other transaction as a result of which securities carrying more than 50% of the total combined voting rights of the outstanding securities of the Company are transferred to a person or persons other than the persons who held such securities immediately prior to such transaction; (ii) the sale, transfer or other disposal of all or substantially all of the assets of the Company as part of the complete liquidation or dissolution of the Company; (iii) the acquisition by a third party (natural or legal person), either individually or acting in concert with others, of a controlling interest in the Company under article 4 of Royal Decree 1066/2007 of 27 July 2007 on takeover bids), then all RSUs awarded under the RSU Plan that have not accrued on the date on which the event takes effect will automatically accrue on the date on which the event occurs. In the event of a change of control, the accrued RSUs would be settled by a cash payment on the date of the change of control.

If proven inaccuracies in the information upon which the cash bonus and the RSUs were awarded are reported by a certified auditor and approved by the Board of Directors, the Company will be entitled, for a period of three years following the payment of the cash bonus and the RSUs or the vesting of the RSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of cash bonus, net amount of RSUs, and net amount of shares pursuant to a vesting of RSUs, as applicable, which has been effectively received by each executive director because of those inaccuracies.

Upon a favourable proposal from the ARC, the Board may increase the result of the mathematical calculation of the annual variable remuneration of the Executive Director if (i) it is duly justified, (ii) the increase does not exceed 50% of the target base (in cash and RSUs) and (iii) the final total amount of the annual variable remuneration following any applicable increase will not exceed the target base (in cash and RSUs). This decision will be disclosed *ex-post* annually in the Annual Remuneration Report.

(ii) Long-term incentive plan:

The long-term incentive plan (which started in 2016 under the Remuneration Policy in effect at that time) involves the annual receipt by the Executive Director of performance stock units ("**PSUs**"), each one vested for one share of the Company three years after the award date, depending on the level of achievement of certain parameters. The Executive Director will annually receive PSUs equivalent in principle to 90% of his fixed remuneration.

However, these amounts may fluctuate depending on the level of achievement of the parameters indicated below. The number of PSUs that will vest will range from 0% to 150% of the target number of PSUs, depending on the degree of achievement of the targets, although each target in the plan may achieve an evaluation of between 0% and 200%.

The value of each PSU will be equivalent to the average listing value of the Company's shares during the 60 days preceding the date of award of the PSUs.

PSUs will be awarded each year on the day the Board of Directors approves Applus' annual results. The number of PSUs to be awarded to the Executive Director may be adjusted during each financial year if his fixed remuneration is amended. However, the day on which the Board of Directors approves the results of the relevant year will be considered as the award date of the additional PSUs.

The PSUs awarded in each financial year will convert into shares within three years following their award date if the targets described below are achieved. The number of PSUs that will convert will have a value ranging from 0% to 150% of the LTI target for the Executive Director, depending on the level of achievement of those targets during the three years prior to conversion, meaning that this conversion corresponds to professional performance during each three-year period.

The following quantitative targets will be taken into account for the conversion of the PSUs:

- (a) A target based on the relative total shareholder return ("**TSR**") over a three-year period, whereby the Company's TSR will be compared against an unweighted index composed of a group of eight comparable companies within the inspection and certification industry. These companies are SGS S.A., Bureau Veritas S.A., Intertek Group PLC, Eurofins Scientific S.E., Core Laboratories, Inc., ALS Limited, TEAM Industrial Services, Inc. and Mistras Group, Inc.

The Board of Directors may change the group of companies to be used for the plan if the changes are decided and disclosed prior to the award of the PSUs. The index is the result of calculating the annualised TSR of the average TSR of the eight comparable companies.

This benchmark will represent 30% of the total number of PSUs awarded each year.

Within this 30%, 50% of the PSUs will be converted into shares if the annualised Applus TSR performance value is equal to the index, while 200% of the PSUs will be converted into shares if the annualised Applus TSR performance value is 5% higher than the index on a cumulative annual basis. Between the index value and the TSR value creating an entitlement to a 200% PSU-to-share conversion rate, conversion will take place according to a linear interpolation between said two values. As a result, 100% of the PSUs will vest if the annualised Applus TSR performance value is 1.67% higher than the index on a cumulative annual basis.

No PSUs will vest in respect of this parameter if the TSR value is below the index. The maximum number of PSUs that will vest is 200% of the target PSUs. The TSR assessment is performed by an external firm which submits a report to the Appointment and Remuneration Committee. The name of this firm will be disclosed each year in the Annual Directors' Remuneration Report.

- (b) A target relating to adjusted earnings per share ("**EPS**") reported by Applus, accumulated within three years. Said target will be published *ex-post* at the end of each three-year period.

This parameter will represent 50% of the total of PSUs awarded each year.

The Board of Directors will establish a specific threshold for this EPS target at which target PSUs will be converted into shares. The maximum number of PSUs that can be converted into shares is 200% of the target PSUs.

If the EPS result is below the threshold creating an entitlement to a 50% PSU-to-share conversion rate, no PSUs will vest under this parameter.

- (c) A Return on Capital Employed ("**ROCE**") target for the three years.

This target will represent 10% of the total number of PSUs awarded each year.

The Board of Directors will establish a specific threshold for this ROCE target above which PSUs will vest. The maximum number of PSUs that will vest will be 200% of the target PSUs. If the ROCE performance is below the specific threshold entitling to vest 50% of the PSUs, no PSUs will vest in respect of this parameter.

- (d) A target relating to four ESG targets for the three years.

This target will represent 10% of the total PSUs awarded each year.

The maximum number of PSUs that will vest will be 200% of the target PSUs. If performance is below the specific threshold entitling 50% of the PSUs to vest, no PSUs will vest in respect of this parameter.

ESG targets and results are calculated considering the perimeter as at 1 January of the first year of each three-year period and will not include acquisitions. However, the Company is committed to implementing the Group's policies on new acquisitions and acquisitions will therefore be considered for the targets/metrics for the next strategic plan.

The ESG, EPS and ROCE targets will be published *ex-post* in the Annual Remuneration Report.

As of 23 February 2023, the NRC is in the process of consulting with shareholders and proxy-advisors to outline an amendment to the Policy to be submitted to the 2023 AGM, which as of 23 February 2023 has not been approved by the Board of Directors

An assessment of all incentive plan targets will be included *ex-post* in the Annual Remuneration Report.

If proven inaccuracies in the information upon which the PSUs or the shares pursuant to a vesting of PSUs were awarded are reported by a certified auditor and approved by the Board of Directors, the Company will be entitled, for a period of three years following the award of the PSUs or the vesting of the PSUs, respectively, to claim the refund of the net (of any withholding taxes or fees) amount of PSUs and net amount of shares pursuant to a vesting of PSUs, as applicable, which has been effectively received by the Executive Director because of those inaccuracies.

If the Participant ceases to have a contractual relationship with the Group due to any the same events as for RSUs except for the change of control event; then the ARC will determine the number of shares vesting as follows: (aa) the performance conditions will be deemed 100% achieved; and (bb) a pro-rata reduction will be applied to the number of shares determined by reference to the period of time after the award date and ending on the date of termination in relation to the three-year period.

Moreover, in the event of a change of control (being the same as for the RSUs), the ARC will notify the Participant as soon as practicable after it becomes aware of such event or proposed event that all PSUs will automatically vest in advance on the date on which the event occurs, if they have not yet vested. The settlement of the vested PSUs in the event of a change



of control will be paid in cash on the date of the change of control event. PSUs that are to vest will not be reduced in any proportion to the time elapsed since the vesting date, and the performance conditions will be deemed 100% achieved. If a PSU vests under the change of control rule and the Participant is no longer a director or employee of the Group, then the change of control rule will prevail.

The amount and nature of the variable components of the remuneration of Mr Fernando Basabe Armijo as the former CEO and of the Executive Director under the Remuneration Policy approved in 2022 are described in section B.3.

The RSUs accrued during the financial year 2022 were awarded on 23 February 2023 (date of the Board of Directors).

On 23 February 2023, the Executive Director (Mr Joan Amigó) was awarded 82.679 PSUs, which is the number resulting from dividing 90% of his fixed remuneration (as established in section A.1.4, EUR 540,000) by the referred average Applus share price (EUR 6,5313 per share).

In 2023 no PSUs have been granted to Mr Fernando Basabe Armijo as he resigned on 1 January 2023.

The unvested RSUs awarded in previous financial years (2020, 2021 and 2022) to the former CEO (Mr Fernando Basabe Armijo) (46,631 RSUs) have been vested upon his departure in January 2023 in accordance with his status as a good leaver, as well as on 23 February 2023 the RSUs accrued in 2022 have been paid in cash with a compliance level of 118.9% on a target basis of EUR 600,000 (80% of his fixed remuneration) (i.e. EUR 713,400).

The corresponding RSUs granted in previous years (2020, 2021 and 2022) to the current CEO (Mr Joan Amigó), (16,651 RSUs) were exchanged in February 2023 in accordance with the established vesting schedule.

Likewise, given that the level of compliance with the LTI 2020 - 2022 has been 120%, both Mr Fernando Basabe Armijo and Mr Joan Amigó will receive in February 2023 49,225 shares (Mr Fernando Basabe Armijo) and 6,380 shares (Mr Joan Amigó) of the PSUs delivered in 2020. This 120% compliance has been obtained by a 0% assessment of the TSR target (relative weight of 40%) and a 200% assessment of the EPS target (relative weight of 60%), resulting in 120%. The adjusted EPS target for 2020-2024 that allowed a 200% compliance was EUR 1.576 per share and the one actually achieved was EUR 1.793 per share.

**A.1.7 Main features of long-term savings schemes.** Among other information, state the contingencies covered under the schemes, whether they are defined-contribution or defined-benefit, the annual contribution to be made to defined-contribution schemes, the benefit to which beneficiaries are entitled in the case of defined-benefit schemes, the conditions for vesting of economic rights in favour of directors, and the compatibility thereof with any class of payment or indemnity for early termination or cessation or arising from the termination of the contractual relationship on the terms established between the company and the director.

Also state whether the accrual or vesting of any of the long-term savings plans is linked to the achievement of certain targets or parameters related to the director's short- and long-term performance.

Under the provisions of the Remuneration Policy to be submitted for approval at the 2023 General Shareholders' Meeting, the Company's Executive Director will be entitled to receive an annual pension scheme contribution. The pension plan is structured as a defined-contribution scheme whose annual amount is the difference between 15% of the Executive Director's annual fixed remuneration in cash and the amount in benefits actually received by the Executive Director during the financial year, with the legally established maximum. It should also be noted that the Executive Director may choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wants to reduce his fixed remuneration to invest the same amount in a pension plan.

The Company is expected to contribute to the Executive Director's pension scheme during financial year 2023 along similar lines as during financial year 2022.

The only limitation or restrictive condition relating to the Executive Director's enjoyment of the pension scheme is that its enjoyment will be executed in accordance with applicable Spanish law. The plan is compatible with the payments arising from the termination of the contractual relationship between the Executive Director and Applus.

The long-term savings schemes under the Remuneration Policy approved in 2022 are described in section B.9.

**A.1.8 Any class of payment or indemnity for early termination or cessation or arising from the termination of the contractual relationship on the terms established between the company and the director,**

whether the cessation is at the will of the company or the director, as well as any class of agreement entered into, such as exclusivity, post-contractual non-compete, continuance in office or loyalty agreements, that entitle the director to any payment.

Applus has committed to the following payments, indemnities and covenants vis-à-vis the Executive Director in addition to those relating to his remuneration, under his new contract:

- (i) Exclusivity: the Executive Director has an exclusivity obligation vis-à-vis the Company on the terms described in the following sub-section; it is not specifically remunerated.
- (ii) Termination: in the event of termination of contract, the Executive Director will only be entitled to any indemnities established under applicable Spanish law. The sums paid will be deducted from the indemnity under the post-contractual non-compete agreement that is explained below.

However, if the Executive Director or the Company fails to comply with the six months' notice period in whole or in part, the other party would be entitled to compensation equivalent to the fixed remuneration of the Executive Director for the duration of the breached notice period.

- (iii) Post-contractual non-compete: the Executive Director agrees to refrain from rendering services for any Competing Business of the Company or any company of the Applus group. The Executive Director's non-compete undertaking will have a duration of two years from the termination of his agreement. In consideration for this undertaking, the Executive Director will be entitled to receive an amount equal to the double of the fixed annual remuneration received in cash at the time of the termination of the Contract. This amount will be paid in 24 equal instalments during the term of the post-contractual non-compete obligation. This amount will be reduced by any amount that the Company must pay to the Executive Director severance payment (which may arise from the application of the relevant law) for the termination of the agreement, such that the total amount to be received by the Executive Director following termination of the does not exceed, in any case, the double of the fixed cash remuneration that he received in the last year prior to the termination of the Contract. If the Executive Director breaches this covenant and competes with the Company or any group company, he must repay the amounts paid by the Company in compensation for the agreement. The Executive Director's termination payments comply with the provisions of the Corporate Governance Code for Listed Companies and protect the Group through a two-year post-contractual non-competition agreement.

All payments, indemnities and covenants vis-à-vis the former CEO and the Executive Director assumed by Applus under the 2022 Remuneration Policy are described in section B.10.

A.1.9 State the terms and conditions that must be included in the contracts of executive directors performing senior management duties. Include information regarding, among others, the term, limits on termination compensation amounts, continuance in office clauses, notice periods, and payment *in lieu* of the aforementioned notice periods, and any other clauses relating to hiring bonuses, as well as compensation or golden parachutes due to early termination of the contractual relationship between the company and the executive director. Include among other things any non-compete, exclusivity, continuance in office or loyalty, and post-contractual non-compete clauses or agreements, unless they have been explained in the preceding sub-section.

The essential terms and conditions of the agreement with the Executive Director under his new contract are in addition to those relating to his remuneration are set out below.

- (i) Term: the Executive Director's contract is for an indefinite term, but it may be terminated for any reason at any time without any compensation for termination. This is because any statutory amount payable on termination will be deducted from the non-competition payment, thus keeping this undertaking in full force and effect. This clause has been agreed in the non-competition provisions entered into between the Company and the Executive Director.
- (ii) Exclusivity: While he is performing executive duties, the Executive Director must not hold any direct or indirect interest in any other business or activity that could represent a conflict of interests concerning his obligations and responsibilities in the Company or concerning the activity of the Company and of the Applus group.
- (iii) Termination: the Executive Director's contract can be terminated at any time at the discretion of the Executive Director or the Company, provided that termination is notified in writing to the other party with six months' notice. If this notice period is breached, the breaching party must pay the other the compensation described in the preceding sub-section.
- (iv) Post-contractual non-compete: See preceding sub-section. Additionally, the provision of any kind of service, whether on the Executive Director's behalf or for a third party, or in an executive or merely advisory capacity, or the direct or indirect

promotion of the creation of companies or entities that will carry on a competing business, as well as shareholding participation in such companies or entities, will be deemed to be competition. Any activity that is being carried on by any company of the group or is expected to be started in the following 12 months at the time of termination of the Executive Director's agreement will be deemed to be a competing business. Moreover, the Executive Director is not to hire or participate in the hiring of employees who are or have been part of the workforce of the Company or any company of the group at the time of termination of his agreement or in the preceding 12 months. This non-competition agreement is binding, meaning that the Company cannot abandon its payment commitments and the Executive Director cannot compete and waive his right to be paid.

- (v) Shareholding retention: the Executive Director will hold 1/3 of the net number of shares that he receives each year by way of vesting of all RSUs and PSUs, until he accumulates a number of shares whose value (calculated at the value of the shares on the award date) is equal at least to twice his net fixed remuneration. Thereafter, he will hold shares with a value corresponding at least to twice his net fixed remuneration. This commitment will cease in the event of termination of his services to the Group or upon a change of control.
- (vi) Supplementary pension or early retirement schemes: the Executive Director will not have supplementary pensions or early retirement schemes, but he will be entitled to the Company's pension plan contributions under the terms described in section A.1.1.

The essential contractual terms and conditions for the former CEO and the Executive Director under the 2022 Remuneration Policy are described in section B.11.

**A.1.10 Explain the nature and estimated amount of any other supplementary remuneration that will be accrued by the directors during the current financial year as consideration for services provided other than those inherent to their position.**

No directors have provided or are expected to provide services other than those inherent to their position during the current financial year, for which reason they have not accrued and are not expected to accrue any supplementary remuneration for said items.

**A.1.11 Other remuneration items such as any deriving from the company granting the director advances, loans, guarantees or other remuneration.**

As at the date of this report, the Company has not granted its directors any other remuneration items such as any deriving from advances, loans, guarantees or other remuneration.

**A.1.12 Explain the nature and estimated amount of any other scheduled supplementary remuneration not included in the preceding sub-sections, whether paid by the entity or another entity of the group, that will be accrued by the directors during the current financial year.**

No supplementary remuneration of this nature has accrued or is expected to accrue during the current financial year.

**A.2 Explain any significant changes in the remuneration policy applicable to the current financial year arising from:**

- a) A new policy or an amendment to the policy previously approved by the shareholders at the General Meeting.
- b) Significant changes in the specific determinations established by the board for the current financial year for the current remuneration policy, in comparison with those applied in the preceding financial year.
- c) Proposals that the board of directors has resolved to present to the shareholders at the general shareholders' meeting to which it will submit this annual report and which are proposed to be applied to the current financial year.

The ARC annually reviews the Remuneration Policy to ensure that it is aligned with the Company's situation and short-, medium- and long-term strategy and with market conditions, and to assess whether it contributes to the creation of long-term value and to adequate risk control and management, amending it if necessary as in previous years. In preparation for this review, the Chairperson of the ARC conducts a formal dialogue process each January with the main investors and proxy advisors involving the review of the existing policy and a request for assessments and opinions concerning its improvement.

The amended Remuneration Policy approved in 2022 is expected to be proposed at the 2023 General Shareholders' Meeting, on the terms set out in sections A.1.1, A.1.2, A.1.8 and A.1.9.

A.3 Provide a direct link to the document featuring the company's current remuneration policy, which must be made available on the company's website.

[https://www.applus.com/es/dam/jcr:709327b3-2b92-4743-b5cd-73fa39eddb21/Applus%20-%20Pol%C3%ADtica%20de%20remuneraciones%202022,%202023%20y%202024\(2021354\).pdf](https://www.applus.com/es/dam/jcr:709327b3-2b92-4743-b5cd-73fa39eddb21/Applus%20-%20Pol%C3%ADtica%20de%20remuneraciones%202022,%202023%20y%202024(2021354).pdf)

A.4 Taking into account the information provided in section B.4, explain how the shareholders' votes at the general meeting at which the annual remuneration report for the previous financial year was submitted for a consultative vote have been taken into account.

The consultative vote of the shareholders at the 2022 General Shareholders' Meeting in relation to the Annual Directors' Remuneration Report for the previous financial year was very positive (95.483% of votes in favour, 3.471% against, 0% of blank votes and 1.046% abstentions), meaning that the amended Remuneration Policy to be submitted at the 2023 General Shareholders' Meeting maintains the terms of the remuneration regime provided for in the Remuneration Policy approved in 2022.

## **B OVERALL SUMMARY OF THE APPLICATION OF THE REMUNERATION POLICY DURING THE LAST FINANCIAL YEAR**

B.1.1 Explain the process followed to apply the remuneration policy and determine the individual remuneration outlined in section C of this report. This information will include the role of the remuneration committee, the decisions taken by the board of directors and, if applicable, the identity and role of external advisors whose services have been used in the process of applying the remuneration policy during the last financial year.

The ARC is the body that assists the Board concerning the remuneration policy, under the authority assigned to it for such purpose by the Board Regulations. In 2022, the Board approved the new Policy submitted by the ARC having received advice from Mercer Consulting. The Policy applies during financial year 2022, 2023 and 2024 unless amended or replaced during that period; it was approved at the 2022 General Shareholders' Meeting.

In addition, under the provisions of section 529 *septdecies* of the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) and article 25.1 of the Board Regulations, it is for the Board to set the precise amount to be paid within the limit approved at the General Meeting as well as the specific remuneration of the director in their capacity as such, taking into consideration the duties and responsibilities allocated to the director, the time they have to dedicate to the position and relevant market conditions.

Under the terms of the Policy for years 2022, 2023 and 2024 and within the framework of the bylaw-mandated remuneration scheme (as well as the system for contracts of executive directors), the Board therefore applied the Policy as described in section C upon a proposal from the ARC.

Proprietary and executive directors do not receive remuneration for their position on the Board or its Committees. The maximum total annual amount of remuneration for directors in their capacity as such is EUR 1,500,000.

The remuneration of each director agreed for 2022 by the Board were as follows:

- Chairman of the Board of Directors: EUR 271,205.
- Members of the Board of Directors other than the Chairman, EUR 65,089.
- Chairman of a Board Committee: EUR 30,000 for each Committee.
- Members of a Board Committee other than the Chairman: EUR 20,000 per Committee.

These remunerations amounts are the result of the 10% increase approved on 24 February 2022, effective as of that date for non-executive directors (including the Chairman) in their capacity as such, with no increase in remuneration for participation in or chairmanship of the Board.

As regards the remuneration of the former CEO (Mr Fernando Basabe) and the current executive director (Mr Joan Amigo) for the performance of his executive duties, his fixed remuneration in cash for financial year 2022 is as described in the Policy, and the Board determined his actual variable remuneration upon a proposal from the ARC (this process is described in detail in section B.7).

The former CEO's remuneration for the performance of his executive duties until his resignation on 27/06/2022 was a fixed remuneration in cash corresponding to the established pro-rata amount (EUR 368,750), benefits actually received at a pro-rated cost of EUR 55,312.50, (15% of his fixed remuneration pro rata for the time during the time during the financial year in which he was a director), which include EUR 7,134 corresponding to a cash supplement linked to benefits to align them with those agreed at the time he was contracted, and a pro-rated contribution to his pension plan of EUR 39,646.50 gross, and 54,770 PSUs awarded under the incentive plan were delivered in February 2022 (60% of his fixed remuneration of EUR 750,000, divided by the average listing price of EUR 8.216 per share). On 23 February 2023, the RSUs accrued in 2022 have been paid with a compliance level of 118.9% on a target base of EUR 600,000 (80% of his fixed remuneration) (i.e. EUR 713,400).

In February 2022, 54,043 PSUs were consolidated and vested out of the 45,036 PSUs awarded in 2019 within the framework of the incentive plan (since there was a target achievement of 120%). However, they were delivered net of taxes, resulting in 29,183 shares. The RSUs awarded in previous financial years (19,909 RSUs) vested as shares in February 2022 but were delivered net of taxes, resulting in 10,751 shares.

The Executive Director's (Mr Joan Amigó's) remuneration for the performance of his executive duties, pro-rated until his appointment as CEO (in his position as CFO) and following his appointment as CEO, was a fixed remuneration in cash corresponding to the pro-rated amount (EUR 482,000), benefits actually received with a pro-rated cost of EUR 72,300.34 (of which EUR 49,689.63 is a pro-rata cash payment in connection with profits in order to adjust these to what was agreed at the time of his hiring, and a pro-rata contribution to his pension plan of EUR 1,500 gross, an annual variable remuneration accrued in the year 2022 and payable in the year 2023, which is the sum of what he was entitled to as CFO (123,900 EUR) and as CEO (244,000 EUR), in total 367,000 EUR target, and considering a performance level of 118.9%, he is entitled to receive 436,000 EUR, of which 62.5% EUR will be in cash and 37.5% EUR in RSUs, which were consolidated), also calculated as provided in the 2022-2024 Policy, and 7,100 PSUs awarded under the incentive plan in February 2022 (EUR 58,333 divided by the average listing price of EUR 8.216 per share) in accordance with the Policy in force in 2021, and following his appointment as CEO, an additional 69,832 PSUs (90% of his fixed remuneration of EUR 600,000 under the new contract, between the referred average share price value of EUR 7.019 per share), in accordance with the Remuneration Policy approved in May 2022 and his contract for his new functions and which will be converted into shares in February 2025.

In February 2022, 7,006 PSUs were consolidated and vested out of the 5,838 PSUs granted in 2019 in his capacity as CFO under the incentive plan (as there was a 120% target achievement), although they vested net of tax, i.e. 3,946 shares. RSUs granted in previous years (5,838 RSUs of fixed remuneration for 2019 and 8,013 RSUs of variable remuneration pending vesting for the years 2019, 2020 and 2021) have been exchanged into shares in February 2022, although they have been deposited net of tax, i.e. 3,288 and 4,517 shares, respectively.

In addition, the former CEO and the current CEO were each entitled to receive a financial payment equal to the value of the dividends that would have been paid on the gross PSUs awarded in 2019 that vested in 2022. Respective benefits were received in the amounts of EUR 16,212.90 and EUR 2,102.

#### B.1.2 Explain any deviations from the procedure established for the application of the remuneration policy that have occurred during the financial year.

There were no deviations from the procedure established for the application of the remuneration policy during financial year 2022.

#### B.1.3 Please disclose whether any temporary exceptions to the remuneration policy have been applied and, if so, explain the exceptional circumstances that have led to the application of these exceptions, the specific components of the remuneration policy affected and the reasons why the company considers that these exceptions have been necessary to serve the long-term interests and sustainability of the company as a whole or to ensure its viability. Please quantify the impact that the application of these exceptions has had on the remuneration of each director during the year.

No temporary exceptions have been applied to the remuneration policy.

#### B.2 Explain the different actions taken by the company concerning the remuneration scheme and how they have contributed to reducing exposure to excessive risk and aligning the system to the company's long-term objectives, values and interests, including a reference to the measures taken to ensure that the accrued remuneration has taken into account the company's long-term results and an appropriate balance has been achieved between the fixed and variable

remuneration components, what measures have been taken about those categories of staff whose professional activities have a material impact on the entity's risk profile, and what measures have been taken to avoid conflicts of interest if any.

Applus adjusted its remuneration scheme during financial year 2022, resulting in the approval of a new Policy at the 2022 General Meeting, applicable to financial years 2022, 2023 and 2024, as described in sections B.1.1 and B.7.

This review took place in the context of a study by Mercer Consulting, which Applus engaged during 2021 to prepare various national and international benchmark studies examining director remuneration, the need to retain and motivate the executive directors and the added new strategic targets in the long-term incentive plan. This new Policy contributed to reducing exposure to excessive risks and aligning the remuneration scheme with the Company's long-term objectives, values and interests, ensuring that remuneration would be accrued based on the Company's long-term results and achieving an appropriate balance between fixed and variable components of remuneration, as described below.

First, the annual fixed remuneration of the former CEO was maintained and the annual fixed remuneration of the Executive Director was increased from EUR 267,343 to EUR 360,000, to be updated in line with the Spanish CPI unless the Board decides otherwise. It was established that they would receive other benefits with a maximum cost equal to 15% of their fixed remuneration and a pension plan contribution in an amount equal to the difference between the aforementioned 15% and the cost of the benefits actually received, choosing each year between the amount to allocate to each benefit, always maintaining the maximum cost of 15% of fixed remuneration, or whether they wished to reduce their fixed remuneration to invest the same amount in a pension plan, all in line with the provisions established for Senior Management.

The annual variable remuneration was amended so that it is linked to the achievement of targets (55% for adjusted operating profit, 30% for the Group's adjusted operating cash-flow and 15% for four ESG targets).

The target base of the Executive Director's annual variable remuneration was reduced, retaining the rule that annual variable remuneration would increase by 2% for each 1% increase above target up to a maximum of 150% of the target, but retaining the possibility of targets reaching an achievement level of 200%, and 37.5% of variable remuneration for the Executive Director (as opposed to the previous 50%) would be payable in RSUs; If the Participant's termination of services is due to any of certain events: the vesting of RSUs is regulated; the clawback clause was amended; and, upon a favourable proposal from the ARC, the Board could increase the result of the mathematical calculation of the annual variable remuneration.

The long-term incentive plan was amended for the purpose of updating the targets of the long-term incentive plan, increase the target PSUs to be earned in principle by the former CEO, equivalent to 90% and 50% of his fixed remuneration; increase the number of PSUs to vest increasing the evaluation these can get; for purposes of calculating the TSR target, Applus' TSR would be compared to a group of eight comparable companies and the index would be the result of calculating the annualised TSR from the average TSR of the comparable companies; the EPS target would represent 50% of the total PSUs delivered each year, and the Board of Directors would set the threshold for this target above which the PSUs will vest; the clawback clause was amended; and if the Participant ceased to have a contractual relationship with the Group for any of the reasons contemplated for RSUs except for change of control, the vesting of PSUs is regulated.

In short, the relative importance of variable items compared to fixed items was improved, the average listing price of Applus shares continued to be considered in the annual variable remuneration scheme and long-term incentive plan, and provision was made for a deferral period in the receipt of 37.5% of annual variable remuneration.

Additionally, to reduce exposure to excessive risks and align the remuneration scheme with the Company's long-term objectives, values and interests, the variable remuneration was linked to achieving long-term sustainability and diversity objectives.

Furthermore, the long-term incentive plan took into account quantitative parameters calculated for a three-year period, which made it possible to take into account the Company's long-term results, long-term sustainability and diversity, as well as the creation of sustainable value for the shareholders.

As regards measures established to avoid conflicts of interest, the Board Regulations imposed an obligation on directors to notify the other directors and the Board of any direct or indirect conflict that they or persons related to them might have with the Company's interest, being disclosed in Applus' report on its annual accounts. Moreover, directors subject to conflicts were required to refrain from attending, participating or voting in discussions.

**B.3 Explain how remuneration accrued and consolidated during the financial year complies with the provisions of the current remuneration policy and, specifically, how it contributes to the long-term and sustainable performance of the company.**

Also, please report on the relationship between remuneration obtained by directors and results or other short- and long-term performance measures for the entity, explaining where applicable how fluctuations in the company's performance may have influenced fluctuations in director remuneration, including accruals the payment of which is deferred, and how they contribute to the company's short- and long-term results.

The remuneration of directors in their capacity as such complies with the provisions of the current Policy given that the maximum total approved by the shareholders at the Meeting has been respected, the individual remuneration has been set based on the Policy, the directors performing executive duties have not received any remuneration for their membership of the Board or Committees, all the directors have been reimbursed for duly justified expenses associated with travel and accommodation for purposes of attending meetings and the premiums for the civil liability insurance have been paid. The remuneration of the Executive Directors is described in section B.1.1.

The remuneration accrued contributes to the long-term and sustainable performance of the Company as it is based on a system designed to promote the Company's business strategy, profitability, interests and long-term sustainability.

The annual variable remuneration of the former CEO and the Executive Director under the Policy approved in 2022 consisted of an annual variable amount, payable in cash and through the delivery of RSUs, linked to the achievement of targets that contributed to the Company's short- and long-term results (55% for adjusted operating profit, 30% for the Group's adjusted operating cash-flow and 15% for the four ESG targets). The ESG targets were: (i) 3.75% Diversity (% of vacancies and new hires, of Group senior management positions and Corporate positions filled by women in 2022); (ii) 3.75% Health and safety (frequency of injuries prompting sick leave -number of injuries prompting sick leave; fatal accidents, permanent disabilities and lost work days- per 200. 000 working hours in 2022; (iii) 3.75% Code of Ethics training (% of registered employees who have completed their training - introduction and refresher - in 2022; (iv) 3.75% Decarbonisation (number of tonnes of CO2 equivalent -tCO2 eq - emitted in 2022 - scopes 1 and 2). CO2 equivalent emissions are understood as greenhouse gases (GHG) produced, directly or indirectly, and released into the atmosphere from the company's activities. Scope 1 emissions are direct GHG emissions that occur from sources controlled. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling).

In the case of the CEO, the variable amount that was set at 80% of fixed remuneration would increase by 2% for each 1% increase above the targets up to a maximum amount of 150% of the target base (although an evaluation of 200% could be achieved for each target). Variable remuneration would decrease by 5% for each 1% decrease below the targets. In the case of the Executive Director, the variable amount that was set at 70% of fixed remuneration would increase by 2% for each 1% increase above the targets up to a maximum amount of 150% of the target base (although an evaluation of 200% could be achieved for each target). Variable remuneration would decrease by 5% for each 1% decrease below the targets. 62.5% of the variable remuneration to be received by the CEO would be paid in cash and 37.5% via the delivery of RSUs.

The bonus payout accrued in 2022 (which will be paid in February 2023) measured according to the parameters of the remuneration scheme was 118.9%: i) 104,5% fulfilment of the adjusted operating profit, entitling to a 109.1% payout on this target (ii) 103.7% of adjusted operating cash flow compliance which entitles to a 107.3% payout on this objective and 200% payout related to the achievement of three of the four ESG objectives (diversity, code of ethics and H&S) and 111.41% payout related to the achievement of the decarbonisation objective. In addition, the Executive Director received 37.5% of his annual variable remuneration for 2022 in the form of RSUs.

The average Applus share price in the 60 days preceding the date of award of the RSUs was used to calculate the number of RSUs to be awarded in both cases. Each RSU will vest for one Applus share and 30%, 30% and 40% of the RSUs will vest after one, two and three years respectively following their award date, subject to remaining in employment at the vesting date.

Regarding the long-term variable remuneration, the CEO and CFO would receive PSUs annually for a maximum amount of 90% and 50% of their fixed remuneration. The number of PSUs that would vest would have a value ranging from 0% to 150% of the target number of PSUs depending on the level of achievement of the targets, although it was possible for each target to achieve an evaluation ranging from 0% to 200%. The value of each PSU would be equivalent to the Company's average share price in the 60 days preceding the date of award.

The PSUs awarded in each financial year would vest as shares in a period of three years following their award date with a value ranging from 0% to 135% of the fixed remuneration of the former CEO and from 0% to 75% of the fixed remuneration of the Executive Director, depending on the level of achievement of those targets.

The quantitative targets that contributed to the Company's short- and long-term results will be taken into account for the vesting of the PSUs: target based on the relative total shareholder return over a three-year period, where the Company's TSR will be compared to an unweighted index made up of a group of comparable companies (40% of the total number of PSUs awarded

each year). 100% of the PSUs will vest if the TSR result is 1.67% per annum cumulatively higher than the index. 0 PSUs have vested for this parameter for the 2019-2021 period; and a target for the adjusted earnings per share reported by Applus cumulatively over three years (60% of the total number of PSUs awarded each year). The evaluation of the EPS target for this period was 200%. Therefore, 120% of the PSUs associated with this LTI have been vested.

Clawback clauses are contemplated for both systems.

B.4 Report on the result of the consultative vote of the shareholders at the general meeting on the annual report on remuneration for the previous financial year, stating the number of abstentions and negative, blank and affirmative votes cast in respect of such report:

	Number	% of total
<b>Votes cast</b>	90,844,293	63.52%

	Number	% of votes cast
<b>Negative votes</b>	3,153,659	3.47%
<b>Votes in favour</b>	86,740,810	95.48%
<b>Blank votes</b>	0	0%
<b>Abstentions</b>	949,824	1.05%

Comments

B.5 Explain how the fixed components accrued and consolidated during the financial year by the directors in their capacity as such have been determined, their relative proportion for each director and how they have varied with respect to the previous year

The Board of Directors determined the exact amount to be paid within the limit approved at the General Meeting, as well as the specific remuneration of the directors in their capacity as such during the previous financial year, upon a proposal from the ARC, within the limits set by the shareholders at the General Shareholders' Meeting and within the framework of the bylaw-mandated remuneration scheme, as described in section B.1.1.

The Board of Directors approved a 10% increase to the remuneration of the directors in their capacity as such (including the remuneration of the Chairperson of the Board of Directors) and maintained the remuneration for the members and chairpersons of the Board's Committees with effect from 24/02/2022. The total remuneration received by the directors in their capacity as such during financial year 2022 was EUR 951,831.

The members of the Board of Directors therefore received the following annual fixed remuneration in their capacity as such in financial year 2022:

- Chairperson of the Board of Directors: EUR 271,205.
- Members of the Board of Directors other than its Chairperson: EUR 65,089.
- Chairperson of any Board Committee: EUR 30,000 per Committee.
- Members of any Board Committee other than its Chairperson: EUR 20,000 per Committee.



It is stated for the record that the proprietary directors (there are currently none and none are expected to join), the former CEO and the Executive Director did not receive any remuneration for their position on the Board of Directors or membership of any of its Committees.

Therefore, when comparing the fixed components accrued and consolidated by the directors in their capacity as such in 2022 as opposed to 2021, the fixed components accrued and consolidated in 2022 increased compared to 2021 due to the increase in remuneration in 2022.

The relative proportion of the fixed components of each director in terms of the total remuneration of the directors in their capacity as such was as follows: Mr Christopher Cole 31.6% (decreasing from 33.4% in 2021), Mr Ernesto Mata 8.9% (decreasing from 9.5% in 2021), Mr Nicolás Villen 10% (decreasing from 10.7% in 2021), Ms Cristina Henriquez 8.9% (decreasing from 9.5% in 2021), Ms M<sup>a</sup> Jose Esteruelas 11% (increasing from 9.8% in 2021), Ms Essimari Kairisto 8.9% (decreasing from 9.1% in 2020), Ms Marie-Françoise Damesin 9.5% (increasing from 1.2% in 2021) and Mr Brendan Connolly 11% (increasing from 1.5% in 2021).

**B.6 Explain how the salaries earned and consolidated, during the year ended, by each of the executive directors for the performance of management functions have been determined, and how they have varied with respect to the previous year.**

The salary accrued and consolidated in financial year 2022 for the former CEO corresponds to what was agreed at the General Shareholders' Meeting in the Remuneration Policy (i.e., EUR 750,000), calculated until his resignation on 27/06/2022 (i.e., EUR 368,750), which is lower than the salary accrued and consolidated in financial year 2021 due to his resignation during the financial year. The benefits correspond to what was agreed at the General Shareholders' Meeting in the Remuneration Policy (i.e., a maximum amount of EUR 112,500), calculated until his resignation on 27/06/2022 (i.e., a maximum amount of EUR 55,312.50), which decreased compared to financial year 2021 due to his resignation during the financial year (although it had increased as a result of the new Policy approved in 2022).

In turn, following his resignation as a director and until the termination of his senior management contractual relationship with the Company, the former CEO accrued and consolidated the following salary in financial year 2022 for the performance of senior management duties: annual fixed remuneration of EUR 381,250 in cash, and other benefits in kind up to a maximum amount of EUR 57,187.50.

Likewise, the salary of the current Executive Director accrued and consolidated in financial year 2022 was pro-rated on the terms of the Policy approved in 2022 until his appointment as CEO (after his position as CFO), (i.e., EUR 482,000, which is higher than the salary accrued and consolidated in financial year 2021 due to the new Policy approved in 2022 and his new appointment as CEO. The benefits accrued and consolidated in financial year 2022 were pro-rated, on the terms of the Policy approved in 2022 until his appointment as CEO (in his position as CFO), and following his appointment as CEO, on the terms of his new contract as reflected in the amended Policy submitted for approval at the 2023 General Shareholders' Meeting (i.e., a maximum amount of EUR 72,300.34), which increased compared to financial year 2021 due to the new Policy approved in 2022 and his new appointment as CEO.

**B.7 Explain the nature and main features of the variable components of the remuneration schemes accrued and consolidated during the last financial year.**

In particular:

- a) Identify each remuneration scheme that has determined the different items of variable remuneration accrued by each director during the last financial year, including information on their scope, date of approval, implementation date, conditions for vesting if any, accrual and validity periods, criteria that have been used to evaluate performance and how it has impacted on the setting of the accrued variable amount, as well as the measurement criteria used and the period required to be able to properly measure all the stipulated conditions and criteria, explaining in detail the criteria and factors applied in terms of the time required and the methods to verify that the performance or other conditions to which the vesting of each component of variable remuneration was linked have been actually met.
- b) In the case of schemes involving share options or other financial instruments, the general features of each plan are to include information on the conditions for acquiring unconditional

ownership thereof (consolidation) and for being able to exercise said options or financial instruments, including the price and exercise period.

- c) Refer to each director and their classification (executive director, proprietary external director, independent external director or other external directors), if they are beneficiaries of remuneration schemes or schemes that incorporate variable remuneration.
- d) If applicable, report on the established payment accrual, vesting or deferral periods of consolidated amounts that have been applied and/or periods for withholding/non-disposal of shares or other financial instruments, if any.

<b>Explain the short-term variable components of the remuneration schemes</b>
---

There were only short-term variable remuneration components in favour of the former CEO and the current Executive Director. These components consist of an annual variable remuneration scheme approved in 2022.

This variable remuneration scheme has the following terms and conditions, including its scope, accrual and validity periods, consolidation conditions, criteria used to evaluate performance and reflection thereof in the setting of the accrued variable amount, and criteria and measurement periods, describing criteria and factors applied as per the time required and the methods to verify effective fulfilment of the conditions, as well as the amounts accrued in 2022.

Annual variable remuneration:

The annual variable remuneration of the former CEO and the current Executive Director consisted of an annual variable amount, payable in cash and through the award of rights over Applus shares known as restricted stock units ("RSUs"), linked to the achievement of targets (55% for adjusted operating profit (AOP), 30% for the Group's adjusted operating cash-flow (AOCF) and 15% for four ESG targets). The ESG are described below.

The Company believes that these metrics can provide additional information regarding the evaluation of the Group's financial performance and liquidity and that they are aligned with the indicators commonly used by analysts who cover the Company's industry and investors.

The approved AOP target for 2022 was EUR 186,142 thousand (at the applicable exchange rate), the AOCF was EUR 221. EUR 221,282 thousand (at the applicable exchange rate) and the ESG targets were: (i) 3.75% Diversity (% of vacancies and new hires, of Group senior management positions -Management Tier 1 and Tier 2 - and Corporate positions -approved from 1 January 2022- filled by women in 2022); (ii) 3.75% Health and safety (frequency of injuries resulting in sick leave - number of injuries resulting in sick leaves; fatal accidents, permanent disabilities and work days lost- per 200.000 working hours in 2022; (iii) 3.75% Code of Ethics training (% of registered employees who have completed their Code of Ethics training - introduction and refresher - in 2022; (iv) 3.75% Decarbonisation (number of tonnes of CO2 equivalent - tCO2 eq - emitted in 2022 - scopes 1 and 2). CO2 equivalent emissions are understood as greenhouse gases (GHG) produced, directly or indirectly, and released into the atmosphere from the company's activities. Scope 1 emissions are direct GHG emissions that occur from sources controlled or owned by an organisation. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling). The target payment shall be calculated as a linear interpolation between the target (100% target payment) and the maximum threshold (200% target payment) or as a linear interpolation between the target (100% target payment) and the minimum threshold (50% target payment). The ESG targets have been calculated taking into account the perimeter as at 1 January 2022. Acquisitions are not included.

The different thresholds for (i) diversity; (ii) H&S; (iii) decarbonisation; and (iv) Code of Ethics training targets are as follows. The minimum thresholds are 25%, 0.95%, 58.695 and 95%, respectively. The target corresponding to 100% of the payout is 30%, 0.92%, 55,900tCO2 (scope 1 and 2) and 97%, respectively. The maximum threshold corresponding to 200% of the payout is 35%, 0.89%, 53.105 and 99%, respectively.

In the case of the former CEO, the variable amount would increase by 2% for each 1% increase above the targets and decrease by 5% for each 1% decrease below the targets. The target base for the variable remuneration was set at 80% of the fixed cash remuneration with a maximum amount of 150% of the target base, with the possibility of 200% achievement for each target, and a minimum amount of EUR 0. In terms of the Executive Director, the variable amount would increase by 2% for each 1% increase above the targets and decrease by 5% for each 1% decrease below the targets. The target base for the variable remuneration was set at 70% of the fixed cash remuneration with a maximum amount of 150% of the target base, with the possibility of 200% achievement for each target, and a minimum amount of EUR 0. In addition, the former CEO and the Executive Director received 37.5% of their annual variable remuneration for 2022 in the form of RSUs (the remaining 62.5% was in cash). The bonus payout accrued in 2022 (which will be paid in February 2023) measured according to the parameters of the remuneration scheme was

118.9%: i) 104.5% fulfilment of the adjusted operating profit, entitling to a 109.1% payout on this target (ii) 103.7% of adjusted operating cash flow compliance which entitles to a 107.3% payout on this objective and 200% payout related to the achievement of three of the four ESG objectives (diversity, code of ethics and H&S) and 111.41% payout related to the achievement of the decarbonisation objective. In addition, the Executive Director received 37.5% of his annual variable remuneration for 2022 in the form of RSUs.

The actual amount of the annual variable remuneration was approved by the Board of Directors upon a proposal from the ARC, which was responsible for assessing in detail the degree of achievement of the targets with a sufficient verification thereof. Concerning such verification, the adjusted operating profit and adjusted operating cash flow were taken based on Applus' annual accounts after their preparation, review and reporting by the Company's auditor, as well as the requirements and verifications that the NRC deemed appropriate for the ESG targets. The assessment found the achievement of the adjusted operating profit target, the adjusted operating cash flow target and the ESG targets for 2022.

The average Applus share price in the 60 days preceding the date of award of the RSUs was taken into account to determine the number of RSUs to be delivered. RSUs are awarded each year on the day on which the Board approves the annual results of Applus and the amount of the annual variable remuneration. Specifically, the RSUs corresponding to financial year 2022 were awarded in February 2023.

Each RSU will vest for one Applus share and 30%, 30% and 40% of the RSUs will vest after one, two and three years respectively following their award date, subject to remaining in employment at the vesting date (30% of the RSUs for 2022 will vest for shares in February 2024, another 30% in February 2025 and the remaining 40% in February 2026).

If the Participant's termination of services is due to any of the following events: (i) *mortis causa*, (ii) permanent disability, (iii) good leaver (defined as (a) retirement; (b) the Participant's position or employment being with a company that ceases to be a member of the Applus Group or relating to a business or part of a business that is transferred to a person or entity who is not a member of the Applus Group; and (c) any dismissal by the Company except in the event of a disciplinary dismissal classified as fair by a court in a definitive judgement or not challenged by the Participant); or (iv) change of control (defined as (i) a merger, consolidation, acquisition or other transaction as a result of which securities carrying more than 50% of the total combined voting rights of the outstanding securities of the Company are transferred to a person or persons other than the persons who held such securities immediately prior to the change of control; (ii) the sale, transfer or other disposal of all or substantially all of the Company's assets as part of the complete liquidation or dissolution of the Company; or (iii) the acquisition by a third party (natural or legal person), either individually or acting in concert with others, of a controlling interest in the Company under article 4 of Royal Decree 1066/2007 of 27 July 2007 on takeover bids in its applicable form at any time), then all RSUs awarded under the RSU plan that have not accrued on the date on which the event takes effect would automatically accrued on that date. In the event of a change of control, the accrued RSUs would be settled by a cash payment on the date of the change of control.

If inaccuracies in the information used as a basis to award the variable cash remuneration and the RSUs were established by a certified auditor and confirmed by the Board of Directors, the Company would have the right, for three years following the payment of the variable cash remuneration and the RSUs or the vesting of the RSUs, respectively, to claim back the amount (net of any withholding tax or levy) of the variable cash remuneration, the net amount of the RSUs and the net amount of the shares vested pursuant to accrual of the RSUs, as applicable, actually received as a result of such inaccuracies.

Upon a favourable proposal from the ARC, the Board could increase the result of the mathematical calculation of annual variable remuneration if (i) it is duly justified, (ii) the increase will be for a maximum amount of 50% of the target base (in cash and RSUs) and (iii) the final total amount of the annual variable remuneration after any increase will not exceed the target base (in cash and RSUs). This decision would be published *ex-post* annually in the Annual Remuneration Report. This capacity shall not apply to the annual variable remuneration accrued in 2022.

#### **Explain the long-term variable components of the remuneration schemes**

The former CEO and the current Executive Director were the only members of the Board entitled to long-term variable remuneration approved at the 2016 General Shareholders' Meeting.

This incentive plan has the following terms and conditions, including its scope, accrual and validity periods, consolidation conditions, criteria used to evaluate performance and the reflection thereof in the setting of the accrued variable amount, and criteria and measurement periods, describing criteria and factors applied as per the time required and the methods to verify effective fulfilment of the conditions, as well as the amounts accrued in 2022.

Long-term incentive plan:

The long-term incentive plan (which started in 2016 under the then-applicable Remuneration Policy) means that the former CEO and the Executive Director will receive performance stock units ("**PSUs**") annually, each one of which will vest as one share in the Company three years after the award date based on the level of achievement of certain parameters.

The targets of the long-term incentive plan were reviewed and updated in light of the targets and challenges established in the 2022-2024 strategic plans, feedback from investors and proxy-advisors and Applus' ESG commitments. The amounts of the long-term incentive for the former CEO and the Executive Director were also updated following the remuneration report prepared by Mercer Consulting in 2021, taking into account salary benchmarking, the need to retain and motivate them and the new strategic targets incorporated for purposes of achievement of the incentive. The targets established for purposes of achievement of the long-term incentive for the former CEO and the Executive Director were the same targets established for the senior managers who are also entitled to receive this incentive.

Under this plan, the former CEO received PSUs annually for an amount in principle equivalent to 90% of his fixed remuneration (EUR 675,000) and the Executive Director received PSUs annually for an amount in principle equivalent to 50% of his fixed remuneration (EUR 180,000), although those amounts might ultimately fluctuate depending on the level of achievement of the parameters referred to below. The number of accrued PSUs would have a value ranging from 0% to 150% of the target number of PSUs, depending on the level of achievement of the targets. However, it was possible for each LTI target to represent an achievement value ranging from 0% to 200%.

The value of each PSU is equivalent to the Company's average share price in the 60 days preceding the PSU award date. PSUs are awarded each year on the day the Board of Directors approves Applus' annual results. It was possible to adjust the number of PSUs to be awarded to the former CEO and the Executive Director during each financial year if their fixed remuneration was amended. However, the day on which the Board of Directors approves the results of the relevant year is taken as the day on which the additional PSUs are awarded.

The PSUs awarded in each financial year would be converted into shares within three years from the date of award if the targets described below are achieved. The number of PSUs to be converted would have a value ranging from 0% to 135% of the fixed remuneration of the former CEO and between 0% and 75% of the fixed remuneration of the Executive Director, depending on the level of achievement of such targets during the three years before conversion, so that such conversion corresponds to professional performance during each three-year period.

The ARC is responsible for assessing in detail the degree of compliance with the criteria and objectives established for the vesting of the incentive plan. Therefore, for the evaluation of the February 2022 incentive plan, and to perform a sufficient verification of such compliance, the ARC asked PWC to provide an independent report evaluating the TSR benchmark, and also used the annual accounts of Applus after their formulation, and their review and issuance of the report by the Company's auditor, to assess the EPS.

The following quantitative targets would be taken into account for the conversion of PSUs:

- (a) A target based on the relative total shareholder return ("**TSR**") over a three-year period, where the Company's TSR is compared to an unweighted index made up of a group of eight comparable companies within the inspection and certification industry. These companies are SGS, Bureau Veritas, Intertek, Eurofins Scientific, Core Laboratories, ALS, Team Industrial Services, Mistras. The Board of Directors could amend the group of companies used to determine the LTI, subject to approval and communication of the relevant amendment before the award of the relevant LTI. The index is the result of calculating the annualised TSR based on the average TSR of the eight comparable companies.

This parameter would represent 40% of the total number of PSUs awarded each year.

Out of this 40%, 50% of the PSUs would be converted into shares if the annualised TSR figure for Applus was equal to the index and 200% of the PSUs would be converted into shares if that annualised Applus figure was cumulatively 5% per annum higher than the index. Between the index value and the TSR value providing entitlement to conversion into shares of 200% of the PSUs, the conversion would be made according to a linear interpolation between these two values. As a result, 100% of the PSUs would vest if Applus' annualised TSR result was cumulatively 1.67% per annum higher than the index.

If the TSR figure was below the index, no PSUs would accrue in respect of this target. For the 2019-2021 period, 0 PSUs vested for this parameter.

- (b) A target for the adjusted earnings per share ("**EPS**") reported by Applus cumulatively over three years.

This target would represent 60% of the total number of PSUs awarded each year.

The Board of Directors would establish specific thresholds for this parameter, and the target PSUs would be converted into shares upon achievement thereof. The maximum number of PSUs that could be converted into shares was 200% of the target PSUs.

If the EPS figure was below the threshold for entitlement to conversion of 60% of the PSUs into shares, no PSUs would vest in respect of this parameter. The evaluation of the EPS target for this period was 200%, were vested for 120% PSUs of the LTI.

The ESG and ROCE targets would be communicated *ex-post* in the Annual Remuneration Report. However, those targets for the 2022-2024 LTI were those already communicated with the strategic plan and together with the Policy.

The evaluation of all the targets under the incentive plan would be included in the Annual Remuneration Report.

The Company believes that these metrics can provide additional information regarding the evaluation of the Group's financial performance and liquidity and that they are aligned with the indicators commonly used by analysts who cover the Company's industry and investors.]

If the contractual relationship between the Participant and the Group ends in any of the following circumstances: (i) *mortis causa*; (ii) permanent disability; (iii) retirement; (iv) the Participant having a position or employment at a company that ceases to be a member of the Applus Group or relating to any business or part of a business that is transferred to a person or entity who is not a member of the Applus Group; or (v) any termination of contract by the Company except in the event of a disciplinary dismissal classified as fair by a court in a definitive judgement or not challenged by the Participant, then the Appointments and Remuneration Committee will establish the number of shares accrued on the following terms: (a) performance conditions will be deemed 100% fulfilled; and (b) a pro-rated reduction will be applied in respect of the relevant number of shares, based on the period elapsed between the award date and the date of that termination in relation to a three-year period.

Similarly, in the event of a change of control (defined as (i) a merger, consolidation, acquisition or other transaction as a result of which securities carrying more than 50% of the combined voting rights of the outstanding securities of the Company are transferred to a person or persons other than the persons who held such securities immediately prior to the change of control; (ii) the sale, transfer or other disposal of all or substantially all of the Company's assets as part of the complete liquidation or dissolution of the Company; or (iii) the acquisition by a third party (natural or legal person), either individually or acting in concert with others, of a controlling interest in the Company under article 4 of Royal Decree 1066/2007 of 27 July 2007 on takeover bids in its applicable form at any time), then the Appointments and Remuneration Committee would notify the Participant, as soon as practicable after becoming aware of said circumstance or any relevant proposal, that all the PSUs would be automatically subject to early accrual on the date of the change of control, in the event that they have not yet accrued. In the event of a change of control, the accrued PSUs would be settled in cash on the date of the change of control.

The accrued PSUs would not be reduced in proportion to the time elapsed since the date of their award and the performance conditions would be deemed 100% fulfilled. If the Participant lost their status as a director or employee of the Group upon the change of control, the change of control rule would be applied.

If inaccuracies in the information used as a basis to award the PSUs or shares pursuant to accrual of PSUs were established by a certified auditor and confirmed by the Board of Directors, the Company would be entitled, for a period of three years after the award of the PSUs or the accrual of the PSUs respectively, to claim the amount (net of any withholding tax or levy) of the PSUs and the net amount of the shares accrued under the PSUs, as applicable, actually received as a result of such inaccuracies.

- B.8** State whether certain accrued variable components have been reduced or reclaimed (malus/clawback), when payment of non-vested amounts has been deferred in the former case, or consolidated and paid in the latter case, based on information that has later been clearly proven to be inaccurate. Describe the amounts reduced or returned due to the application of malus/clawback clauses, why they have been enforced and the financial years to which they correspond.

There was no reduction or reclaiming of any accrued variable component in financial year 2022, as no inaccuracy was identified in the information used for purposes of calculation thereof.

- B.9** Explain the main features of the long-term savings schemes whose annual equivalent amount or cost is included in the tables in Section C, including retirement and any other survival benefit, either partially or wholly financed by the company and whether funded internally or externally, stating the type of scheme, whether it is defined-contribution or defined-benefit, the contingencies it covers,

the conditions for consolidation of economic rights in favour of directors, and the compatibility thereof with any class of indemnity for early termination or cessation of the contractual relationship between the company and the director.

The former CEO of the Company was entitled to receive an annual pension plan contribution under the provisions of the Remuneration Policy. The pension plan is a defined contribution system whose annual amount is the difference between 15% of the director's annual fixed cash remuneration and the amount of benefits actually received during the financial year. The former CEO was able to choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wanted to reduce his fixed remuneration to invest the same amount in a pension plan. The only limitation or restrictive condition for the enjoyment of the pension plan by the executive director is that it must be implemented in accordance with applicable Spanish law. The plan is compatible with payments arising from the termination of the contractual relationship between the executive director and Applus.

Also under the provisions of the Remuneration Policy, the Company's current Executive Director had the option of receiving an annual contribution to his pension plan during the financial year, which would have a maximum total cost equal to 15% of his fixed remuneration, also choosing each year the amount to allocate to each benefit, including the aforementioned pension plan, in any event subject to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wanted to reduce his fixed remuneration to invest the same amount in a pension plan. The pension plan was configured as a defined contribution system and the only limitation or restrictive condition for its enjoyment is that it must be implemented in accordance with applicable Spanish law. The plan is compatible with the payments arising from the termination of the contractual relationship between the executive director and Applus.

The amount contributed to the plan in 2022 is shown in section B.1.1 above.

**B.10 Explain, if applicable, the indemnities or any other class of payment arising from early cessation, whether at the will of the company or the director, or from the termination of the contract on the terms provided therein, accrued and/or received by the directors during the last financial year.**

In addition to its remuneration-related obligations, Applus committed to the following payments, indemnities and covenants vis-à-vis the former CEO and the Executive Director:

- (i) **Exclusivity:** The former CEO and the Executive Director had an exclusivity obligation vis-à-vis the Company as described in the following sub-section, which was not specifically remunerated.
- (ii) **Termination:** The former CEO and the Executive Director were not entitled to any consideration as a result of the mere termination of their agreement, except as provided for in the post-contractual non-compete agreement.

However, if the former CEO and the Executive Director or the Company failed to comply with the notice period (six months), the other party would be entitled to compensation equivalent to the fixed remuneration of the former CEO and of the Executive Director for the duration of the breached notice period.

- (iii) **Post-contractual non-compete:** The former CEO and the Executive Director were not to engage in competition with the Company or any company of the Applus group. The non-competition undertaking from the former CEO and the Executive Director had a duration of two years from the termination of their respective contracts. In return, the former CEO and the Executive Director would be entitled to receive an amount equal to twice the annual fixed cash remuneration received in the last year before the termination of the contract, to be paid during the 24 months following such termination in equal monthly instalments. After the termination of the contract of the then CEO, he began to receive this compensation. This amount would be reduced by any amount that the Company is required pay to the former CEO and the Executive Director as statutory indemnity (which may arise from the application of the corresponding legal rule) for the termination of the contract, so that the total amount to be received by the former CEO and the Executive Director after the termination of the contract is in no case more than twice the annual fixed remuneration received in the last year before the termination of the contract. If the former CEO and the Executive Director breached this commitment and competed with the Company or any group company, they would have to return the amounts paid by the Company in compensation for the non-compete covenant. Termination payments for the former CEO and the Executive Director complied with the provisions of the Good Governance Code for Listed Companies and protected the Group through a two-year post-contractual non-compete agreement.

In January 2023, the former CEO, Mr Fernando Basabe, leaves the Company, receiving in that year the cash amount of the accelerated vesting of the outstanding RSUs, the cash payout of the bonus accrued in 2022 in accordance with the fulfilment of the established performance conditions, the vesting of the number of PSUs of the 2020-2022 long-term incentive that accrue in accordance with the established performance conditions and the associated dividends. In 2024 and 2025, a number (or none)

of the long-term incentive PSUs would vest in accordance with the terms agreed between Mr Fernando Basabe and the Company.

**B.11 State whether there have been significant amendments to the contracts of those performing senior management duties as executive directors and explain them, if applicable. Also explain the main terms and conditions of new contracts signed with executive directors during the financial year, unless already explained in section A.1.**

During financial year 2022, upon the approval of the new Policy, the terms and conditions of the CEO were, in addition to those relating to remuneration in accordance with the relevant parts of sections A.2 and B.2, are as follows:

- (i) Term: the contracts of the former CEO and the Executive Director were indefinite but could be terminated for any reason and at any time, with no indemnity for termination. The reason for this is that any statutory sum payable for termination would be discounted from the non-compete payment keeping this agreement fully in force. This clause was approved as part of the non-compete provisions between the Company and the former CEO and the Executive Director.
- (ii) Exclusivity: while performing executive duties, the former CEO and the Executive Director were not to have any direct or indirect interest in any other business or activity that could entail a conflict of interest regarding their duties and responsibilities in the Company or concerning the activity of the Company and the Applus group.
- (iii) Termination: the contracts with the Executive Directors may be terminated at any time at the discretion of the relevant executive director or of the Company, subject to written notice being provided to the other party (six months). If an Executive Director or the Company failed to comply with the notice requirement, the other party would have the right to receive compensation equivalent to the fixed remuneration of the executive director in concerned corresponding to the duration of the unobserved notice period.
- (iv) Post-contractual non-compete: see above. Competition would be interpreted as the provision of any type of service, on one's own account or on behalf of others, whether in executive or advisory functions, or the direct or indirect promotion of the creation of companies or entities that will develop a competing business, as well as the holding of any stakes in such companies or entities. A competing business would be interpreted as any activity which, at the time of termination of the contract of the former CEO or the Executive Director, is being carried on by any group company or which it is planned to commence within the following 12 months. Furthermore, the former CEO and the Executive Director were not to engage or participate in the engagement of employees who, at the time of termination of their contract or within the preceding 12 months, are or have been employed by the Company or any group company. This non-compete agreement was binding, meaning that the Company could not abandon its payment undertakings and the former CEO and the Executive Director could not compete and waive their right to be paid.
- (v) Shareholding retention: the former CEO and the Executive Director would hold 1/3 of the net number of shares that they received each year, by way of vesting of all RSUs and PSUs, until they accumulated a number of shares whose value (calculated with the value of the shares on the award date) was equal at least to twice their net fixed remuneration. Thereafter, they would hold shares with a value corresponding at least to twice their net fixed remuneration. This commitment would cease in the event of termination of their services to the Group or in the event of a change of control.
- (vi) Supplementary pension or early retirement schemes: the former CEO and the Executive Director would not have supplementary pensions or early retirement schemes, but they would be entitled to the Company's pension plan contributions under the terms described in section A.1.1.

The Executive Director's contract will contain the conditions set out in sections A.1.8 and A.1.9 above and his remuneration will be as set out in sections A.1.1 and A.1.2.

**B.12 Explain any supplementary remuneration accrued by the directors as consideration for services provided other than those inherent to their position.**

The directors did not provide services other than those inherent to their position in financial year 2022, and therefore no additional remuneration was accrued in this respect.

**B.13 Explain any remuneration arising from the grant of advances, loans and guarantees, stating the interest rate, the essential features thereof and any amounts reimbursed, as well as the obligations assumed under the guarantee.**

No remuneration has accrued for these items and no obligation of this nature was assumed in financial year 2022.

**B.14 Describe the remuneration in kind accrued by the directors during the financial year, briefly explaining the nature of the different salary components.**

Remuneration in kind is reserved to the former CEO and the Executive Director. Under the Remuneration Policy, the former CEO would receive other benefits with a maximum cost equal to 15% of the annual fixed remuneration in cash. In addition, each year the Company would contribute an amount equal to the difference between the aforementioned 15% of the Executive Director's fixed remuneration and the cost of the benefits actually received in that year to the Executive Director's pension plan. The former CEO was able to choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wanted to reduce his fixed remuneration to invest the same amount in a pension plan.

Under the provisions of the Remuneration Policy, the Executive Director would receive other benefits with a maximum cost equal to 15% of his annual fixed cash remuneration, which might include, among other items, a pension plan contribution of his choice. The Executive Director was able to choose each year the amount to allocate to each benefit, subject in any event to the maximum cost equal to 15% of his fixed cash remuneration, and whether he wanted to reduce his fixed remuneration to invest the same amount in a pension plan.

In financial year 2022, the former CEO accrued benefits as remuneration in kind in his position as CEO until his resignation on 27/06/2022, with a total cost of benefits received of EUR 55,312.50, including an amount of EUR 39,646.50 destined towards pension plan contributions. In turn, following his resignation as a director and until the termination of his senior management contractual relationship with the Company, he accrued benefits as remuneration in kind with a total cost of EUR 57,187.50, including EUR 36,259.50 destined towards pension plan contributions. The benefits include the use of a company vehicle and fuel, medical insurance for him and his family (including an annual check-up for him and his wife), and life insurance (with an indemnity of EUR 150,000 in the event of death or permanent disability and of EUR 300,000 in the event of accidental death).

In financial year 2022, the Executive Director accrued benefits as remuneration in kind, pro-rated until his appointment as CEO (in his position as CFO under the Policy approved in 2022) and following his appointment as CEO, on the terms of his new contract as reflected in the amended Policy that is submitted for approval at the 2023 General Shareholders' Meeting, with a total cost of benefits received of EUR 72,300.34. These benefits include the use of a company vehicle and fuel, medical insurance for him and his family (including an annual check-up for him and his wife) and life insurance (with an indemnity of EUR 608,015 in the event of death or permanent disability and of EUR 1,216,030 in the event of accidental death), membership and professional association fees, and a gross amount of EUR 1,500 to the Executive Director's pension scheme.

**B.15 Explain the remuneration accrued by the director under payments made by the listed company to a third-party entity in which the director provides services, when said payments are intended to remunerate the services thereof within the company.**

No such payments were made in financial year 2022.

**B.16 Explain and detail the amounts accrued during the year in relation to any other remuneration item other than those listed above, whatever its nature or the group entity paying it, including all benefits in any form, such as when it is considered a related-party transaction or, especially, when it significantly affects the true and fair view of the total remuneration accrued by the director, explaining the amount granted pending payment, the nature of the consideration received and the reasons why it would have been considered, where appropriate, that it does not constitute remuneration to the director in his capacity as such or in consideration for the performance of his executive duties, and whether or not it has been considered appropriate to include it among the amounts accrued under "other items" in section C.**

During financial year 2022, the former CEO accrued a cash supplement of EUR 7,134 corresponding to a cash payment linked to the benefits to bring the currently received benefits into line with the agreement reached at the time the former CEO was hired. This supplement is associated with the corresponding benefits, and it would not be received if said benefits disappeared. This cash amount of EUR 7,134 is shown in Table C1 of this report under the "Other items" section of the company's remuneration accrued in cash and is included in the cost of the benefits actually received by the former CEO, excluding pension scheme contributions.

Similarly, a cash supplement of EUR 49,689.63 accrued to the Executive Director during financial year 2022, corresponding to a cash payment which constitutes part of the 15% fixed remuneration to be received as benefits. This supplement is linked to the corresponding benefits, and would not be received if these benefits disappeared. This cash amount of EUR 49,689.63 is



reflected in table C1 of this report under the "Other items" section of the remuneration paid by the Company in cash and is included in the cost of the benefits actually received, excluding pension scheme contributions.

**C** DETAILS OF INDIVIDUAL REMUNERATION CORRESPONDING TO EACH DIRECTOR

<b>Name</b>	<b>Classification</b>	<b>Accrual period t</b>
<b>Fernando Basabe Armijo</b>	Executive	From 01/01/2022 to 27/06/2022
<b>Joan Amigó Casas</b>	Executive	From 01/01/2022 to 31/12/2022
<b>Christopher Cole</b>	Independent	From 01/01/2022 to 31/12/2022
<b>Ernesto Gerardo Mata López</b>	Other external	From 01/01/2022 to 31/12/2022
<b>Nicolás Villén Jiménez</b>	Independent	From 01/01/2022 to 31/12/2022
<b>María Cristina Henríquez de Luna Basagoiti</b>	Independent	From 01/01/2022 to 31/12/2022
<b>Maria José Esteruelas Aguirre</b>	Independent	From 01/01/2022 to 31/12/2022
<b>Essimari Kairisto</b>	Independent	From 01/01/2022 to 31/12/2022
<b>Marie-Françoise Madeleine Damesin</b>	Independent	From 01/01/2022 to 31/12/2022
<b>Brendan Wynne Derek Connolly</b>	Independent	From 01/01/2022 to 31/12/2022

C.1 Complete the following tables concerning the individual remuneration of each director (including remuneration for the performance of executive duties) accrued during the financial year.

a) **Remuneration from the company covered by this report:**

i) **Remuneration accrued in cash (in thousands of €)**

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	Total financial year t	Total financial year t-1
Fernando Basabe Armijo	0	0	0	369	713	16	0	7	1,105	1,147
Joan Amigó Casas	0	0	0	482	273	2	0	50	807	376
Christopher Cole	271	0	30	0	0	0	0	0	301	280
Ernesto Gerardo Mata López	65	0	20	0	0	0	0	0	85	80
Nicolás Villén Jiménez	65	0	30	0	0	0	0	0	95	90
María Cristina Henríquez de Luna Basagoiti	65	0	20	0	0	0	0	0	85	80
Maria José Esteruelas Aguirre	65	0	40	0	0	0	0	0	105	82
Essimari Kairisto	65	0	20	0	0	0	0	0	85	80
Marie-Francoise Madeleine Damesin	65	0	25	0	0	0	0	0	90	10
Brendan Wynne Derek Connolly	65	0	40	0	0	0	0	0	105	12

**Comments**

The accrued remuneration for the year t-1 includes the increase in remuneration approved by the Board of Directors effective from 24 February 2022 of 10% of the remuneration of the directors in their capacity as such (including the remuneration of the Chairperson of the Board of Directors), maintaining the remuneration for the members and chairpersons of the Committees of the Board.

The remuneration accrued for the following directors corresponds to the period of less than one year during which they were members of the Board of Directors and its Committees due to their appointment or resignation during the year:

- Mr Fernando Basabe Armijo left the Board on 27 June 2022.

Additionally, Mr Joan Amigó Casas was appointed CEO effective from 28 June 2022, which has been taken into account in establishing his remuneration for financial year 2022 as explained in the foregoing sections. Ms Marie-Françoise Madeleine Damesin changed from member to chairperson of the Appointments and Remuneration Committee after her appointment effective from 1 July 2022.

Under the long-term incentive plan, in February 2022 Mr Fernando Basabe Armijo and Mr Joan Amigó received economic benefits equal to the value of the dividends that would have been paid on the gross PSUs awarded in 2019 vested in 2022, i.e. EUR 16,212.90 and EUR 2,102 respectively.

Mr Fernando Basabe Armijo, during his time as a director, and Mr Joan Amigó received a cash supplement included in the cost of the benefits actually received (EUR 7,134 and EUR 49,689.63, respectively).

ii) Table of movements in share-based remuneration schemes and net return on consolidated shares or financial instruments

Name	Name of Plan	Financial instruments at start of financial year t		Financial instruments granted during financial year t		Financial instruments consolidated during financial year t				Instruments mature but not exercised	Financial instruments at end of financial year t	
		No. of instruments	Equivalent no. of shares	No. of instruments	Equivalent no. of shares	No. of instruments	Equivalent/consolidated no. of shares	Price of consolidated shares	Net Return on consolidated shares or financial instruments (thousands of €)	No. of instruments	No. of instruments	Equivalent no. of shares
Fernando Basabe Armijo	Annual variable remuneration scheme	66,539	66,539	0	0	0	0	0	0	0	46,630	46,630
	Long-term incentive plan	137,348	137,348	54,770	54,770	0	0	8,216	0	0	147,082	147,082
Joan Amigó Casas	Fixed remuneration	17,804	17,804	7,100	0	0	0	8,216	0	0	19,066	19,066
	Annual variable remuneration scheme	27,572	27,572	25,116	25,116	25,116	25,116	6,531	164	0	44,675	44,675
	Long-term incentive plan	17,805	17,805	76,932	76,932	0	0	8,216		0	0	88,899

**Comments**

During the period that he was a director in financial year 2022, Mr Fernando Basabe Armijo accrued 54,770 PSUs under the long-term incentive plan, delivered in 2022 and subject to a three-year consolidation period. In addition, in February 2022 19,909 RSUs related to variable remuneration awarded in 2019, 2020 and 2021 vested (although the Applus shares were delivered net of taxes (i.e., 10,751 shares)), and 54,043 out of the gross 45,036 PSUs awarded in 2019 within the framework of the long-term incentive plan were also consolidated.

During financial year 2022 taking into account the period that he was CFO and Executive Director, the current Executive Director accrued: (i) 7,100 RSUs relating to fixed remuneration delivered in 2022, which were consolidated in financial year 2022; (ii) and 76,932 PSUs under the long-term incentive plan delivered in 2022, which have a three-year consolidation period. Additionally, in February 2022 5,838 RSUs relating to fixed remuneration awarded in 2019 vested (although the Applus shares were delivered net of taxes (i.e., 3,288 shares)), 8,013 RSUs relating to variable remuneration awarded in 2019, 2020 and 2021 vested (although the Applus shares were delivered net of taxes (i.e., 4,517 shares)), and 7,006 of the 5,838 PSUs awarded in 2019 within the framework of the long-term plan vested; the latter were also consolidated.

The price of the consolidated shares was: (i) EUR 8.216 for the RSUs relating to the fixed remuneration of the then CFO and for the PSUs awarded in 2019 that vested in 2022; and (ii) EUR 6,531 for the RSUs relating to variable remuneration (delivered in February 2023).

The number of shares held by members of the Board of Directors is publicly available on the Board of Directors page of the Company's corporate website.

**iii) Long-term savings schemes**

	<b>Remuneration for consolidation of savings scheme rights</b>
Fernando Basabe Armijo	40
Joan Amigó Casas	2

Name	Contribution in financial year by company (thousands of €)				Amount of accumulated funds (thousands of €)			
	Savings schemes with consolidated economic rights		Savings schemes with non-consolidated economic rights		Financial year t		Financial year t-1	
	Financial year t	Financial year t-1	Financial year t	Financial year t-1	Schemes with consolidated economic rights	Schemes with non-consolidated economic rights	Schemes with consolidated economic rights	Schemes with non-consolidated economic rights
	Fernando Basabe Armijo	40	43	0	0	204	0	164
Joan Amigó Casas	2	2	0	0	88	0	86	0

Comments
Mr Fernando Basabe, in proportion to the period during which he was a director, and Mr Joan Amigó i Casas, taking into account the period during which he was CFO and Executive Director, received a pension plan contribution within the framework of the benefits received during the financial year, without prejudice to the provisional contribution received by Mr Fernando Basabe after his resignation as a director on 27 June 2022 in respect of his retention as a senior manager.

iv) **Details of other items**

Name	Item	Remuneration amount
Fernando Basabe Armijo	Cost of benefits in kind: total cost of benefits actually received with pro-rated cost EUR 55,312.50 – cash amount associated therewith EUR 7,134 – contribution to the retirement plan EUR 39,646.50.	9
Joan Amigó Casas	Cost of benefits in kind: total cost of benefits actually received EUR 72,300.34 – cash amount associated therewith EUR 49,689.63. – contribution to the retirement plan EUR 1,500	21

Comments
Mr Fernando Basabe, in proportion to the period during which he was a director, and Mr Joan Amigó i Casas, taking into account the period during which he was CFO and Executive Director, received cash supplements related to benefits in kind, meaning that the cost of benefits in kind not covered in previous sections (i.e., excluding pension plan contributions) does not include these items, without prejudice to the proportional cash supplement received by Mr Fernando Basabe after his resignation as a director on 27 June 2022 in respect of his retention as a senior manager.



b) Remuneration paid to directors of the listed company as members of the governing bodies of the Company's subsidiaries:

i) Remuneration accrued in cash (in thousands of €)

Name	Fixed remuneration	Attendance fees	Remuneration for membership of board committees	Salary	Short-term variable remuneration	Long-term variable remuneration	Indemnity	Other items	Total financial year t	Total financial year t-1
Fernando Basabe Armijo	0	0	0	0	0	0	0	0	0	0
Joan Amigó Casas	0	0	0	0	0	0	0	0	0	0
Christopher Cole	0	0	0	0	0	0	0	0	0	0
Ernesto Gerardo Mata López	0	0	0	0	0	0	0	0	0	0
Nicolás Villén Jiménez	0	0	0	0	0	0	0	0	0	0
María Cristina Henríquez de Luna Basagoiti	0	0	0	0	0	0	0	0	0	0
Maria José Esteruelas Aguirre	0	0	0	0	0	0	0	0	0	0
Essimari Kairisto	0	0	0	0	0	0	0	0	0	0
Marie-Françoise Madeleine Damesin	0	0	0	0	0	0	0	0	0	0
Brendan Wynne Derek Connolly	0	0	0	0	0	0	0	0	0	0
Joan Amigó Casas	0	0	0	0	0	0	0	0	0	0

Comments

ii) Table of movements in share-based remuneration schemes and net return on consolidated shares or financial instruments

iii) Long-term savings schemes

iv) Details of other items

c) Summary of remuneration (in thousands of €):

The summary must include the amounts corresponding to all remuneration items included in this report that the director has accrued, in thousands of euros.

Name	Remuneration accrued in the Company					Remuneration accrued in group companies					Company + group total financial year t
	Total cash remuneration	Net return on consolidated shares or financial instruments	Remuneration for savings schemes	Remuneration for other items	Company total financial year t	Total cash remuneration	Net return on consolidated shares or financial instruments	Remuneration for savings schemes	Remuneration for other items	Group total financial year t	
Fernando Basabe Armijo	1,105	0	40	9	1,154	0	0	0	0	0	1,154
Joan Amigó Casas	807	164	2	21	994	0	0	0	0	0	994
Christopher Cole	301	0	0	0	301	0	0	0	0	0	301
Ernesto Gerardo Mata López	85	0	0	0	85	0	0	0	0	0	85
Nicolás Villén Jiménez	95	0	0	0	95	0	0	0	0	0	95
Cristina Henríquez de Luna Basagoiti	85	0	0	0	85	0	0	0	0	0	85
Maria José Esteruelas Aguirre	105	0	0	0	105	0	0	0	0	0	105
Essimari Kairisto	85	0	0	0	85	0	0	0	0	0	85
Marie-Françoise Madeleine Damesin	90	0	0	0	90	0	0	0	0	0	90
Brendan Wynne Derek Connolly	105	0	0	0	105	0	0	0	0	0	105
<b>Total:</b>	2.863	164	42	30	3099	0	0	0	0	0	3099

Comments

C.2 Please describe the evolution over the last five years in the amount and percentage variation in the remuneration earned by each of the directors of the listed company during the year, the consolidated results of the company and the average remuneration on a full-time equivalent basis of the employees of the company and its subsidiaries who are not directors of the listed company.

	Total amounts accrued and % annual variation								
	Financial year t	% variation t/t-1	Financial year t-1	% variation t-1/t-2	Financial year t-2	% variation t-2/t-3	Financial year t-3	% variation t-3/t-4	Financial year t-4
<b>Executive Directors</b>									
Fernando Basabe Armijo	1,154	-20.03%	1,443	-23.12%	1,877	-2.49%	1,925	36.04%	1,415
Joan Amigó Casas	994	79.42%	554	0.00%	554	78.71%	310	N/A	N/A
<b>External Directors</b>									
Christopher Cole	301	7.50%	280	8.11%	259	-10.07%	288	1.41%	284
Ernesto Gerardo Mata López	85	6.25%	80	8.11%	74	-7.50%	80	-4.76%	84
Nicolás Villén Jiménez	95	5.56%	90	8.43%	83	-7.78%	90	4.65%	86
Cristina Henríquez de Luna Basagoiti	85	6.25%	80	8.11%	74	-7.50%	80	0,00%	80
Maria José Esteruelas Aguirre	105	28.05%	82	10.81%	74	15.63%	64	N/A	N/A
Essimari Kairisto	85	6.25%	80	8.11%	74	27.59%	58	N/A	N/A

Marie-Françoise Madeleine Damesin	90	800%	10	N/A	N/A	N/A	N/A	N/A	N/A
Brendan Wynne Derek Connolly	105	775%	12	N/A	N/A	N/A	N/A	N/A	N/A
<b>Consolidated results of the company</b>	<b>91,463</b>	<b>20.96%</b>	<b>75,617</b>	<b>153.15%</b>	<b>-142,259</b>	<b>-233.07%</b>	<b>106,905</b>	<b>27.96%</b>	<b>83,544</b>
<b>Average employee remuneration</b>	45	9.8%	41	5.13%	39	-11.36%	44	2.33%	43

#### Comments

Fields marked N/A correspond to financial years before the appointment of the relevant director.

Concerning variations considered significant: For financial year 2019, the 36.04% increase in the remuneration of Mr Fernando Basabe is due to the fact that higher amounts were consolidated than in financial year 2018 under share-based remuneration schemes and resulting gross profit from consolidated shares or financial instruments within the framework of his variable remuneration. For financial year 2020, the 78.71% increase in the remuneration of Mr Joan Amigó Casas is due to the fact that 2020 was his first full financial year as an executive director, and higher amounts were therefore consolidated than in financial year 2019 under share-based remuneration schemes and resulting gross profit from consolidated shares or financial instruments within the framework of his variable remuneration. Furthermore, the 15.63% and 27.59% increases in the remuneration of Ms María José Esteruelas and Ms Essimari Kairisto are due to the fact that it was their first full year as directors. For financial year 2021, the 23.12% decrease in the remuneration of Mr Fernando Basabe is due to the fact that lower amounts were consolidated than in financial year 2020 under share-based remuneration schemes and resulting gross profit from consolidated shares or financial instruments within the framework of his variable remuneration. For financial year 2022, the 28.05% increase in the remuneration of Ms María José Esteruelas is due to the fact that it was her first full year as a member of the ESG Committee, the 800% increase in the remuneration of Ms Marie-Françoise Madeleine Damesin is due to the fact that it was her first full year as a director and member of the Appointments and Remuneration Committee and that she was appointed chairperson of that Committee on 1 July 2022, and the 775% increase in the remuneration of Mr Brendan Wynne Derek Connolly is due to the fact that it was his first full year as a director and member of the ESG and Appointments and Remuneration Committees. For the 2022 financial year, the 20.3% decrease in the remuneration of Mr Fernando Basabe Armijo is due to the fact that he ceased to be a director during the year.

**D OTHER INFORMATION OF INTEREST**

Provide a brief description of any significant aspects relating to director remuneration that it has not been possible to include in the other sections of this report but which require inclusion to provide more complete and reasoned information on the company's remuneration structure and practices concerning its directors.

None.

This annual remuneration report was approved by the company's board of directors at its meeting held on 23 February 2022.

Indicate whether any directors voted against or abstained about the approval of this Report.

Yes  No

Name or company name of any member of the board of directors who did not vote in favour of the approval of this report	Reasons (against, abstention, non-attendance)	Explanation of reasons