

# Annual Corporate Governance Report

for Listed Companies

|                           |                                     |
|---------------------------|-------------------------------------|
| Issuer's identifying data | Indra                               |
| End-of-year date          | 31 December 2020                    |
| CIF                       | A-28599033                          |
| Registered Company Name   | Indra Sistemas, S.A.                |
| Company Address           | Brussels, 35, Alcobendas,<br>Madrid |

The content of this report is the same as that contained in the Annual Corporate Governance Report registered with the CNMV in accordance with the model established by the CNMV.

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## A. Ownership Structure

### A.1 Complete the table below with details of the company's share capital:

| Date of last change | Capital stock (A) | Number of shares | Number of voting rights |
|---------------------|-------------------|------------------|-------------------------|
| 18-05-2017          | 35,330,880.40     | 176,654,402      | 176,654,402             |

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

Yes  No

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

| Remarks |
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### A.2 List the company's significant direct and indirect shareholders at year end, excluding directors:

| Shareholder's name or company name                     | % voting rights attached to the shares |          | % voting rights through financial instruments |          | % total voting rights |
|--|--|----------|---|----------|-----------------------|
|  | Direct                                 | Indirect | Direct  | Indirect |                       |
| Sociedad Estatal de Participaciones Industriales, S.A. | 18.71                                  | 0        | 0   | 0        | 18.71                 |
| Corporación Financiera Alba, S.A.                      | 10.52                                  | 0        | 0   | 0        | 10.52                 |
| Fidelity Management & Research Company, LLC            | 0                                      | 9.81     | 0   | 0        | 9.81                  |
| State Street Corporation                               | 0                                      | 3.18     | 0   | 0        | 3.18                  |
| Norges Bank  | 2.15                                   | 0        | 1.04  | 0        | 3.19                  |

|  |   |      |   |      |      |
|--|---|------|---|------|------|
| T. Rowe Price Associates, Inc          | 0 | 3.00 | 0 | 0.06 | 3.07 |
| Santander Asset Management, S.A., SGIC | 0 | 3.04 | 0 | 0    | 3.04 |

| Remarks |
|---------|
|         |

### Breakdown of the indirect holding:

| Name or company name of indirect owner      | Name or company name of the direct owner     | % voting rights attached to the shares | % voting rights through financial instruments | % total voting rights |
|---|--|--|---|-----------------------|
| Fidelity Management & Research Company, LLC | FMR LLC                                      | 9.81                                   | 0   | 9.81                  |
| State Street Corporation                    | SSgA Funds Management, Inc.                  | 0.14                                   | 0   | 0.14                  |
|   | State Street Global Advisors Ireland Limited | 2.76                                   | 0   | 2.76                  |
|   | State Street Global Advisors Limited (UK)    | 0.02                                   | 0   | 0.02                  |
|   | State Street Global Advisors Trust Company   | 0.26                                   | 0   | 0.26                  |
| T. Rowe Price Associates, Inc               | T. Rowe Price International Ltd              | 3.00                                   | 0.06  | 3.07                  |
| Santander Asset Management, S.A., SGIC      | Various funds                                | 3.04                                   | 0   | 3.04                  |

| Comments  |
|---|
| The funds of Santander Asset Management, S.A., SGIC which have direct equity interest are Eurovalor Bolsa, FI; Eurovalor Bolsa Española, FI; Santander Small Caps Spain, FI; Santander Spanish Shares, FI; and Santander Index Spain, FI. |

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

| Shareholder's name or company name | Date of transaction | Description of the transaction |
|------------------------------------|---------------------|--------------------------------|
| Norges Bank                        | 02 Feb 2020         | Equity interest fell below 3%  |
| T. Rowe Price Associates, Inc      | 24 Feb 2020         | Acquired 3% of equity interest |
| T. Rowe Price Associates, Inc      | 02 March 2020       | Equity interest exceeded 3%    |
| Norges Bank                        | 24 April 2020       | Equity interest exceeded 3%    |
| Norges Bank                        | 20 May 2020         | Equity interest fell below 3%  |

|   |              |                             |
|---|--------------|-----------------------------|
| State Street Corporation                | 05 June 2020 | Equity interest exceeded 3% |
| Norges Bank                             | 11 Aug 2020  | Equity interest exceeded 3% |
| Santander Asset Management, S.A., SGIIC | 12 Nov 2020  | Equity interest exceeded 3% |

#### Most significant movements

As regards Norges Bank, the changes relate to increases and decreases of the percentage of voting rights attributable to the shares since the total percentage during the fiscal year always remained above 3% when voting rights through financial instruments are included.

### A.3 Complete the following tables on members of the company's Board of Directors holding voting rights on the company's shares:

| Name or company name of director        | % of voting rights attached to the shares |          | % of voting rights through financial instruments |          | % of total voting rights | % voting rights that can be transmitted through financial instruments |          |
|---|---|----------|--|----------|--------------------------|---|----------|
|   | Direct                                    | Indirect | Direct   | Indirect |                          | Direct  | Indirect |
| Fernando Abril-Martorell Hernández      | 0.234                                     | -        | -  | -        | 0.234                    | -   | -        |
| Carmen Aquerreta Ferraz                 | 0.001                                     | 0.002    | -  | -        | 0.004                    | -   | -        |
| Antonio Cuevas Delgado                  | 0.005                                     | -        | -  | -        | 0.005                    | -   | -        |
| Silvia Iranzo Gutierrez                 | 0.007                                     | -        | -  | -        | 0.007                    | -   | -        |
| Enrique de Leyva Pérez                  | 0.015                                     | 0.022    | -  | -        | 0.037                    | -   | -        |
| Ignacio Martín San Vicente              | 0.006                                     | -        | -  | -        | 0.006                    | -   | -        |
| Santos Martínez-Conde Gutiérrez-Barquín | 0.024                                     | -        | -  | -        | 0.024                    | -   | -        |
| Ignacio Mataix Entero                   | 0.033                                     | -        | -  | -        | 0.033                    | -   | -        |
| Cristina Ruiz Ortega                    | 0.034                                     | -        | -  | -        | 0.034                    | -   | -        |
| Miguel Sebastián Gascón                 | 0.005                                     | -        | -  | -        | 0.005                    | -   | -        |
| Alberto Terol Esteban                   | 0.029                                     | -        | -  | -        | 0.029                    | -   | -        |
| Isabel Torremocha Ferrezuelo            | 0.004                                     | -        | -  | -        | 0.004                    | -   | -        |

**Total percentage of voting rights held by the Board of Directors**

0.422

| Remarks  |
|--|
| Executive Director, Mr. Ignacio Mataix, holds a total of 0.00000057% of the indirect voting rights attached to the Company's shares. |

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

| Name or company name of related party | Nature of relationship | Brief description |
|---------------------------------------|------------------------|-------------------|
|                                       |                        |                   |

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

| Name or company name of related party | Nature of relationship | Brief description |
|---------------------------------------|------------------------|-------------------|
|                                       |                        |                   |

**A.6 Describe the relationships, unless insignificant for both parties, that exist between significant shareholders or shareholders represented on the Board and directors, or their representatives in the case of directors that are legal persons.**

**Explain, if applicable, how the significant shareholders are represented. Specifically, indicate those directors appointed to represent significant shareholders, those whose appointment was proposed by significant shareholders, or who are linked to significant shareholders and/or companies in their group, specifying the nature of such relationships or ties. In particular, mention the existence, identity and post of any directors of the listed company, or their representatives, who are in turn members or representatives of members of the Board of Directors of companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders.**

| Name or company name of the related Director or representative | Name or company name of the related significant shareholder | Company name of the group company of the significant shareholder | Description of relationship / post |
|--|---|--|------------------------------------|
| Santos Martínez-Conde Gutiérrez-Barquín                        | Corporación Financiera Alba, S.A.                           | Corporación Financiera Alba, S.A.                                | Director                           |

| Remarks |
|---------|
|         |

**A.7 Indicate whether the company has been notified of any shareholders' agreements that may affect it, in accordance with the provisions of Articles 530 and 531 of the Spanish Corporate Enterprises Act. If so, describe them briefly and list the shareholders bound by the agreement:**

Yes  No

| Parties to the shareholders' agreement | % of share capital concerned | Brief description of the agreement | Expiry date of the agreement, if any |
|--|------------------------------|------------------------------------|--------------------------------------|
|  |                              |                                    |                                      |

| Remarks |
|---------|
|         |

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

Yes  No

| Parties to the concerted action | % of share capital concerned | Brief description of the concerted action | Expiry date of the concert, if any |
|---------------------------------|------------------------------|---|------------------------------------|
|                                 |                              |   |                                    |

| Remarks |
|---------|
|         |

If any of the aforementioned agreements or concerted actions have been amended or terminated during the year, indicate this expressly:

**A.8 Indicate whether any individual or company exercises or may exercise control over the company in accordance with Article 5 of the Securities Market Act. If so, identify them:**

Yes  No

| Name or company name |
|----------------------|
|                      |
| Remarks              |
|                      |

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

At the close of the year:

| Number of direct shares | Number of indirect shares (*) | Total percentage of share capital |
|-------------------------|-------------------------------|-----------------------------------|
| 546,555                 | 0                             | 0.309                             |

| Comments |
|----------|
|          |



(\*) Through:

| Name or company name of the direct shareholder | Number of direct shares |
|--|-------------------------|
|  |                         |
| Total:   |                         |

Explain any significant changes during the year:

| Explain the significant changes   |
|---|
| <p><b>19/02/2020-</b> 1,798,413 shares acquired, 1.018% of share capital.</p> <p><b>03/04/2020-</b> 1,768,697 shares acquired, 1.001% of share capital.</p> <p><b>30/06/2020-</b> 1,767,942 shares acquired, 1.001% of share capital.</p> <p><b>04/08/2020-</b> 1,845.802 shares acquired, 1.045% of share capital.</p> <p><b>08/09/2020-</b> 1,827,586 shares acquired, 1.035% of share capital.</p> <p><b>22/10/2020-</b> 1,774,131 shares acquired, 1.004% of share capital.</p> <p><b>04/12/2020-</b> 1,794,138 shares acquired, 1.016% of share capital.</p> |

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

At the Annual Shareholders' Meeting held 25 June 2020 it was resolved, under the tenth item on the agenda and with a vote of 98.32% of the equity attending in favour, that the Shareholders:

*"Authorize the Board of Directors, in accordance with the provisions of Articles 146 and 509 of the LSC, to make derivative acquisitions of shares of Indra Sistemas S.A. (hereinafter "The Company") (as well as subscription rights over them), once or several times, directly or through subsidiaries, by any means allowed by law, with express power for their subsequent disposal or retirement.*

*The authorisation shall be subject to the following conditions:*

- (i) The par value of treasury stock acquired under this authorisation, in addition to that already held by the acquiring company and its subsidiaries, may not exceed the maximum amount allowed by law at any given time.*
- (ii) The minimum acquisition price or minimum value of the consideration shall be the equivalent of the of the acquired company shares and the maximum acquisition price or maximum value of the consideration shall be the equivalent of the list price of company shares acquired on an official secondary market at the time of acquisition.*
- (iii) As a result of the acquisition of treasury shares, resulting net worth may not be reduced below the amount of the capital stock plus the legally or statutory reserves unavailable.*
- (iv) This authorization shall be in force for a period of 5 years from the date of adoption of this*

*Agreement.*

*For the purposes of Article 146(1)(a) of the LSC, it is specifically stated that any shares acquired may be used for subsequent delivery to Directors, Senior Managers, and employees of the Company.*

*This authorization supersedes the previous authorisation approved at the Annual Shareholders Meeting held on 25 June 2015 under item Six of the Agenda as regards any unissued shares."*

### A.11 Estimated floating capital:

|                            | %     |
|----------------------------|-------|
| Estimated floating capital | 47.75 |
| Remarks                    |       |
|                            |       |

**A.12 Indicate whether there are any restrictions (articles of incorporation, legislative or of any other nature) placed on the transfer of shares and/or any restrictions on voting rights. In particular, indicate the existence of any type of restriction that may inhibit a takeover of the company through acquisition of its shares on the market, as well as such regimes for prior authorisation or notification that may be applicable, under sector regulations, to acquisitions or transfers of the company's financial instruments.**

Yes  No

| Description of restrictions   |
|---|
| <p>The Company's Bylaws do not contain any restrictions on the transferability of securities or the right to vote.</p> <p>Notwithstanding the foregoing, Royal Decree 664/1999 on foreign investment requires administrative authorization for the acquisition by non-residents of significant holdings – currently established at 3%, pursuant to Royal Decree 1362/2007 of 19 October - or their direct or indirect membership on the</p> |

governing bodies of listed companies engaged in activities related to National Defence.

Furthermore, the most recent amendment of Law 19/2003 (introduced by Royal Decree-Law 8/2020 of 17 March; Royal Decree-Law 11/2020 of 31 March; and Royal Decree-Law 34/2020 of 17 November) provides for the suspension of the liberalisation of rules regarding certain foreign direct investment activities in other Spanish sectors on grounds of public policy, public security and public health, while leaving the other restrictions in place. The suspension of these rules affects residents of countries outside the European Union (EU) and the European Free Trade Association (EFTA) and applies temporarily to investments made by residents of EU and EFTA countries until 30 Jun 2021.

**A.13 Indicate whether the general shareholders' meeting has resolved to adopt measures to neutralise a takeover bid by virtue of the provisions of Law 6/2007.**

Yes  No

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

Explain the measures approved and the terms under which such limitations would cease to apply

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

Yes  No

**If so, indicate each share class and the rights and obligations conferred.**

Indicate the various share classes

In September 2016, the Company issued bonds in the amount of EUR 250 million, convertible and/or redeemable for Indra common stock, excluding shareholders' preferred subscription rights, and redeemable on 7 October 2023. These bonds are traded on the unregulated market (multilateral trading platform) called Freiverkehr of the Frankfurt Stock Exchange. For more information on this bond issue see the September 2016 Notice of Relevant Fact, registration number 243169.

In addition, on 19 April 2018, unsecured senior bonds in the amount of EUR 300 million were issued on the Euromarket, to mature in 2024. The bonds are traded on the Euro MTF market at the Luxembourg Stock Exchange. For more information on this bond issue see the April 2018 Notice of Relevant Fact, registration number 264042.

## B. General Shareholders' Meeting

**B.1 Indicate whether there are any differences between the minimum quorum regime established by the Spanish Corporate Enterprises Act for General Shareholders' Meetings and the quorum set by the company, and if so give details.**

Yes  No

|                             | % quorum different from that established in Article 193 of the Spanish Corporate Enterprises Act for general matters | % quorum different from that established in Article 194 of the Spanish Corporate Enterprises Act for special resolutions |
|-----------------------------|--|--|
| Quorum required at 1st call |  |  |
| Quorum required at 2nd call |  |  |

| Description of differences |
|----------------------------|
|                            |

**B.2 Indicate whether there are any differences between the company's manner of adopting corporate resolutions and the regime provided in the Spanish Corporate Enterprises Act and, if so, give details:**

Yes  No

Describe how it is different from the regime provided in the Spanish Corporate Enterprises Act.

|  |   |  |
|--|---|--|
|  | Qualified majority different from that established in Article 201.2 of the Spanish Corporate Enterprises Act for matters referred to by Article 194.1 of said Act | Other matters requiring a qualified majority |
| % established by the company for the adoption of resolutions |   |  |

|                                 |
|---------------------------------|
| <b>Describe the differences</b> |
|                                 |

### B.3 Indicate the rules for amending the company’s articles of incorporation. In particular, indicate the majorities required for amendment of the articles of incorporation and any provisions in place to protect shareholders’ rights in the event of amendments to the articles of incorporation.

The Shareholders at an Annual Meeting have jurisdiction to decide on all matters assigned by law or by the bylaws and, in particular, on amendment of the Bylaws, except in cases where current legislation allows this authority to be delegated to the Board of Directors.

The Bylaws do not provide for a procedure other than that established in the LSC for the valid adoption of the agreements amending the Bylaws. In this regard, and pursuant to Article 194 of the LSC, in order for an ordinary or extraordinary Meeting of Shareholders to be able to validly agree to the amendment of the Bylaws, attendance by shareholders present or represented who hold at least fifty per cent of the subscribed capital with the right to vote is required at first call; at second call, twenty-five per cent of that capital must be present. Additionally, pursuant to Article 201 of the LSC, the adoption of any agreement amending the Bylaws requires a vote in favour of two-thirds of the equity present or represented at a Meeting convened after second call where more than twenty-five but less than fifty percent of equity attends.

### B.4 Give details of attendance at General Shareholders’ Meetings held during the reporting year and the two previous years:

| Date of general meeting    | Attendance data      |                    |                   |       | Total |
|----------------------------|----------------------|--------------------|-------------------|-------|-------|
|                            | % physically present | % present by proxy | % distance voting |       |       |
|                            |                      |                    | Electronic voting | Other |       |
| 28/06/2018                 | 0.62                 | 56.09              | 0.03              | 18.92 | 75.66 |
| Of which floating capital: | 0.21                 | 45.56              | 0.03              | 0.21  | 46.01 |

|                            |      |       |      |       |       |
|----------------------------|------|-------|------|-------|-------|
| 24/06/2019                 | 0.63 | 52.77 | 0.01 | 19    | 72.41 |
| Of which floating capital: | 0.25 | 42.25 | 0.01 | 0.29  | 42.80 |
| 25/06/2020                 | 1.45 | 48.96 | 0.02 | 19.68 | 70.11 |
| Of which floating capital: | 1.05 | 38.44 | 0.02 | 0.96  | 40.47 |

| Remarks |
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|         |

**B.5 Indicate whether any point on the agenda of the General Shareholders' Meetings during the year was not approved by the shareholders for any reason.**

Yes  No

| Items on the agenda not approved | % vote against (*) |
|----------------------------------|--------------------|
|                                  |                    |

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

**B.6 Indicate whether the articles of incorporation contain any restrictions requiring a minimum number of shares to attend General Shareholders' Meetings, or to vote remotely:**

Yes  No

|  |  |
|--|--|
| Number of shares required to attend General Meetings |  |
| Number of shares required for voting remotely        |  |

| Remarks |
|---------|
|         |

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

Yes  No

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

**B.8** Indicate the address and manner of access on the company's website to information on corporate governance and other information regarding General Shareholders' Meetings that must be made available to shareholders through the company website.

The URL of the Company's website is [www.indracompany.com](http://www.indracompany.com).

At the top of the page there is a tab called "**Investor Relations**", and on that page there is a hot button entitled "**Corporate governance.**" A pulldown menu contains another hot button labelled "**General shareholders meeting**".

## C. Structure of the Company's Administration

### C.1 Board of Directors

C.1.1 Maximum and minimum number of directors established in the articles of incorporation and the number set by the general meeting:

|  |    |
|--|----|
| Maximum number of directors                    | 15 |
| Minimum number of directors                    | 8  |
| Number of directors set by the general meeting | 13 |

| Remarks |
|---------|
|         |

C.1.2 Complete the following table on Board members:

| Name or company name of the Director    | Director's category | Position on the Board | Date of first appointment | Date of most recent appointment | Election procedure | Date of birth |
|---|---------------------|-----------------------|---------------------------|---------------------------------|--------------------|---------------|
| Fernando Abril-Martorell Hernández      | Executive           | Chairman and CEO      | 29/01/2015                | 28/06/2018                      | General Meeting    | 18/04/1962    |
| Carmen Aquerreta Ferraz                 | Independent         | Director              | 25/06/2020                | 25/06/2020                      | General Meeting    | 15/05/1968    |
| Antonio Cuevas Delgado                  | Proprietary         | Director              | 31/01/ 2019               | 24/06/2019                      | General Meeting    | 07/05/1949    |
| Silvia Iranzo Gutierrez                 | Independent         | Director              | 29/06/2017                | 25/06/2020                      | General Meeting    | 01/12/1956    |
| Enrique de Leyva Pérez                  | Independent         | Director              | 30/04/2015                | 28/06/2018                      | General Meeting    | 16/12/1959    |
| Ignacio Martín San Vicente              | Independent         | Director              | 28/06/2018                | 28/06/2018                      | General Meeting    | 04/05/1955    |
| Santos Martínez-Conde Gutiérrez-Barquín | Proprietary         | Director              | 27/06/2013                | 24/06/2019                      | General Meeting    | 15/11/1955    |
| Ignacio Mataix Entero                   | Executive           | Director              | 26/01/2018                | 28/06/2018                      | General Meeting    | 26/05/1962    |
| Ana de Pro Gonzalo                      | Independent         | Director              | 18/12/2020                | 18/12/2020                      | Co-optation        | 15/10/1967    |
| Cristina Ruiz Ortega                    | Executive           | Director              | 21/12/2017                | 28/06/2018                      | General Meeting    | 03/11/1970    |
| Miguel Sebastián Gascón                 | Proprietary         | Director              | 31/01/2019                | 24/06/2019                      | General Meeting    | 13/05/1957    |
| Alberto Terol                           | Independent         | Vice Chairman         | 24/06/2010                | 24/06/2019                      | General            | 24/11/1955    |



|                                 |             |                                 |            |            |                    |            |
|---------------------------------|-------------|---------------------------------|------------|------------|--------------------|------------|
| Esteban                         |             | and<br>Coordinating<br>Director |            |            | Meeting            |            |
| Isabel Torremocha<br>Ferrezuelo | Independent | Director                        | 24/06/2019 | 24/06/2019 | General<br>Meeting | 25/01/1964 |

|                           |    |
|---------------------------|----|
| Total number of Directors | 13 |
|---------------------------|----|

Indicate any cessations, whether through resignation or by resolution of the general meeting, that have taken place in the Board of Directors during the reporting period:

| Name or company name of Director | Category of the director at the time of cessation | Date of last appointment | Date of cessation | Specialised committees of which he/she was a member | Indicate whether the director left before the end of his or her term of office |
|----------------------------------|---|--------------------------|-------------------|---|--|
| María Rotondo Urcola             | independent                                       | 29 June 2017             | 25 June 2020      | Audit and Compliance Committee                      | No   |
| Ignacio Santillana del Barrio    | independent                                       | 29 June 2017             | 25 June 2020      | Audit and Compliance Committee                      | No   |
| Rosa María García Piñeiro        | independent                                       | 25 June 2020             | 25 June 2020      |   | Yes  |

**Reason for cessation when this occurs before the end of the term of office and other observations; information on whether the director has sent a letter to the remaining members of the board and, in the case of cessation of non-executive directors, explanation or opinion of the director dismissed by the general meeting**

At the Annual Shareholders' Meeting held on 25 June 2020, the three-year term of Mr. Ignacio Santillana ended. Mr. Santillana did not seek re-election since he had served in his post for nine years and was not eligible under the Policy for Selection of Directors, which is more restrictive than that required by law, and provides that Independent Directors who have already remained in office for three terms of three years each under the bylaws may not stand for re-election.

As regards Ms. María Rotondo, her three-year term under the Bylaws also ended and she had previously informed the Company that she would not stand for re-election for personal reasons.

As for Ms. Rosa María García Piñeiro, the Company made public by means of a statement of relevant fact dated 25 June 2020, that she had communicated by letter that she would not accept the position regardless of whether she had been appointed by a sufficient majority at the Shareholders' Meeting held on the same date, generating a vacancy on the Board of Directors.

C.1.3 Complete the following tables on the members of the Board and their categories:

Executive Directors

| Name or company name of Director   | Post in organisation chart of the company                             | Profile   |
|------------------------------------|---|---|
| Fernando Abril-Martorell Hernández | Chairman and CEO  | <p>Born in Segovia in 1962. Graduated in Law and Business Administration from ICADE (Madrid), he has been CEO of Indra since January 2015.</p> <p>His career has been spent in various service, manufacturing and financial companies. He was CEO of Grupo Prisa from 2011 to 2014 and CEO of Credit Suisse Spain and Portugal from 2005 to 2011. At Grupo Telefónica, he was CEO between 2000 and 2003 and CFO between 1997 and 2000. His career began at JP Morgan in 1987, where he spent 10 years in the Madrid, New York and London offices.</p> <p>He is currently a member of the board of Directors of Ence Energía y Celulosa, S.A. and of Adevinta ASA.</p>   |
| Ignacio Mataix Entero              | Executive Director of Indra and T&D business<br>Senior Vice President | <p>Born in 1962, Mr. Mataix holds a bachelor's degree in Law and Economics from ICADE and a master's degree from the CEO International Programme at the IESE Business School.</p> <p>He has broad and varied professional experience, having held senior level positions in large multinational investment banks, leading engineering companies and high-tech manufacturers. He began his professional career at ABN Amro Bank, where he became Managing Director in London. In 2000, he was appointed General Manager for Corporate Development at SENER. In 2004, he joined ITP (Industria de Turbo Propulsores) as group CEO.</p> <p>In January 2018 he was appointed Executive Director of Indra and General Manager of the T &amp; D business.</p> |
| Cristina Ruiz Ortega               | Executive Director of Indra and IT business<br>Senior Vice President  | <p>Born in Madrid in 1970. Degree in Economic and Business Sciences from the Universidad Complutense de Madrid. Her professional career has been spent in the consulting sector in transactions and information systems, holding various positions of responsibility with companies in the sector. She joined Indra in 2011 as head of the Energy Market. In January 2013 she was appointed Deputy Director General and took on the business of Consulting, Energy and Telecom &amp; Media. She is currently Indra's Director and Senior Vice Chairman of the IT business, a position she assumed after taking responsibility for Minsait and vertical IT businesses.</p>   |

|                                     |       |
|-------------------------------------|-------|
| Total number of Executive Directors | 3     |
| Percentage of Board                 | 23.08 |

| Remarks |
|---------|
|         |

## External Proprietary Directors

| Name or company name of director        | Name or company name of the significant shareholder represented by the director or that nominated the director | Profile  |
|---|--|--|
| Antonio Cuevas Delgado                  | Sociedad Estatal de Participaciones Industriales (SEPI)  | <p>Born in Puente Genil (Córdoba) in 1949. Degree in Technical Architecture from the University of Seville. He has completed various courses and specialization programs (Instituto de Empresa; Executive Management Program for Parliamentarians; Centro Superior de Estudios para la Defensa (CESEDEN); XXVI General Course on National Defence and two Specialized Courses on National Defence Strategy).</p> <p>Co-author of publications, articles and conferences related to the processes of globalization and relocation, competitiveness in industry, the aerospace sector, transformation of energy Sector, technological convergence within Europe and incorporation of new sectors such as energy into National Defence Directives.</p> <p>Since 2012 he has a Senior Adviser to the CEO at KPMG and since 2013, he has been a member of Caixabank's Advisory Board in Andalusia.</p> <p>For more than fifteen years he worked professionally in different companies and in diverse fields such as Industry, Architecture and Urban Development.</p> <p>From 1986-2011, he was a member of Spain's parliament representing Sevilla. He has been a member of the Committee on Public Works, Tourism, Industry and Trade, Energy, Defence, Economy, Joint Committee on Scientific Research and Technological Development, among others.</p> <p>During his last two terms in the legislature (2004-2011) he was Chairman of the Committee on Industry, Tourism and Trade, and Chairman of the Spanish Aerospace Group at the biannual Interparliamentary Conferences which, with the participation of the European Space Agency (ESA), were held in Madrid, Paris, Brussels and Rome. He has also held the post of Rapporteur in charge of relations with Spain's Nuclear Safety Council.</p> |
| Santos Martínez-Conde Gutiérrez-Barquín | Corporación Financiera Alba, S.A.  | <p>Born in Santander in 1955, Mr Martínez-Conde is a civil engineer with a master's degree in Business Administration and Management from ICADE and a diploma in Nuclear Technology from ICAI. He was CEO of Corporación Financiera Alba, S.A until November 2020. In addition to serving on the board at Indra, he serves as a Director on the boards of Corporación Financiera Alba, S.A., Acerinox, and CIE Automotive, S.A.</p> <p>He has worked for a variety of engineering and financial companies, including Sener, Técnica Naval e Manufacturing, S.A. (1979-1980), Técnicas Reunidas, S.A. (1980-1987), Bestinver, S.A. (1987-1990), Corporación Borealis, S.A. (1990-1994) and Banco Urquijo, S.A. (1994-1998), and Corporación Financiera Alba, S.A. He has been a Director of many companies, some listed others not, in a wide variety of sectors.</p>   |
| Miguel Sebastián Gascón                 | Sociedad Estatal de Participaciones Industriales (SEPI)  | <p>Born in 1957 in Madrid, he received his business and economics degree from the Universidad Complutense de Madrid and a PhD in economics from the University of Minnesota (USA) as well as a Doctorate from the Universidad Complutense de Madrid.</p> <p>In academia, he has been deputy Director of the magazine "Moneda y Crédito" and a member of scientific committees for the "Revista Española de Economía" ("Spanish Journal of Economics") of the Fundación de</p>  |

Estudios de Economía Aplicada and of NOMISMA. He is Professor of Fundamentals of Economic Analysis at the School of Business Administration at Universidad Complutense de Madrid.

He has worked in the General Planning Office of the Ministerio de Economía y Hacienda ("Treasury"), in the Research Service of the Bank of Spain, and has served as CEO of Intermoney. In 1996, he was appointed Chief Economist (Director of the Research Department and Deputy Director-General) of Banco Bilbao Vizcaya (BBV) and, after the merger, took the same position in Banco Bilbao Vizcaya Argentaria (BBVA) until 2003. Mr. Sebastián has consulted for several multilateral organizations and has served as a member of the Executive Committee of the ICCBE (International Conference of Commercial Bank Economists) as well as the Board of Directors of ESAFI (the "Spanish Association of International Economics and Finance").

He has been a member of the Editorial Board of "Expansión" and of "Actualidad Económica". He has worked on several projects with the media outlets El Mundo, 20minutos, Alnavío.com and El Independiente. He currently publishes a bi-weekly column in El Español/Invertia and works in collaboration with La Sexta, Cadena SER and other media, as well as occasional consulting work with GLG Research.

In realm of politics, he was coordinator of the Economic Program for the Spanish Socialist Party (PSOE) in the 2004 General Election and Director of "Economistas 2004". In 2004, he was appointed Director of the Economic Office of the Chairman of the Government (government ministry level). In 2005, he was appointed Coordinator of the National Reform Program of Spain ("Sr. Lisboa"). In December 2006 he was nominated as the PSOE Candidate for mayor of Madrid. In April 2008, he was appointed Minister of Manufacturing, Tourism and Commerce for the Spanish Government during the 9th Legislature (December 2011).

|                                       |       |
|---------------------------------------|-------|
| Total number of proprietary directors | 3     |
| Percentage of Board                   | 23.08 |

|         |
|---------|
| Remarks |
|         |

### External Independent Directors

| Name or company name of director | Profile   |
|----------------------------------|---|
| Carmen Aquerreta Ferraz          | <p>Born in Pamplona 1968. Obtained a degree in Business and Economics as well as Law from the Universidad Pontificia Comillas, and holds a Master's degree in International Relations from Johns Hopkins University. She has a broad professional experience in consulting. Her professional career has been spent in important organizations such as Andersen in Madrid, where she was global Director of strategy and planning (tax and legal), BCG and Mitchell Madison Group. She has been a partner at Deloitte UK and Deloitte Northwest Europe (2006-2019), where she led the intangibles and intellectual Property practice, the global relationship with Vodafone Plc and numerous major projects for BAE Systems and Thales among others. She is a Director of the Andbank Group.</p>   |
| Silvia Iranzo Gutiérrez          | <p>Born in San Sebastian in 1956. Degree in Economics from the Universidad Autónoma de Madrid, PhD in Economics and Business from UNED and graduate of the IESE Business School (Executive Management Program for Senior Managers at the Spanish Central Bank). Member of the Cuerpo Superior de Técnicos Comerciales y Economistas del Estado within the Spanish Department of Commerce and member of Senior Management at the Spanish Central Bank.</p> <p>She is an independent Director at the <i>Instituto de Crédito Oficial</i> (ICO) and a member of the <i>Pleno de la Corte Española de Arbitraje</i> ("Plenary Committee of the Spanish Court of Arbitration") (CEA), a member of the Comité de Reflexión del Club de Explotadores e Inversores and a member of the Editorial Board of the journal <i>Economistas del Colegio de Economistas</i>. She is Professor of Economics in the undergraduate and graduate schools at CUNEF (Colegio Universitario de Estudios Financieros) as well as a professor at IEB (Instituto de Estudios Bursátiles). She is part of the jury of the Princess of Asturias Prize for Social Sciences, and holds the <i>Gran Cruz de la Orden de Mérito Civil</i>.</p> <p>She was previously Spanish Ambassador of Spain to the Kingdom of Belgium between 2010 and 2012, Secretary of State for Trade, between 2008 and 2010, and Head of Risk-Country in the Directorate General of International Affairs of the Bank of Spain between 2005 and 2008. She was also president of the Board of Directors of ICEX (Spanish Institute of Foreign Trade) from 2008 to 2010; Chairman of the Board of Directors of Invest in Spain from 2008 to 2010; member of the Board of Directors of CESCE (Spanish Export Credit Insurance Company) from 1991 to 1994 and from 2005 to 2008. Additionally, she was an independent member of the board of Directors of the publicly traded company Tecnocom from 2016 to 2017; of Telefónica Internacional, of Naviera Mallorquina, of Cabitel, Banco Exterior UK, and Eria from 1990 to 1993.</p> |
| Enrique de Leyva Pérez           | <p>Born in Sevilla in 1959. Degree in Civil Engineering from the Universidad Politécnica de Madrid and MBA from Columbia University with a double concentration in Accounting and Finance. Currently he is a founding partner of Grupo Magnum and chairman and Director of various companies within the group. He is also a member of the advisory board of Abante Asesores and Ambienta SGR, S.p.A</p> <p>His career has been spent at Unión Fenosa, S.A. (1983-1986), McKinsey &amp; Company, Inc. (1986-2006) where he was CEO of its Spanish subsidiary and leader of its Energy practice in Europe as well as at Magnum Manufacturing Partners, S.L. where he has been a founding partner since 2006. He has been CEO or advisor to many companies in the education, energy, manufacturing, health, B2B services and telecommunications sectors such as Grupo Geriatros, CEO of Pretersa-Prenavisa, CEO of Grupo Nace Schools, Director at Centro Médico Teknon, S.L., Director at Iberwind, and Director at Bio Oils, S.L., among other companies.</p> <p>He is currently an independent member of the Board of Directors of Almirall, S.A. and chairman of its Audit Committee.</p>  |

|                                   |  |
|-----------------------------------|--|
| <p>Ignacio Martín San Vicente</p> | <p>Born in 1955. He is an Electrical Industrial Engineer with a degree from the Universidad de Navarra.</p> <p>His professional career has been spent at various companies, primarily in the manufacturing sector, such as GKN Automotive International, where he was Managing Director, a member of the Global Executive Committee and Chief Executive Officer in the United States.</p> <p>Mr. Martín was also Deputy Director General to the Chairman of Alcatel Spain. In 2001 he joined the GSB Group as Executive Vice Chairman, from where he leads the merger with Corporación Industrial Egaña, giving rise to CIE Automotive, a company in which he served as CEO until 2012, when he joined Gamesa as Executive Chairman, until his merger with Siemens Wind Power, in May 2017.</p> <p>He currently holds the position of independent Director at Repsol S.A., independent Director at Acerinox, S.A. and Director at Bankoia-Credit Agricole.</p>   |
| <p>Ana de Pro Gonzalo</p>         | <p>Born in Madrid in 1967 and graduated with a degree in Business Sciences from Universidad Complutense de Madrid. She began her professional career at Arthur Andersen in 1990, then joined the real estate company Metrovacesa in 1994, where she served as Chief Financial Officer. In 2002 she joined Sacyr Vallehermoso, a diversified construction and industrial group, as Corporate General Manager. Between 2015 and 2017, she also served as an independent Director at SOCIMI Merlin Properties. Subsequently, she joined the technology company for the world of travel Amadeus IT Group, in 2010 as Chief Financial Officer, a position she held from February 2010 to September 2020 then worked as a strategic advisor to the CEO until December 2020.</p> <p>She is currently an independent Director and chair of the Audit Committee of ST Microelectronics N.V. and an independent Director and member of the Audit &amp; Appointment and Health &amp; Safety Committees of National Express Group PCL.</p> <p>She also holds the position of independent Director of the Spain National Advisory Board (Spain NAB), an advisory board for Impact Investment in Spain that constitutes the independent - unlisted - and cross-sectoral advisory body which represents Spain before the Global Steering Group for Impact Investment. She is also a member of the Board of Trustees of the Juan XXIII Foundation.</p> |
| <p>Alberto Terol Esteban</p>      | <p>Born in 1955. Degree in Economics and Business Administration from the Universidad Complutense de Madrid. He began his career at Arthur Andersen where he was made partner and headed various projects. He was a member of the Board of Partners of Andersen Worldwide. He has been Managing Partner of Garrigues-Andersen. He filled the post of head of Europe for Andersen for a year and a half and was a member of the Andersen Worldwide Executive Committee. He was also partner/director of the Global Legal and Tax practice for Arthur Andersen. He served on the Global Executive Committee at Deloitte, where he was head of Latin America and later of Europe, Middle East and Africa. Additionally, Mr. Terol served as managing Director of global Legal and Tax practice. He has also been International Senior Advisor for BNP Paribas.</p> <p>Currently he is Chairman and CEO of several family businesses; independent and coordinating Director at International Airlines Group, S.A., where he is a member of the Audit Committee and the Nomination Committee and Chairman of the Compensation Committee; member of the board at Broseta Abogados; member of the board of Directors at Schindler España, S.A.; member of the board of Directors of Varma, S.A., Vice chairman of the <i>Círculo de Empresarios</i>; and Vice chairman and Lead independent Director at Indra.</p>                            |

Isabel Torremocha Ferrezuelo

Born in Madrid in 1964. Degree in Chemistry from the Universidad Autónoma of Madrid. Postgraduate work with Specialisation in Plastics and Rubber from the CSIC Leadership Program of the IMD Business School, PDD from the IESE Business School and Corporate Finance from the IE Business School.

Ms. Torremocha began her career at Philips Iberia, then joined Andersen Consulting (now Accenture) in 1991 where she spent her career in the Telecommunications, Media and High-Tech sector. At Accenture she was Managing Director and member of the Board of Directors of Accenture España. At the end of her tenure at Accenture, as Director of Transformation Opportunities, Ms. Torremocha spearheaded the creation and development of opportunities related to strategic transformation in the areas of information technology, outsourcing of business processes and digital transformation in Spain, Portugal and Africa.

Prior to this, she held international positions, most notably Chief Operations Officer in Europe, Africa and Latin America, with responsibility for the implementation of the business strategies in these regions. She has also been responsible for diversity and equality in the Telecommunications, Media and High Technology division for Europe, Africa and Latin America, defining plans for the fast-tracking of professional women in managerial positions and succession plans.

She is currently an independent Director of Repsol, S.A., chair of the Audit Committee and a member of the Sustainability Committee. She is also Patron and Chair of the Appointments Committee at the Foundation *Plan Internacional*, Member of the Institute of Directors and Administrators (ICA) and Member of the Spanish Association of Directors (AED).

|                                       |       |
|---------------------------------------|-------|
| Total number of independent directors | 7     |
| Percentage of Board                   | 53.85 |

| Remarks |
|---------|
|         |

Indicate whether any director classified as independent receives from the company or any company in its group any amount or benefit other than remuneration as a director, or has or has had a business relationship with the company or any company in its group during the past year, whether in his or her own name or as a significant shareholder, director or senior executive of a company that has or has had such a relationship.

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

| Name or company name of director | Description of the relationship | Reasoned statement |
|----------------------------------|---------------------------------|--------------------|
| --                               | --                              | --                 |

### Other External Directors

Identify the other external directors, indicate the reasons why they cannot be considered either proprietary or independent, and detail their ties with the company or its management or shareholders:

| Name or company name of director | Reasons | Company, manager or shareholder to which or to whom the director is related | Profile |
|----------------------------------|---------|---|---------|
| --                               | --      | --  | --      |

|  |    |
|--|----|
| Total number of other external directors | -- |
| Percentage of Board                      | -- |

| Remarks |
|---------|
|         |

Indicate any changes that have occurred during the period in each director's category:

| Name or company name of director | Date of change | Previous category | Current category |
|----------------------------------|----------------|-------------------|------------------|
| --                               | --             | --                | --               |

| Remarks |
|---------|
|         |



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

|                | Number of female directors |          |          |          | % of total directors for each category |              |              |              |
|----------------|----------------------------|----------|----------|----------|--|--------------|--------------|--------------|
|                | Year t                     | Year t-1 | Year t-2 | Year t-3 | Year t                                 | Year t-1     | Year t-2     | Year t-3     |
| Executive      | 1                          | 1        | 1        | 1        | 33.33                                  | 33.33        | 33.33        | 50           |
| Proprietary    | 0                          | 0        | 0        | 0        | 0                                      | 0            | 0            | 0            |
| Independent    | 4                          | 3        | 2        | 2        | 57.14                                  | 42.86        | 28.57        | 28.57        |
| Other external | 0                          | 0        | 0        | 0        | 0                                      | 0            | 0            | 0            |
| <b>Total</b>   | <b>5</b>                   | <b>4</b> | <b>3</b> | <b>3</b> | <b>38.46</b>                           | <b>30.77</b> | <b>23.08</b> | <b>23.08</b> |

| Remarks |
|---------|
|         |

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

Yes  No  Partial policies

If so, describe these diversity policies, their objectives, the measures and the way in which they have been applied and their results over the year. Also indicate the specific measures adopted by the Board of Directors and the nomination and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why.

| Description of policies, objectives, measures and how they have been applied, and results achieved   |
|--|
| The Board of Directors and the Nomination, Compensation and Corporate Governance Committee, in accordance with Recommendation 14 of the Code of Good Governance for Listed Companies ("Code of Good Governance") and the provisions of Article 8.4 of the Board Rules, ensure that the selection of persons to serve as Directors is carried out in accordance with a policy aimed at promoting an adequate composition of the Board which: (i) is concrete and verifiable (ii) is aimed at promoting diversity of knowledge, experience, age and gender, and avoids biases that may involve discrimination; and (iii) ensures that nomination proposals are based on the outcome of a prior analysis of the abilities required by the Board in accordance with the Company's profile. |

In application of the principle of transparency, by means of the Annual Corporate Governance Report, the Annual Sustainability Report, and reports justifying and explaining the reasons for proposals for the appointment and re-election of Directors made available to Shareholders upon call of the Annual Shareholders' Meeting, the Board and the Nomination, Compensation and Corporate Governance Committee provide details on the processes followed, an analysis of how the abilities of the candidates proposed fit with the current competency matrix and what measures have been applied to promote diversity.

Consistent with the principles for action contained within the Sustainability Policy at Indra, the Policy for Selection of Directors promotes the application of diversity criteria which includes questions not only related to gender, but also to knowledge, experience - judged by international criteria - and age, and requires that policies be applied which avoid implicit biases in the processes for selection of Directors which might give rise to discrimination for any reason (sex, race, religion, ideology, nationality, handicap, etc.)

The current Director Selection Policy is public and available on the corporate website ([www.indracompany.com](http://www.indracompany.com)). This policy was updated in December 2020 to adapt it to amendments in the Code of Good Governance, incorporating the objective that by 2022 the number of Directors reach 40%.

With respect to measures taken and the manner of application of diversity policies during the fiscal year 2020, the Nomination, Compensation and Corporate Governance Committee commissioned Spencer Stuart to value the suitability of different candidates on the basis of a predefined objective profile and the Board's Competence Matrix. The aim was to replace Ms. María Rotondo Urcola and Mr. Ignacio Santillana del Barrio, whose terms ended on the occasion of the 2020 General Shareholders' Meeting and whose re-election was not proposed; in the first instance of her own choosing and in the second instance in application of the criterion contained in the Director Selection Policy prohibiting proposal for re-election of those Directors who have remained in office for three terms, a criterion more restrictive than that required by law.

To this end, after this assessment and taking into account the experience and knowledge considered necessary and the commitment of gender diversity recognized in the Director Selection Policy, the committee brought proposals for the appointment of Ms. Carmen Aquerreta Ferraz and Ms. Rosa María García Piñeiro as independent Directors to the Annual Shareholders' Meeting. The Committee previously verified that these candidates met the legal requirements to be considered independent and dedicated Directors.

To fill the vacancy generated at the 2020 Annual Shareholders' Meeting arising from the non-acceptance by Ms. Rosa María García Piñeiro of her appointment as an independent Director, the Nomination, Compensation and Corporate Governance Committee initiated a new selection process based on the profile defined above and the Competency Matrix made public upon call of the Shareholders' Meeting. The Committee commissioned Spencer Stuart to search for candidates.

Following the analysis of different profiles submitted by Spencer Stuart and taking into account the experience and knowledge deemed necessary and the commitment to gender diversity recognized in the Policy on the Selection of Directors, the Committee submitted to the Board a proposal for appointment of Ms. Ana de Pro Gonzalo as independent Director through co-optation, an appointment which was formalized in December 2020.

The resulting composition marks an increase in the presence of women on the Indra Board of Directors, whose number goes from four to five Directors, with a woman serving as an Executive Director. With this composition female Directors represent 38.46% of the total members of the Board.

C.1.6 Describe the measures, if any, agreed upon by the nomination committee to ensure that selection procedures do not contain hidden biases which impede the selection of female directors and that the company deliberately seeks and includes women who meet the target professional profile among potential candidates, making it possible to achieve a balance between men and women. Also indicate whether these measures include encouraging the company to have a significant number of female senior executives:

#### Explanation of measures

As stated in the previous paragraph, the Nomination, Compensation and Corporate Governance Committee and the Board promote this policy by defining the profile and abilities required for the appointment or re-election of Directors prior to the start of the selection process, ensuring the absence of any discrimination and favouring the recruitment of the best professionals, and using criteria oriented to the promotion of gender diversity. They have done so in successive turnover events on the Board in recent years and, in particular, this year when an unexpected vacancy occurred, for which the Nomination, Compensation and Corporate Governance Committee and the Board sought to maintain the diversity ratio proposed at the 2020 Annual Meeting, proposing and appointing another female candidate.

The five female Directors currently on the Board account for 38.46% of total Directors; 57.14% of Independent Directors and 33.33% of Executive Directors, exceeding the target set in the 2020 Director Selection Policy and approaching the for 2022.

On the other hand, and with regard to measures aimed at encouraging the Company to have a significant number of female senior managers, the necessity of which is already contained in the current Director Selection Policy, it should be noted that in fiscal 2020 Ms. Fabiola Gallego Caballero became a member of the Steering Committee of Indra as Chief in House Counsel and Vice Secretary of the Board of Directors, increasing to three the number of senior managers of the Company, which represents 18.75% of the total of its senior managers (including Executive Directors).

If in spite of any measures adopted there are few or no female directors or senior managers, explain the reasons for this:

#### Explanation of reasons

C.1.7 Explain the conclusions of the nomination committee regarding verification of compliance with the policy aimed at promoting an appropriate composition of the Board of Directors.

Upon proposal for the appointment and re-election of Directors to the Annual Shareholders' Meeting and the Board, the Nomination, Compensation and Corporate Governance Committee verifies compliance with and correct application of the Director Selection Policy, including matters relating to promoting an adequate composition of the Board of Directors, where the number of female Directors has increased to 38.46%, a significant step towards achieving the 40% target set out in that policy by 2022.

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

| Name or company name of shareholder | Reason |
|-------------------------------------|--------|
| --                                  | --     |

Indicate whether the Board has declined any formal requests for presence on the Board from shareholders whose equity interest is equal to or greater than that of others at whose request proprietary directors have been appointed. If so, explain why the requests were not granted:

Yes  No

| Name or company name of shareholder | Explanation |
|-------------------------------------|-------------|
| --                                  | --          |

C.1.9 Indicate the powers, if any, delegated by the Board of Directors to directors or Board committees:

| Name or company name of director or committee | Brief description  |
|---|--|
| Fernando Abril-Martorell Hernández            | All the powers belonging to the Board of Directors except those that may not be delegated by law (Articles 249 bis and 529 ter of the LSC) and those reserved for exclusive exercise by the Board of Directors as described in Article 5.3 of the Board Rules, the text of which follows:<br><br><i>"No powers may be delegated by the Board which have been reserved for its direct consideration under applicable law in effect at any time. The Board also may not delegate any other powers necessary in order to responsibly exercise its general function of supervision and control."</i> |
| Cristina Ruiz                                 | The Board delivered to her the broadest powers for management of the IT business for which she is responsible.   |
| Ignacio Mataix                                | The Board delivered to him the broadest powers for management of the Transport and Defence business for which he is responsible.   |

C.1.10 Identify any members of the Board who are also directors, representatives of directors or managers in other companies forming part of the listed company's group:

| Name or company name of director | Company name of the group entity                       | Position                   | Does the director have executive powers? |
|----------------------------------|--|----------------------------|--|
| Cristina Ruiz Ortega             | Indra Soluciones Tecnologías de la Información, S.L.U. | Joint and several Director | No                                       |
|                                  | Paradigma Digital, S.L.U.                              | Joint and several Director | No                                       |
|                                  | Indra Business Consulting, S.L.U.                      | Joint and several Director | No                                       |
|                                  | Indra Holding Tecnologías de la Información, S.L.U.    | Manager                    | Yes                                      |
| Ignacio Mataix Entero            | Indra Factoría Tecnológica, S.L.U.                     | Joint and several Director | No                                       |

| Remarks |
|---------|
|         |

C.1.11 List any directors or representatives of legal-person directors of your company who are members of the Board of Directors or representatives of legal-person directors of other companies listed on regulated markets other than group companies of which the company has been informed:

| Name or company name of director        | Company name of the listed entity | Position |
|---|-----------------------------------|----------|
| Fernando Abril-Martorell Hernández      | Ence Energía y Celulosa, S.A.     | Director |
|   | Adevinta ASA                      | Director |
| Enrique de Leyva Pérez                  | Almirall, S.A.                    | Director |
| Ignacio Martín San Vicente              | Repsol, S.A.                      | Director |
|   | Acerinox, S.A.                    | Director |
| Santos Martínez-Conde Gutiérrez-Barquin | CIE Automotive, S.A.              | Director |
|   | Corporación Financiera Alba, S.A. | Director |
|   | Acerinox, S.A.                    | Director |
| Ignacio Mataix Entero                   | Talgo, S.A.                       | Director |
| Ana de Pro                              | ST Microelectronics               | Director |

|                              |   |          |
|------------------------------|---|----------|
|                              | National Express Group PCL                      | Director |
| Alberto Terol Esteban        | International Consolidated Airlines Group, S.A. | Director |
| Isabel Torremocha Ferrezuelo | Repsol, S.A.                                    | Director |

| Remarks |
|---------|
|         |

C.1.12 Indicate whether the company has established rules on the maximum number of company boards on which its directors may sit, explaining if necessary and identifying where this is regulated, if applicable:

Yes  No

| Explanation of the rules and identification of the document where this is regulated   |
|---|
| <p>Article 33 of the Board Rules establishes that a Director must devote the time and effort necessary to carry out his or her functions adequately. Therefore, Directors must inform the Board of any activities that could significantly affect their dedication as a Director of the Company.</p> <p>So far as the number of other boards to which a Director may belong is concerned, the general rule is that the Director may not belong to so many that it impedes or interferes with the Director's dedication to the post of Director at Indra. To that end, the Company's board members are subject to the following general limits: (i) Executive Directors of the Company may only fill posts on the boards of up to two other listed companies; (ii) Non-Executive Directors may only fill posts on the boards of up to four other listed companies.</p> <p>The incorporation of an Indra Director onto other boards of Directors is analysed in advance by the Nomination, Compensation and Corporate Governance Committee, which reports to the Board on the advisability of authorising such incorporation.</p> |

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

|  |        |
|--|--------|
| Remuneration accruing in favour of the Board of Directors in the financial year (thousands of euros) | 10,112 |
| Amount of pension rights accumulated by directors currently in office (thousands of euros)           | 4,609  |
| Amount of pension rights accumulated by former directors (thousands of euros)                        | 0      |

| Remarks  |
|--|
| Compensation accrued includes both compensation for membership on administrative bodies and for the performance of executive functions. Additionally, the amount includes sums corresponding to Executive Director compensation under the Medium Term Compensation Plan for 2018 - 2020. These sums were derived as a function of the list price on 16 March 2021, the date upon which the Board of Directors approved delivery of shares. |

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

| Name or company name                      | Position(s)   |
|---|---|
| Luis Abril Mazuelas                       | Energy, Industry, Mass Market and Business Management Solutions |
| Berta Barrero Vázquez                     | Transportation  |
| José Cabello Chacón                       | Human Resources   |
| Manuel Escalante García                   | Defence and Security  |
| Jorge Estévez San Román                   | Defence and Security Operations                                 |
| Luis Figueroa García <sup>(i)</sup>       | IT Delivery and Production                                      |
| Fabiola Gallego Caballero <sup>(ii)</sup> | Legal Affairs   |
| Rafael Gallego Carbonell                  | Air Traffic. European Programs                                  |
| Gonzalo Gavín Canti                       | International Air Traffic                                       |
| Carlos González Soria <sup>(iii)</sup>    | Legal Affairs   |
| Javier Lázaro Rodríguez                   | Corporate General Manager and CFO                               |
| Antonio Mora Morando                      | Control, Organizations and Processes                            |
| Borja Ochoa Gil                           | Financial Services  |
| Luis Permuy Muñoz-Rivero                  | EMEA  |
| Raul Ripio Torija <sup>(iv)</sup>         | Service Delivery and Production                                 |

|  |        |
|--|--------|
| Number of women in senior management                         | 3      |
| Percentage of total senior management                        | 15.38  |
| Total remuneration of senior management (thousands of euros) | 10,220 |

| Comments            |
|---------------------|
| (i) Until July 2020 |

- (ii) Since October 2020
- (iii) Until September 2020
- (iv) Since August 2020

The percentage of women in this section does not coincide with that stated in section C.1.6 since executive directors are only considered in the section C.1.6.

The total compensation of senior management includes amounts received by Mr. González and Mr. Figueroa on termination of their employment relationships in accordance with the provisions of their respective contracts. Additionally, the amount includes sums corresponding to Executive Director compensation under the Medium Term Compensation Plan for 2018 - 2020. These sums were derived as a function of the list price on 16 March 2021, the date upon which the Board of Directors approved delivery of Shares.

**C.1.15** Indicate whether the Board regulations were amended during the year:

Yes  No

**Description of amendment(s)**

At its December 2020 meeting, the Board approved a new consolidated text of the Board Rules in order to adapt it to amendments made to the Code of Good Governance; to include some recommendations contained in the *Comisión Nacional de Mercados de Valores* ("Spanish Securities Exchange Commission" or "CNMV") Technical Guides for audit and nomination and compensation committees; update functions of its Committees in the field of non-financial information and non-financial risks; establish coordination mechanisms between the Sustainability Committee and the Audit and Compliance Committee; and incorporation of technical and stylistic improvements.

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

**Selection:** Article 20 of the Board Rules establishes that any individual proposed for appointment must be of good personal and professional reputation, sufficiently capable of working with dedication, and have no interests that are incompatible with the position involved. The Board and the Nomination, Compensation and Corporate Governance Committee must rigorously examine those persons nominated to fill the post of independent Director.

Article 8 of the Board Rules gives the following qualitative compositional requirements for the Board:

- That External Directors represent a substantially larger component than Executive Directors.
- That in order to establish a balance between Proprietary and Independent Directors, focus should be on the Company shareholder structure, considering the importance of equity stake as well as the degree of permanence and strategic connections between the Company and Shareholders.

For its part, the Director Selection Policy establishes as a requirement of qualitative composition of the Board, in addition to the ones above, that those appointed by significant shareholders be integrated as Proprietary Directors.

Article 8 of the Board Rules also requires that the Board and Nomination, Compensation and Corporate Governance Committee ensure in particular that the selection of Directors is carried out in accordance



with a policy aimed at promoting an adequate composition of the Board which: (i) is concrete and verifiable; (ii) is aimed at promoting diversity of knowledge, experience, age and gender, while avoiding biases that may involve discrimination; and (iii) ensures that appointment proposals are based on the outcome of a prior analysis of the abilities required by the Board appropriate to the Company's profile.

The process of selecting candidates for Directors starts with the production by the Nomination, Compensation and Corporate Governance Committee of a prior assessment of the needs of the Company as well as the competencies, knowledge and experience needed by the Board based on the current Competency Matrix, which is regularly updated.

The Nomination, Compensation and Corporate Governance Committee also defines the skills, experience and qualities required in candidates to fill each vacancy, as well as the dedication required for the performance of the post.

In addition, the Company's criteria and action plans in this area are included in the Director Selection Policy.

**Appointment and re-election:** as required by Article 20 of the Board Rules, Directors are appointed, re-elected or confirmed by the Board or by the Shareholders in accordance with applicable law and the Bylaws.

Proposals for the appointment, re-election and dismissal of Directors submitted by the Board to the Shareholders, as well as appointment decisions by co-optation, shall be made on a proposal from the Nomination, Compensation and Corporate Governance Committee in the case of Independent Directors and in other cases by the Board itself, after a report by that committee.

Where the Board departs from the recommendations of the Nomination, Compensation and Corporate Governance Committee, it must explain why and record this in the minutes.

Suitability criteria for Directors apply to the natural person representing an artificial person Director. In accordance with Article 20 of the Board Rules, the Board shall propose to the Shareholders that proposals for the appointment or re-election of Directors be the subject of individual votes. Proposals for the re-election of Directors shall be subject to a formal process equivalent to that of appointing new Directors.

With regards to the term of office of Directors, Article 22 of the Bylaws sets it at three years and provides for possible re-election for successive periods of equal duration. However, and exclusively for Independent Directors, the Director Selection Policy provides that re-election of those who have remained in office for three statutory terms not be proposed, so their service on the Board is limited to a maximum of nine years. In doing so, the Indra Board imposes a more restrictive rule than legally permitted, which allows a maximum of twelve years in office for Independent Directors. This criterion may be derogated by the Board upon proposal from the Nomination, Compensation and Corporate Governance Committee, where the circumstances of the Company, the composition of the Board or its committees, or the profile of the Director so recommend.

**Termination:** As established in Article 23 of the Board Rules, Directors are relieved of their duties upon removal at a Meeting, when they announce their resignation, or when they are fired by the Company.

Should the Board propose that an Independent Director be removed before the end of his or her term, this proposal must be for good cause and be accompanied by a prior report from the Nomination, Compensation, and Corporate Governance Committee.

C.1.17 Explain to what extent the annual evaluation of the Board has given rise to significant changes in its internal organisation and in the procedures applicable to its activities:

| Description of amendment(s)  |
|--|
| <p>During fiscal 2020 the Company performed an evaluation of the performance and work quality of the Board and its committees for fiscal 2019.</p> <p>The conclusion of the evaluation was very positive, identifying some items to be improved, which were included in the Board's minutes as part of the 2020 Action Plan and which gave rise to the incorporation of improvements in the Training Plan for Directors and an increase in lead time for providing meeting</p> |

information.

In February 2021, the Board's performance and quality of work evaluation for fiscal 2020 fiscal was carried out with the advice of KPMG. The Nomination, Compensation and Corporate Governance Committee and the Board analysed the report's conclusions in the evaluation, noting the good perception of Directors regarding the functioning of the Board and its committees and the work of their chairmen, as well as transparency and climate for discussion, and identified no need for changes. Without prejudice to the above, suggestions were made from the evaluation process mainly related to Board and committee meeting procedures and to Director training plans.

Describe the evaluation process and the areas evaluated by the Board of Directors with or without the help of an external advisor, regarding the functioning and composition of the Board and its committees and any other area or aspect that has been evaluated.

#### Description of the evaluation process and areas evaluated

Pursuant to Article 13 of the Board Rules and after a report prepared by the Nomination, Compensation and Corporate Governance Committee, the Board carries out an annual evaluation of its own functioning and the quality of its work, as well as that of each of its Committees.

Each of these bodies carries out its own evaluation and prepares a report on its activities and achievements during the year and reports them to the Board.

Except for extraordinary circumstances, a third-party evaluation is done every three years, and collaboration with external consultants was used for the evaluation of fiscal 2020, carried out in February 2021.

The evaluation for fiscal 2019 was carried out in 2020 through an internal procedure consisting of the individual and anonymous completion by each Director of a questionnaire that included questions about the structure, composition and performance of the Board and its committees, and which was carried out using the most recent recommendations in corporate governance.

The areas assessed in both fiscal years were the structure and composition of the Board and its committees, its transactional dynamics, the objectives, functions and responsibilities of those bodies, the quality of information, the relationship with the management team and the performance of the Board Secretary.

In addition, for the evaluation of the 2020 fiscal year KPMG assessed compliance with the recommendations of investors and ESG analysts, highlighting in the report's conclusions that the Company meets most of those.

Additionally, the Board carries out an annual evaluation of the work of the Chairman of the Board in his capacity as such and, separately, in his capacity as chief executive.

C.1.18 Provide details, for years in which the evaluation was carried out with the help of an external advisor, of the business relationships that the external advisor or company in its group maintains with the company or any company in its group.

As mentioned above, the Board's assessment for the 2019 fiscal year carried out in 2020 was carried out internally without external advice.

As regards the Board's assessment for the 2020 fiscal year carried out in 2021, the KPMG has informed the Company of the most significant areas in which the consultancy has provided services to the group, which are detailed below: a) Tax, accounting and labour advice; b) Due Diligence services and M & A advice; and c) Consulting services.

C.1.19 Indicate the cases in which directors are obliged to resign.

As established in Article 23 of the Board Rules, Directors must report to the Board and offer their resignations under the following circumstances:

- a) When circumstances arise which are incompatible with, prohibit, or require resignation from service on the Board in accordance with law.
- b) When a Director has seriously breached his or her obligations as a Director or has committed an act or omission inconsistent with the duties of diligence and responsibility required in order to perform the Director's duties.
- c) When the Director cannot maintain the necessary dedication to perform his or her duties effectively.
- d) When a Shareholder represented by a Proprietary Director sells its entire equity interest or reduces its interest to a level that requires a decrease in the number of Proprietary Directors representing the Shareholder.
- e) Should a change occur in the conditions or circumstances concerning an Independent Director that may strip the Director of independent status.
- f) In the event that an Executive Director leaves his management post for any reason when membership on the Board is predicated on the Executive Director's status as a senior manager.

In any event, a Director must inform the Board and, if appropriate, resign under those circumstances which may damage the credit or reputation of the Company and, particularly, must inform the Board of any criminal procedures in which the Director is investigated as well as subsequent proceedings.

Should a Director be formally accused or be subject to the commencement of a criminal procedure of any kind as described under law applicable to companies, the Board of Directors will investigate the case as soon as possible and, in the light of its specific circumstances, decide, after a report by the Nomination, Compensation and Corporate Governance Committee, whether or not to take any action (opening of an internal investigation, requesting the Director's resignation or proposing the Director's dismissal).

The Board of Directors shall give a thorough explanation in the Annual Report on Corporate Governance unless there are special circumstances justifying its exclusion, which shall be recorded in the minutes.

In the event that the natural person representative of a Director finds himself in any of the situations described above, the artificial person Director is to immediately proceed to designate a substitute natural person.

In the event that the Director does not present his resignation in the situations described above, the Board will propose his removal at a Shareholders Meeting.

Once a Director, whether by resignation or by resolution at a Shareholders' Meeting, ceases to serve before the end of his term, he will thoroughly explain the reasons in a letter sent to the other members of the Board. The reason for termination will be given in the Annual Corporate Governance Report and, to the extent relevant to investors, the Company shall publish the fact of the dismissal as soon as possible, including sufficient reference to the reasons or circumstances provided by the Board.

C.1.20 Are qualified majorities other than those established by law required for any particular kind of decision?

Yes  No

If so, describe the differences.

**Description of differences**

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

Yes  No

**Description of requirements**

C.1.22 Indicate whether the articles of incorporation or Board regulations establish any limit as to the age of directors:

Yes  No

|                       | Age Limit |
|-----------------------|-----------|
| Chairman              |           |
| Managing Director/CEO |           |
| Director              |           |

**Remarks**

C.1.23 Indicate whether the articles of incorporation or Board regulations establish any term limits for independent directors other than those required by law or any other additional requirements that are stricter than those provided by law:

Yes  No

|  |  |
|--|--|
| Additional requirements and/or maximum number of years of office |  |
|--|--|

| Remarks   |
|---|
| <p>The Selection Policy for Directors contains turnover criteria for independent Directors which is more restrictive than required by law (term limit of twelve years), consisting in not proposing for re-election at the Annual Shareholders' Meeting any Independent Director who has already served three terms of three years each, so that an Independent Director could be proposed for re-election on only two occasions.</p> <p>However, this criterion may be derogated by the Board upon a proposal from the Nomination, Compensation and Corporate Governance Committee, where the circumstances of the Company, the composition of the Board or its committees, or the profile of the Director so recommend.</p> |

C.1.24 Indicate whether the articles of incorporation or Board regulations establish specific rules for appointing other directors as proxy to vote in Board meetings, if so the procedure for doing so and, in particular, the maximum number of proxies that a director may hold, as well as whether any limit has been established regarding the categories of director to whom votes may be delegated beyond the limits imposed by law. If so, briefly describe these rules.

In addition to applicable legislation, Article 14.2 of the Board Rules stipulates that, if a Director is unable to attend a meeting, the Director should try to submit a proxy, preferably with voting instructions. Non-Executive Directors may submit a proxy only to another Non-Executive Director. The proxy may be sent by e-mail or letter, or any other valid means where transmission is verifiable.

C.1.25 Indicate the number of meetings held by the Board of Directors during the year. Also indicate, if applicable, the number of times the Board met without the chairman being present. Meetings where the chairman gave specific proxy instructions are to be counted as attended.

|   |    |
|---|----|
| Number of Board meetings                                      | 18 |
| Number of Board meetings held without the Chairman's presence | 0  |

| Remarks  |
|--|
| <p>Without prejudice to the foregoing, the Chairman was not present when the following items were on the agenda: (i) the performance evaluation for accrual of the 2019 Annual Variable Compensation; and (ii) the annual evaluation of the Chairman of the Board.</p> |

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

|                    |   |
|--------------------|---|
| Number of meetings | 1 |
|--------------------|---|

| Remarks  |
|--|
| In addition to the meetings indicated, the Lead independent Director maintains regular contact with the other Directors for issues related to his or her duties. |

Indicate the number of meetings held by each Board committee during the year:

|  |    |
|--|----|
| Number of meetings held by the audit and compliance committee                              | 11 |
| Number of meetings held by the nomination, compensation and corporate governance committee | 12 |
| Number of meetings held by the sustainability committee                                    | 5  |

| Remarks |
|---------|
|         |

C.1.26 Indicate the number of meetings held by the Board of Directors during the year with member attendance data:

|  |        |
|--|--------|
| Number of meetings in which at least 80% of directors were present in person                               | 18     |
| Attendance in person as a % of total votes during the year   | 99.56% |
| Number of meetings with attendance in person or proxies given with specific instructions, by all directors | 18     |
| Votes cast in person and by proxies with specific instructions, as a % of total votes during the year      | 100%   |

Individualized attendance at meetings held by the Board of Directors and its committees

|                          | Board of Directors | Audit and Compliance Committee | Nomination, Compensation and Corporate Governance Committee | Sustainability Committee |
|--------------------------|--------------------|--------------------------------|---|--------------------------|
| Fernando Abril-Martorell | 18/18              |                                |   |                          |
| Alberto Terol            | 18/18              |                                | 12/12   | 2/2                      |
| Carmen Aquerreta         | 8/8                | 5/5                            |   | 3/3                      |
| Antonio Cuevas           | 18/18              |                                | 12/12   | 5/5                      |
| Silvia Iranzo            | 18/18              |                                | 5/5   | 5/5                      |
| Enrique de Leyva         | 18/18              | 11/11                          |   | 2/2                      |
| Ignacio Martín           | 18/18              |                                | 12/12   | 5/5                      |
| Santos Martínez-Conde    | 17/18              | 11/11                          | 12/12   |                          |
| Ignacio Mataix           | 18/18              |                                |   |                          |
| María Rotondo            | 10/10              | 6/6                            |   |                          |
| Cristina Ruiz            | 18/18              |                                |   |                          |
| Ignacio Santillana       | 10/10              | 6/6                            |   |                          |
| Miguel Sebastián         | 18/18              | 11/11                          |   |                          |
| Isabel Torremocha        | 18/18              | 11/11                          | 7/7   |                          |
| Average attendance       | 99.56%             | 100%                           | 100%  | 100%                     |

| Remarks |
|---------|
|         |

C.1.27 Indicate whether the individual and consolidated financial statements submitted to the Board for issue are certified in advance:

Yes  No

Identify, if applicable, the person(s) who certified the individual and consolidated financial statements of the company for issue by the Board:

| Name                    | Position   |
|-------------------------|--|
| Javier Lázaro Rodríguez | Corporate General Manager and CFO                        |
| Antonio Mora Morando    | General Manager for Control, Organizations and Processes |

| Remarks |
|---------|
|         |

C.1.28 Explain the mechanisms, if any, established by the Board of Directors to ensure that the financial statements it presents to the General Shareholders' Meeting are prepared in accordance with accounting regulations.

Article 39.3 of the Board Rules establishes that the Board of Directors must prepare the financial statements in such a way that there is no cause for either reservations or a qualified opinion by the auditor. It also stipulates that the Board must require the external auditors, along with the chairman of the Audit and Compliance Committee, to make a clear explanation of any qualified opinion to the Shareholders at the Annual Meeting. In addition, the chairman of the Audit and Compliance Committee shall inform Shareholders at the Annual Meeting of the opinion of the committee as to the content and scope of the reservation and shall make available a summary of that opinion at the time of the convening of the Board.

The Audit and Compliance Committee also carries out comprehensive and detailed oversight of the preparation of financial statements and of the audit process from the initial planning stage, holding the necessary meetings and conversations with the audit firm regarding the audit and obtaining, if applicable, specific reports from the audit firm dealing with the audit's chief points, its development and its progress. The Audit and Compliance Committee also evaluates the management team's response to recommendations by the external auditors and mediates any differences between the two parties with regard to the principles and criteria applied to the preparation of the financial statements.

Before the financial statements are drafted by the Board, the Audit and Compliance Committee issues a report or recommendation to the Board, within which one of the primary factors to be taken into account is to make plain those instances where there might be reservations in the audit report and suggest recommendations for avoiding them.

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

Yes  No

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



| Name or company name of the secretary | Representative |
|---------------------------------------|----------------|
| José Antonio Escalona de Molina       |                |

| Remarks |
|---------|
|         |

C.1.30 Indicate the specific mechanisms established by the company to safeguard the independence of the external auditors, and any mechanisms to safeguard the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

The Audit and Compliance Committee, in fulfilling the duties assigned to it by the Bylaws and the Board Rules, conducts a qualitative and quantitative analysis of the material aspects and options considered regarding the work of the external auditor.

The Audit and Compliance Committee and the Board of Directors pay special attention to ensure that the external auditor's work is done with complete independence, and to accomplish this they specifically review the periodic rotation regime for the partner in charge of the teams which perform the audit, as well as the relative amount of fees charged for services other than audit. For this purpose, the Audit and Compliance Committee ensures that the compensation of the external auditor for its work, and that derived from other services that the auditor provides to the Company, do not compromise either quality or independence. This analysis is contained in an annual Report drafted for said purpose in accordance with the provisions contained in applicable law, and which is made available to Shareholders upon call of the Annual Shareholders' Meeting.

The external auditors annually deliver formal, written confirmation of their independence to the Committee by means of a letter signed by the partner responsible for the Indra Sistemas, S.A. and its consolidated group account. This statement of independence confirms that the auditor of the financial statements for the Company has not encountered during the fiscal year any of the grounds for incompatibility recognized in the *Ley de Auditoría de Cuentas* ("Financial Auditing Act" or "LAC") which might interfere with the exercise of its functions in an independent fashion.

As regards relationships with financial analysts and investment banks, the Company makes frequent presentations and conference calls describing results and other events for these institutions during which business development and the scope and extent of the Group's most important economic and financial matters are described in a manner that guarantees equal treatment of all.

All presentations to analysts are delivered beforehand to the CNMV, with the goal that the markets be informed of their contents through their website. Such presentations are published immediately on the Company website.

The primary function of the office of Investor Relations, as part of the Finance Department, is to serve as the channel of communications for financial professionals and institutional investors and the office manages inquiries from them, guaranteeing equal treatment to all.

For more information on these matters, the Communication Policy for Shareholders, institutional investors, proxy advisors and other stakeholders and the criteria for communication of financial, non-financial and corporate information, which was updated by the Board in December 2020 to adapt it to Recommendation 4 of Code of Good Governance, can be found on the corporate website.

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

Yes  No

| Outgoing auditor | Incoming auditor |
|------------------|------------------|
|                  |                  |

| Remarks |
|---------|
|         |

If there were any disagreements with the outgoing auditor, explain their content:

Yes  No

| Explanation of disagreements |
|------------------------------|
|                              |

C.1.32 Indicate whether the audit firm performs any non-audit work for the company and/or its group and, if so, state the amount of fees it received for such work and express this amount as a percentage of the total fees invoiced to the company and/or its group for audit work:

Yes  No

|   | Company | Group companies | Total |
|---|---------|-----------------|-------|
| Amount invoiced for non-audit services (thousands of euros)     | 236     | 33              | 269   |
| Amount invoiced for non-audit work/Amount for audit work (in %) | 35      | 2               | 13    |

| Remarks  |
|--|
| The amount of audit work includes fees for various account audits carried out for the Group and limited review work for the interim consolidated financial statements. |

C.1.33 Indicate whether the auditors' report on the financial statements for the preceding year contains a qualified opinion or reservations. If so, indicate the reasons given to shareholders at the general meeting by the chairman of the audit committee to explain the content and extent of the qualified opinion or reservations.

Yes  No

| Explanation of the reasons and direct link to the document made available to the shareholders at the time that the general meeting was called in relation to this matter |
|--|
|  |

C.1.34 Indicate the number of consecutive years for which the current audit firm has been auditing the company's individual and/or consolidated financial statements. Also, indicate the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

|                             | Individual | Consolidated |
|-----------------------------|------------|--------------|
| Number of consecutive years | 5          | 5            |

|  | Individual | Consolidated |
|--|------------|--------------|
| Number of years audited by the current audit firm/number of years in which the company has been audited (in %) | 16.67%     | 16.67%       |

| Remarks |
|---------|
|         |

C.1.35 Indicate whether there is a procedure for directors to be sure of having the information necessary to prepare the meetings of the governing bodies with sufficient time; provide details if applicable:

Yes  No

#### Details of the procedure

Article 13 of the Board Rules expressly provides that the Board shall establish at the beginning of the fiscal year a programme of dates and matters for the regular meetings it intends to hold, and that the call shall always include the agenda of the meeting and shall be accompanied by all relevant information in relation to the matters to be discussed, and must be delivered, except in exigent circumstances, no later than the third day prior to the date of the meeting. In accordance with Article 10 of the Board Rules, the Chairman of the Board shall ensure that Directors receive, well in advance of board meetings, adequate information on the matters to be discussed.

Moreover, in accordance with Article 25 of the Board Rules, Directors have the broadest powers to inquire into any aspect of the Company, to examine his books, records, documents and any other material on the Company's operations, to inspect all the Company's facilities, and to communicate with senior management of the Company.

Additionally, Article 28 of the Board Rules establishes that in fulfilling their duties, all Directors are responsible for the procurement of all relevant and necessary information for the performance of their obligations.

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

Yes  No

#### Explain the rules

Article 23 of the Board Rules establishes that Directors must inform the Board and, if applicable, resign under those circumstances which may damage the credit and reputation of the Company whether related to acts committed on behalf of the Company or not. In particular, the Director shall inform the Board of any criminal investigations against the Director as well as the results of any further proceedings. In addition, should the Board become aware of any of the above circumstances, the Board will investigate as soon as possible and decide, given the specific circumstances and after a report by the Nomination, Compensation and Corporate Governance Committee, whether or not it should take any action (opening of an internal investigation, requesting the Director's resignation or proposing the Director's dismissal).

C.1.37 Indicate whether, apart from such special circumstances as may have arisen and been duly minuted, the Board of Directors has been notified or has otherwise become aware of any situation affecting a director, whether or not related to his or her actions in the company itself, that might harm the company's standing and reputation:

Yes  No

| Director's name | Nature of the situation | Remarks |
|-----------------|-------------------------|---------|
|                 |                         |         |

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

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

Yes  No

| Decision / action taken | Reasoned explanation |
|-------------------------|----------------------|
|                         |                      |

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

As described in Section A.14 above, the Company has an outstanding issue of convertible bonds listed on the unregulated market (multilateral trading facility) called Freiverkehr of the Frankfurt Stock Exchange.

In the document entitled "Terms and Conditions" of the bond issue, early maturity of the bonds at the request of the bondholders is discussed in the event of a change of control. In the event of a change of control which is not the result of a takeover bid, bond pay-out will be bond principal plus accrued interest until the redemption date. In the event of a takeover bid, bondholders may choose the greater of the following values: the principal amount plus accrued interest to the date of redemption or repurchase price (equivalent value of the takeover bid applied to the bonds) plus interest accrued up to the redemption date.

**C.1.39** Identify individually as regards directors, and in aggregate form in other cases, and provide details of any agreements between the company and its directors, executives or employees containing indemnity or golden parachute clauses in the event of resignation or dismissal without due cause or termination of employment as a result of a takeover bid or any other type of transaction.

|                         |  |
|-------------------------|--|
| Number of beneficiaries | 8  |
| Type of beneficiary     | Description of the agreement   |
| Executive Directors     | The current Executive Chairman and the Vice President Directors for IT and for Transport and Defence have a right to severance equivalent to the positive difference between one year's total target annualized compensation and the vested amount accumulated in his or her Early Retirement and Long Term Savings Plan at the moment of termination of his or her business relationship with the Company.  |
| Senior Managers         | The contracts of another three senior managers of the Company include severance clauses which provide for between one and two times their total annual compensation, which is extinguished either after a transition period following their employment by the parent Company or once the severance to which they are legally entitled exceeds the minimum guaranteed amount.   |
| Managers                | The contracts of two managers of the Company include specific severance clauses which provide for compensation in case of termination of their ordinary employment relationship neither for cause nor because of voluntary resignation; these severance amounts are higher than would normally be payable under law. These contracts are unique to the individuals and are in response to conditions negotiated for hiring on with the Company or are terms previously negotiated with third party companies that have become part of Indra. |

Indicate whether, beyond the cases established by legislation, these agreements have to be communicated and/or authorised by the governing bodies of the company or its group. If so, specify the procedures, the cases concerned and the nature of the bodies responsible for their approval or communication:

|                              | Board of Directors | General shareholders' meeting |
|------------------------------|--------------------|-------------------------------|
| Body authorising the clauses | X                  | X                             |

|  | Yes | No |
|--|-----|----|
| Are these clauses notified to the General Shareholders' Meeting? | X   |    |

| Remarks |
|---------|
|         |

## C.2 Committees of the Board of Directors

C.2.1 Provide details of all committees of the Board of Directors, their members, and the proportion of executive, proprietary, independent and other external directors forming them:

### Audit and Compliance Committee

| Name                                    | Post     | Category    |
|---|----------|-------------|
| Enrique de Leyva Pérez                  | Chairman | Independent |
| Carmen Aquerreta Ferraz                 | Director | Independent |
| Santos Martínez-Conde Gutiérrez-Barquín | Director | Proprietary |
| Ana de Pro Gonzalo                      | Director | Independent |
| Miguel Sebastián Gascón                 | Director | Proprietary |
| Isabel Torremocha Ferrezuelo            | Director | Independent |

|                            |        |
|----------------------------|--------|
| % of proprietary directors | 33.33% |
| % of independent directors | 66.67% |
| % of other external        | 0%     |

| Remarks |
|---------|
|         |

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

The Audit and Compliance Committee is composed of six members, all of them Outside Directors. (Article 18 of the Board Rules provides that it be composed entirely of Non-executive Directors, with a minimum of three and a maximum of six). Of the six members, four of them are Independent.

Its Chairman must be an Independent Director and must be replaced at least once every four years, with the possibility of re-election after one year has elapsed from the date of his or her stepping down from the chairmanship.

In the aggregate, the members of the Committee will have the relevant technical knowledge pertaining to the business sectors in which the Company operates and will be chosen, the Chairman in particular, taking into account their knowledge and experience in accounting, audit or risk management.

The Committee is properly constituted when at least half of its members plus one are present in person or by proxy. Resolutions are passed by a simple majority of votes of those members present at the meeting.

In the event of the Chair's absence, the meeting is to be chaired by an Independent Director appointed for this purpose by the Committee.

The duties and powers of the Audit and Compliance Committee, in addition to those assigned to it by applicable law, are found in Article 18 of the Board Rules:

1. With regard to information and internal control systems:

- a) Supervise the and evaluate process of drafting and presentation of financial and non-financial information regarding the Company and the Group as well as financial and non-financial risk management and control systems contained in the public annual and interim financial statements, and review compliance with all normative requirements, the proper scope of consolidation, and correct application of accounting rules.
- b) Supervise the and evaluate the process of drafting and presentation of financial and non-financial information regarding the Company and the Group as well as financial and non-financial risk management and control systems contained in the public annual and interim financial statements, and review compliance with all normative requirements, the proper scope of consolidation, and correct application of accounting rules.

With regard to the internal audit area, the committee will ensure that its activity is mainly focused on relevant risks, including reputational risks.

In the area of risk management, the committee shall verify that appropriate mechanisms for monitoring financial and non-financial risks, including transactional, technological, legal, company, environmental, political and reputational risks, are established.

- c) Establish and supervise the implementation of a mechanism that allows employees and other stakeholders with an interest in the Company, such as advisers, Shareholders, suppliers, contractors or subcontractors, to communicate, confidentially and, where appropriate, anonymously, potentially significant irregularities, including financial and accounting irregularities, related to the Company or its group, and that respects the rights of the complainant and the accused.
- d) Ensure that established internal control policies and systems are implemented effectively.

2. With regard to the external auditor:

- a) Ensure that the financial statements that the Board of Directors submits to the Annual Shareholders' Meeting are drafted in accordance with accounting regulations and the audit report does not contain limitations or qualifications.
- b) In the event of the auditor's resignation, examine the circumstances motivating such a move.
- c) Ensure that the compensation of the external auditor for its work, and that arising from non-audit services the auditor provides for the Company, does not compromise audit quality or independence.
- d) Ensure that any change of auditor is communicated by legally established means and is accompanied by a statement on the possible existence of disagreements with the outgoing auditor, if any, and its contents.
- e) Ensure that the external auditor meet annually with the Board of Administration in plenary session in order to report on its work and regarding evolution of accounting tasks and risks to the Company.
- f) Ensure that the Company and the external auditor comply with applicable law regarding delivery of services other than auditing, regarding limits on other work performed by the auditor and, in general, rules regarding the independence of the auditors as well as authorization of contracts for such services.

3. Other functions:

- a) Report to the Board on the financial and accounting impact should the Company decide to engage in any transactions involving structural or corporate changes, in particularly the proposed exchange ratio to be used.



- b) Take decisions regarding the scope of internal programmes and procedures in the areas of compliance and responsibilities approved by the Board and assigned to it, as well as monitor compliance with the Company's internal policies and codes of conduct by ensuring that corporate culture is aligned with their purpose and values as well as proposing amendments.
- c) Supervise implementation of the communication policy with Shareholders, institutional investors and voting advisers as well as the processes of relating with other stakeholders, and the policy for financial, non-financial and corporate economic information, which may be integrated within the first mentioned policy, and propose their modification.
- d) Report on related party transactions that required approval at the Annual Meeting or by the Board of Directors and supervise the internal procedure established by the Company.

The Activities Report for fiscal 2020, which will be published at the time of call of the Annual Shareholders Meeting, explains the activities of the Committee during the stated fiscal year.

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

|  |                       |
|--|-----------------------|
| Names of directors with experience     | Enrique de Leyva      |
|  | Carmen Aquerreta      |
|  | Santos Martínez-Conde |
|  | Ana de Pro            |
|  | Miguel Sebastián      |
|  | Isabel Torremocha     |
| Date of appointment of the chairperson | 24 June 2019          |

| Remarks   |
|---|
| Their selection also takes into account their experience managing financial and non-financial risk. |

### Nomination, Compensation and Corporate Governance Committee

| Name                  | Post     | Category    |
|-----------------------|----------|-------------|
| Alberto Terol         | Chairman | Independent |
| Antonio Cuevas        | Director | Proprietary |
| Ignacio Martín        | Director | Independent |
| Santos Martínez-Conde | Director | Proprietary |
| Isabel Torremocha     | Director | Independent |

|                            |     |
|----------------------------|-----|
| % of proprietary directors | 40% |
| % of independent directors | 60% |
| % of other external        | 0%  |

| Remarks |
|---------|
|         |

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

The Nomination, Compensation and Corporate Governance Committee is composed of five members, all of them Non-executive Directors (Article 19 of the Board rules requires that the Committee be composed exclusively of Non-executive Directors, with a minimum of three and a maximum of six). Of the five members of the Committee, three are Independent Directors.

The Chairman of the Committee must be an Independent Director. In the absence of its Chairman, the meeting shall be chaired by the Independent Director appointed for that purpose by the Committee. In any event, the Chairman of the Board - when he is an Executive Director - or the CEO shall be consulted and summoned to meetings of the Committee which treat matters relating to Senior Managers other than themselves. The Committee shall also consult the Chairman of the Board and Chief Executive of the Company, particularly in matters relating to Executive Directors.

The Committee shall be validly constituted where at least half plus one of its members are present in person or by proxy. Resolutions are adopted by simple majority of votes of the Directors attending the meeting.

In addition to the functions assigned to it by law, the Nomination, Compensation and Corporate Governance Committee shall have the following powers:

- a) Report on the Director Selection Policy approved by the Board of Directors and annually verify compliance with it.
- b) Annually verify that Directors have maintained the category status under which they were selected and state as much in the Annual Corporate Governance Report.
- c) Determine the requisite skills and knowledge for the Board and periodically analyse its concurrence on the Board.
- d) For each nomination or re-election of Director, fix the profile and abilities specifically required

before beginning the search process and ensure the process operates in the absence of discrimination and favours recruitment of the best professionals.

- e) Verify the contents of the Annual Corporate Governance Report, and provide the information from the Audit and Compliance Committee to include in the sections of the Governance Report that are within the Committee's competences.
- f) Ensure that Non-executive Directors have sufficient availability in order to properly perform their duties.
- g) Draft a report in advance for the use of the Board in making its annual self-evaluation and another for the annual evaluation of the Chairman of the Board.
- h) Periodically design and organize action plans for skill sets and periodically update onboarding programmes for new Directors.
- i) Propose the Policy on Director Compensation to the Board of Directors and periodically review its consonance with Company strategy and the creation of enduring value.
- j) Propose contract terms for senior managers.
- k) Report on the succession plan for the Chairman of the Board, Executive Directors and senior management which are to be approved by the Board.
- l) Verify information regarding compensation policies for Directors and senior managers contained in the various corporate documents, specifically in the Annual Report regarding Director Compensation.
- m) Perform a periodic analysis of internal rules, operating procedures and practices related to Corporate Governance, when such rules and operating procedures are not under the purview of another administrative body, as well as the level of compliance with domestic and international regulations, recommendations and best practices in these areas, proposing those changes which it deems appropriate.
- n) Report to the Board, prior to the Board's approval, on all other information which the Company makes public and which falls within the scope of the Committee's mandate.
- o) Be vigilant that potential conflicts of interest do not encumber the independence of external advice delivered to the committee.
- p) Periodically review the policies and procedures of the Company regarding recruitment, retention, development and compensation of talent of its professionals as an essential Company asset.
- q) Consult the Chairman of the Board and if the Chairman be not an Executive Director, the Chief Executive Officer also, particularly in matters relating to Executive Directors and Senior Managers.

The Activities Report for fiscal 2020, which will be published at the time of call of the Annual Shareholders Meeting, explains the activities of the Committee during the stated fiscal year.

## Sustainability Committee

| Name             | Charge     | Category    |
|------------------|------------|-------------|
| Silvia Iranzo    | Chairwoman | Independent |
| Carmen Aquerreta | Director   | Independent |
| Antonio Cuevas   | Director   | Proprietary |
| Ignacio Martín   | Director   | Independent |

|                            |     |
|----------------------------|-----|
| % of proprietary directors | 25% |
| % of independent directors | 75% |
| % of other external        | 0%  |

| Comments |
|----------|
|          |

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

The Sustainability Committee is composed of four members, all of them Non-Executive (Article 19 bis of the Board Rules provides that this Committee shall consist exclusively of Non-Executive Directors, with a minimum of three and a maximum of six). Of the four members of this Committee three are Independent Directors.

The Chairman of the Committee must be an Independent Director. In the absence of its Chairman, the meeting shall be chaired by the Independent Director appointed for that purpose by the Committee.

The Committee is properly constituted when at least half plus one of its members are present either in person or by proxy. Resolutions are adopted by the Committee by vote of a simple majority of those Directors present at the meeting.

The Sustainability Committee shall have the following responsibilities:

- a) Guide, monitor and evaluate compliance with the policies, best practices and specific action plans in the area of sustainability, particularly as they refer to corporate social responsibility, the environment, diversity and integration and verify that their concurrence with strategy and the Master Plan approved by the Board of Directors.
- b) Determine the general principles and criteria to be contained in the Sustainability Report (non-financial reporting statement) in accordance with applicable regulations and international best practices in this area, and propose its contents to the Audit and Compliance Committee.
- c) Periodically review the Company's sustainability performance, as well as its position within existing indices and metrics, taking at all times particular account of those aspects that are increasingly valued by the various stakeholders and proposing measures for the Company to

respond to them.

- d) Inform the Audit and Compliance Committee of the non-financial risks related to matters within its authority.
- e) Supervise management of intangible assets such as reputation, brand image, intellectual property and transparency, and propose improvement measures.
- f) Any other sustainability matter delegated by the Board from time to time.

During the fiscal year, the Committee reviewed different aspects of Indra's Sustainability Management Model, highlighting the following milestones:

- Approval by the Board of Directors, after a favourable report from the Committee, of an update of the Sustainability Policy (formerly the Corporate Social Responsibility Policy approved by the Board of Directors in 2015) which reflects the Company's ESG commitments to its stakeholders and is a governance and supervision model for issues related to ESG.
- Approval by the Board of Directors, after a favourable report from the Committee, of the Master Plan for Sustainability and Social Impact 2020-2023, through which the current Sustainability Policy will be memorialized and implemented. The Committee approved the KPIs to be used to measure achievement of plan objectives.
- Approval by the Board of Directors, after a favourable report from the Committee, of Indra's Human Rights Policy, which aims to identify and promote positive impacts and minimize negative impacts on people throughout the Company's value chain.

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

|   | Number of female directors |    |          |       |          |      |          |      |
|---|----------------------------|----|----------|-------|----------|------|----------|------|
|   | Year t                     |    | Year t-1 |       | Year t-2 |      | Year t-3 |      |
|   | Number                     | %  | Number   | %     | Number   | %    | Number   | %    |
| Audit and Compliance Committee                              | 3                          | 50 | 2        | 33.33 | 1        | 16.6 | 1        | 16.6 |
| Nomination, Compensation and Corporate Governance Committee | 1                          | 20 | 1        | 20    | 1        | 20   | 1        | 20   |
| Sustainability Committee                                    | 2                          | 50 | 1        | 20    | -        | -    | -        | -    |

| Remarks |
|---------|
|         |

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

The composition, organisation and areas of competence of the Board committees are regulated by the Board Rules, which are permanently available for consultation on the Company's website ([www.indracompany.com](http://www.indracompany.com)) and on the website of the CNMV.

Each of these committees prepares an annual proceedings report detailing its activities and accomplishments during the year, in accordance with Board Rules. This report is submitted to the Board for the annual evaluation of its own performance and the quality of its work and that of its Committees.

In accordance with the recommendation made by the CNMV, and as has been the case since 2003, the 2019 Report on the Proceedings of the Audit and Compliance Committee was published when Shareholders were called to the 25 June 2020 Meeting, along with the 2019 report of the Nomination, Compensation and Corporate Governance Committee.

## D. Related Party and Intragroup Transactions

**D.1 Describe, if applicable, the procedure and competent bodies for the approval of related party and intragroup transactions.**

The Board of Directors, after review of a report from the Audit and Compliance Committee, is required to be aware of and to authorize before its execution any direct or indirect transaction between the Company and any related party, as that term is defined under law.

Transactions are judged from the point of view of equal treatment and market conditions.

In the case of recurring nonsignificant transactions conducted in the Company's ordinary course of business and carried out under market conditions, authorization by the Board of the general line of activity is sufficient, where it is understood by "nonsignificant" that information regarding such transactions need not be separately published in order to give a fair representation of the entity's net worth, financial position or financial results.

The authorization referred to in the preceding paragraph shall not be required, however, when the non-arms' length transaction in question meets all three of the following conditions:

- The transactions are carried out under conditions which are standard and of general application to a large number of clients;
- They are carried out under pricing regimens generally applicable for the good or service provided; and
- The amount does not exceed 1% of the annual consolidated revenues of the Company, and in the case of transactions with Directors does not exceed EUR twenty thousand.

**D.2 Describe any transactions that are significant, either because of the amount involved or the subject matter, entered into between the company or entities within its group and the company's significant shareholders:**

| Name or company name of the significant shareholder | Name or company name of the company or entity within its group | Nature of the relationship | Type of transaction           | Amount (thousands of euros) |
|---|--|----------------------------|-------------------------------|-----------------------------|
| SEPI  | Several Group companies  | Commercial                 | Services Received             | 1,080                       |
| SEPI  | Several Group companies  | Commercial                 | Services Rendered             | 48,137                      |
| Corporación Financiera Alba, S.A.                   | Banca March, S.A.  | Contractual                | Others                        | 147                         |
| Corporación Financiera Alba, S.A.                   | Banca March, S.A.  | Commercial                 | Operational Leasing Contracts | 89                          |
| Corporación Financiera Alba, S.A.                   | Banca March, S.A.  | Commercial                 | Services Rendered             | 7,991                       |
| Corporación Financiera Alba, S.A.                   | Banca March, S.A.  | Contractual                | Guarantees and credits        | 2,244                       |
| Corporación Financiera Alba, S.A.                   | Banca March, S.A.  | Contractual                | Finance agreements: loans     | 15,000                      |

| Remarks   |
|---|
| <ul style="list-style-type: none"> <li>- Services Received: corresponds to services rendered to Indra necessary to its business.</li> <li>- Services Rendered: corresponds to services rendered by Indra in the ordinary course of business the amount representing total billing.</li> <li>- Others: corresponds to commissions paid for portfolio management as well as interest payments included in the section "Financial Agreements: Loans".</li> <li>- Guarantees and Credits: correspond to the maximum amounts of credit lines.</li> <li>- Finance Agreements: Loans: corresponds to a loan with Banca March, to be paid off in November 2021.</li> </ul> <p>All transactions with Shareholders were authorized consistent with the Board Rules and were performed in the ordinary course of business of the Group and under market conditions, and do not represent, either individually or in the aggregate, a significant amount relative to the equity, financial position or volume of business of the Group, without prejudice to Company policy to make public and detailed revelations of all of them.</p> |

**D.3 Describe any transactions that are significant, either because of their amount or the subject matter, entered into between the company or entities within its group and directors or managers of the company:**

| Name or company name of director(s) or manager(s) | Name or company name of the company or entity within its group | Relationship | Nature of the transaction | Amount (thousands of euros) |
|---|--|--------------|---------------------------|-----------------------------|
|   |  |              |                           |                             |

| Remarks |
|---------|
|         |

**D.4 Report any material transactions carried out by the company with other entities belonging to the same group, provided that these are not eliminated in the consolidation process and do not form part of the company's ordinary business activities in terms of their purpose and conditions.**

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

| Company name of the entity within the group | Brief description of the transaction | Amount (thousands of euros) |
|---|--------------------------------------|-----------------------------|
|   |                                      |                             |

| Remarks |
|---------|
|         |

**D.5 Report any material transactions carried out by the company or entities belonging to its group with other related parties that have not been reported in the previous sections.**

| Company name of the related party | Brief description of the transaction | Amount (thousands of euros) |
|-----------------------------------|--------------------------------------|-----------------------------|
|                                   |                                      |                             |

| Remarks |
|---------|
|         |



## **D.6 List the mechanisms in place to detect, determine and resolve potential conflicts of interest between the company and/or its group and its directors, senior management or significant shareholders**

Pursuant to Article 31 of the Board Rules, Directors shall take measures necessary to avoid finding themselves in situations where their interests may enter into conflict with the interests of the Company and the duties owed to the Company.

In particular, the duty to avoid conflicts of interest requires that the Directors avoid:

- a) Conducting business with the Company other than nonsignificant, routine transactions conducted under standard conditions and whose import is such that information regarding such transactions need not be separately published in order to give a fair representation of the entity's net worth, financial position or financial results.
- b) Using the name of the Company or using their status as Directors thereof to unduly influence the results of private transactions.
- c) Making use of Company assets, including insider information, for their own benefit.
- d) Taking advantage of business opportunities belonging to the Company.
- e) Obtaining benefits or monetary gain from third parties other than the Company and members of its group arising from the completion of the Directors' duties, other than de minimis amounts.

Additionally, Directors must communicate any direct or indirect conflict of interest which may arise with the Company.

Directors must also communicate: (i) duties which they fulfil on other boards of directors to which they belong, whether the company be listed or not, as well as any other compensated activities in which they engage, regardless of nature; and (ii) equity interest in the Company as well as any Company stock options they control, whether directly or indirectly.

Any waiver of the obligations provided for in the first subparagraph above will require the approval by the Board of Directors or the Shareholders in accordance with applicable law and the internal operating rules of the Company.

For events described in the first subparagraph above, the Board, following a report from the Nomination, Compensation and Corporate Governance Committee, is required to order adoption of such measures as it considers necessary to safeguard the interests of the Company.

The Company will make public any situations of conflict of interest in which Directors may find themselves in accordance with applicable law.

**D.7 Indicate whether the company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and whether it has, directly or through any of its subsidiaries, business relationships with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them.**

Yes  No

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

Yes  No

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

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

**Mechanisms for resolving possible conflicts of interest**

## E. Risk management and control systems

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

The Risk Management and Control System at Indra is a process driven by the Board of Directors and Senior Management whose responsibility falls on each and every member of the Company and which aims to provide reasonable assurance of achieving stated goals, added value, and an adequate level of assurance to Shareholders, other stakeholders, and the market in general.

In order to achieve these goals, the Board of Directors, by means of the Audit and Compliance Committee, supervises the effectiveness of the internal evaluation and control system for material risks, including tax risks, established in accordance with a set of key operating principles within the framework of the Risk Management and Control System, and adapts them to the specific needs of the Group.

- a) **Value protection:** Seeing Risk Management and Control as a system which creates and protects generated value for all stakeholders, by aligning the acceptable level of risk with risk management capacity and opportunities.
- b) **Integrity:** The Risk Management and Control System covers the entire Group, from the corporate level to the distinct business units, regardless of geographic location, and is incorporated into the strategic planning process, into the definition of business objectives, and into day-to-day operations in order to achieve its goals.
- c) **Homogeneity:** Establishment of a common definition for risk, including within that definition any potential event which might negatively affect business goals.
- d) **Independence:** The Group's Risk Management and Control System guarantees adequate functional segregation between the distinct elements of which it is comprised; that is, between the areas which assume and manage risk and the areas responsible for coordination, control and supervision
- e) **Proactivity:** Encourage a proactive management of risk which incorporates controls during design processes which aid risk mitigation, implementing contingency plans and establishing coverage for risk whenever possible.
- f) **Consistency:** In general, risk management should be carried out with criteria of consistency between the magnitude of risk and the costs required to reduce it. Additionally, Risk Management and Control should be consistent with the rest of the processes of the Group and its business model.
- g) **Information:** Guarantee the existence of mechanisms which assure adequate reporting to the administrative bodies charged with risk control (Senior Management, Risk Coordination Unit, Audit and Compliance Committee, and the Board of Directors).
- h) **Continuous Improvement:** The aim is to improve risk management throughout the organization (by function, operational units and divisions) to improve the efficiency and usefulness of business risk management at all levels based on best practices, business context, risk appetite, learning and experience in its management.

These principles, as well as the Risk Management and Control System, are described in the Risk Management and Control Policy approved by the Board of Directors in March 2016 under the terms proposed by the Audit and Compliance Committee and which Policy is periodically updated, the last revision having been made in March 2020.

The Policy is designed to achieve a balanced risk profile in terms of risk/opportunity by determining the risk framework described in Section E.4.

Within the framework of tax risk management, the Group relies upon a Tax Policy, the object of which is to ensure compliance with applicable tax law in the various countries and territories in which its business operates.

The Risk Control and Management Policy is complemented by policies and procedures focused on the Group's primary processes. Procedures are reviewed and updated regularly in order to ensure compliance with applicable law and best risk management practices.

The Global Risks Unit has created a Risk Management Manual containing detailed procedures for

identification and management of Company risk.

The Group's Risk Management and Control System is based on management of business units, processes, corporate geographies and areas, and is an integral part of the decision-making process.

The Risk Management and Control System methodology establishes means for identification, evaluation, response, follow-up and communication of risks, including tax risks, allowing reasonable management of the risks to which the Group is exposed.

The Global Risk Map is reported regularly to the Audit and Compliance Committee for review, as well as to the Board of Directors.

The owners of the Group's primary risks regularly report to the Audit and Compliance Committee on the level of risk and mitigation measures.

Each year the Audit and Compliance Committee approves the annual plan from the Global Risks Unit. Said plan establishes the activities to be completed during the fiscal year and is based on three fundamental principles:

1. Risk Management and Control Framework
2. Risk Management and Control System
3. Information and communication

The Risk Control and Management System was independently certified under ISO 31000 for the first time ever in May 2020.

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

Pursuant to Article 5 of the Board Rules, those duties reserved for its direct consideration under applicable law may not be delegated by the Board. Nor may the Board delegate those other powers necessary for responsible exercise of its plenary supervisory and control function. Among those duties that may not be delegated by the Board are those of approval of the Risk Management and Control Policy as well as supervision of internal information and control systems.

In order to carry out its duties, the Board relies upon the Audit and Compliance Committee, which is tasked with supervising the efficacy of the Financial and Non-Financial Risk Management and Control System, with the support of the Sustainability Committee reporting to the Audit and Compliance Committee on non-financial risks related to matters within its purview. The Committee makes periodic reports to the Board of Directors regarding its conclusions arising from the reviews that it performs and makes proposals and recommendations that it deems necessary.

For its part, Indra Group Senior Management has the responsibility of promoting a culture of risk management at all levels, defining roles and responsibilities within the framework of the Risk Management and Control System, including tax risk, and supervising work and action plans work stemming from the Risk Management process. More specifically, its functions with respect to the Risk Management and Control System are the following:

- Facilitate sufficient measures to accomplish Risk Management activities as well as define roles and responsibilities within the system framework
- Approve Risk Management and Control Policy
- Approve proposals for risk appetite and track violations of established tolerance thresholds
- Approve the Global Risk Map as well as mitigation response plans

- Approve specific risk management criteria

The Risk Coordination Unit has the following functions with respect to the Risk Management and Control System:

- Support the proper function of the Risk Management and Control System, paying attention to its identification, assessment, quantification and follow-up
- Help define the risk appetite and follow up on risks which exceed established tolerance levels
- Help with definition of risk monitoring criteria
- Approve the Global Risk Map, as well as the status of mitigation measures

The Global Risk Unit has the following functions with respect to the Risk Management and Control System:

- Ensure the proper operation of the Risk Management and Control Systems, providing effective tools for evaluation, prioritization and management of risks. Raise awareness regarding the importance of the Risk Management and Control System, encouraging a culture of risk management at all levels
- Draft and propose updates to risk management criteria and Risk Management and Control Policy
- Give advice on the establishment of risk appetite and tolerance level. Ensure that violations of tolerance thresholds are reported and managed
- Develop the Global Risk Map. Monitor the establishment and effectiveness of defined response measures for key risks

Risk owners have the following functions:

- Monitor risks which are their responsibility according to the methodology and tools defined in the Risk Management and Control System
- Participate in the design of Risk Management and Control Procedures and Policies
- Propose risk appetite, thresholds and corrective actions in the event of tolerance violations, and report them to Senior Management
- Evaluate risks under their responsibility during the exercise of drafting the Global Risk Map and implement countermeasures to those risks

Finally, Internal Audit, for its part, delivers recommendations to the Group which help reduce to reasonable levels the potential impact of risk which may interfere with reaching its goals

During the 2020 fiscal year, the Audit and Compliance Committee supervised drafting and follow up of the Global Risk Map, which was presented to said Committee as well as to the Board of Directors.

The Group relies upon support and automation tools which facilitate the process of constantly identifying and evaluating risks. The Audit and Compliance Committee is informed regarding improvements made in said tools and periodically reviews the selection, design and implementation of Key Risk Indicators.

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

#### Compliance Risks

Associated with non-compliance with laws, rules in general and of the Code of Ethics and Legal Compliance applicable to the Group in all markets in which it operates, mainly in the areas of crime prevention and legal obligations emanating from the Group's activities. Tax risks related to non-compliance with tax obligations in all territories and jurisdictions in which the Group is active are included. These include risks arising from corruption that may affect the achievement of business objectives.

In addition, the matters associated with the protection of the environment in the course of business are considered, although these do not have a significant impact.

These include risks arising from corruption that may affect the achievement of business objectives:

Proceedings of case number 85/2014 before the *Juzgado Central de Instrucción nº 6 de la Audiencia Nacional*

The aforementioned procedure (known as "Operation Púnica"), begun in July 2014, is still in the investigative phase, so at this date it is not possible to predict the possible results or implications that may arise for Indra Sistemas, S.A. ("Indra").

By order of 2 September 2019, the *Juzgado Central de Instrucción nº 6 de la Audiencia Nacional* (the "Court") subjected Indra to its subpoena power in proceedings involving alleged acts that could constitute a recurring crime of bribery linked to improper financing of a political party. Indra's legal representative gave a deposition on 10 October 2019.

Indra has been voluntarily and proactively collaborating with the Court and the Prosecutor's Office, providing all the information available to it and relevant to the investigation, as well as all the information and documentation that has been requested of it regarding facts under investigation.

Executives and employees under investigation in the proceedings are not related to Indra.

On 26 October 2020, the Court issued an Order rejecting a request from the Prosecutor's Office that Indra provide additional documentation relating to contracts for *Comunidad de Madrid* elections in 2007, 2011 and 2015. The Prosecutor's Office appealed.

On 17 February 2021, the *Sala de lo Penal de la Audiencia Nacional, Sección Cuarta*, issued an Order dismissing the appeal brought by the Prosecutor's Office against the Court's Order of 26 October 2020, confirming that Indra does not have to provide additional documentation at this stage of the proceedings.

#### Strategic Risks

Derived from the strategic position of the Group within the environment in which it does business and encompasses the difficulty in reaching objectives as defined in the Strategic Plan.

The Group focuses its efforts on monitoring profitability of the businesses it operates and investment in new technologies which promote improvement of its portfolio of products, adaptability, progress and achievement of strategic business goals. The Group develops its business strategies using general criteria of prudence and within a framework that takes into account international socio-economic risks.

It should be noted that COVID-19 has been increased this type of risk due to the macroeconomic context, the regulatory environment and its impact on strategy.

#### Financial Risks

Arising from fluctuations in financial markets and/or values of goods and services which affect costs, including those related to exchange rates, liquidity or interest rates risk, as well as credit risk related to a contract party which may produce an economic or financial loss for the Group.

The Group's international presence makes exchange rate fluctuations outside of the eurozone one of its market risks, which may have a negative effect on Indra Group's results.

Interest rate risk arises from changes in short-, medium- and long-term capital market and bank financing costs. An increase in rates could have a negative impact on profitability. The Group is considering the execution of financial instruments in order to manage those risks should the situation merit.

Lines of credit and loans which the Group maintains with various financial entities permit it to face financial risks of liquidity arising from impossibility of producing cash in a timely manner.

On the other hand, exposure to credit risk may also arise to the extent that clients do not fulfil their obligations. Business relationships that Indra Group maintains are primarily with large corporate groups, states and public as well as public-private entities which are less exposed to non-payment risks.

Additionally, risks related to the presentation of financial information is managed. For more information, see section F.

It should be noted that COVID-19 has been increased this type of risk due to increased credit risk and uncertainty due to movement in the economy and restrictions on mobility.

#### **Operational Risks**

These arise from possible threats associated with projects and services, from the drafting of bids and negotiation of contracts, to their execution and delivery, which may occasion significant decreases in profitability and cash. These situations may affect the business reputation and solvency of the Group in the sectors and geographic areas where the Group operates.

The Group also manages other operational risks related to human resources, projects and services, productivity and process support. It should be noted that COVID-19 has caused an increase in these types of risk, more specifically those related to workplace safety, productivity, project management and information security.

For more information, see the Group's Financial Statements (Section 8 of the Management Report).

## **E.4 Indicate whether the entity has risk tolerance levels, including for tax risk.**

The Group's Risk Management and Control Policy is designed to achieve a moderate risk profile by means of appropriate management. Tolerance norms are established by means of directives, rules and procedures which assure that under this management environment risks are maintained at acceptable levels. This means that the Group does not attempt to eliminate all risk, but rather to assume a prudent level which permits the creation of sustainable and repeatable value and optimize opportunities while maintaining acceptable levels of risk.

At the global level, the risk tolerance framework operates using an assessment methodology which evaluates the sum of all risks. This methodology provides for the use of semi-quantitative scales to determine different levels of risk in terms of income and EBIT. In addition, the Risk Management and Control Policy details the risk criteria that define tolerance by risk categories.

At a more local level, risk management procedures define tolerance using specific indicators and thresholds.

Risks outside the established tolerance levels should be addressed to reach the desired levels again, to the extent that the risk is manageable and the cost of mitigation measures is justified by the potential scale of effect that materialization of the risk could have on the Group.

## E.5 Indicate which risks, including tax risks, have materialised during the year.

During the fiscal year, risks have materialized inherent in Indra Group's activities, in the market, and economic environments as well as in the field of taxation.

For more information, see the Group's Financial Statements, mainly footnotes 24,37, 38 and 39 of the Consolidated Financial Statements contained in the Sustainability Report, in particular paragraph 6.1 "Ethics and Compliance" and in the Management Report of Consolidated Financial Statements, in particular in paragraph 8 "Primary Risks Associated with the Activity".

## E.6 Explain the response and oversight plans for the company's main risks, including tax risks, as well as the procedures followed by the company in order to ensure that the Board of Directors responds to any new challenges that arise

The Group actively confronts any important risks identified, including tax risks, and establishes countermeasures with the goal of maintaining those risks within tolerance levels established by Management. The response measures are created by those responsible for the risks and it is the duty of the Global Risk Unit to follow up as well as report on their implementation and effectiveness. When faced with a specific risk, the Group has the following response strategies:

**Accept:** Accept the probability and impact of a risk by means of a cost/benefit analysis between the impact of the risk and actions necessary to manage it. For example: small impact risks, which are diffused.

**Transfer:** Transfer the effect of a possible loss to third parties. For example: through insurance policies, outsourcing, contractual clauses.

**Avoid:** Eliminate the possible risk event, or not carry out activities that could trigger the risk. For example: do not operate in certain countries.

**Mitigate:** Implementation of controls to reduce impact, probability, or both. For example: general and specific policies and procedures, regulations, manuals, internal and external audits.

As regards procedures followed by the Company in order to ensure an adequate response to new challenges, the Global Risk Map is presented annually to the Board of Directors, the Map being a graphic representation of the most important global risks for the Group. There is also an analysis of Reputational Risk. The process for creating the Risk Map includes a phase prior to review of the Risk Catalogue as well as an analysis of possible emerging risks whether internal or external, which may affect the Group. Later, the risks are evaluated by management with each of the primary risks contained in the Risk Map having an associated mitigation plan established as a countermeasure and created by the risk owner.

In addition, the most relevant non-financial risks have been identified and analysed as to how they relate to the expectations of our stakeholders, and indicators have been identified for each risk that allow monitoring of performance. The Global Risk Map report is presented to the Risk Coordination Unit and Senior Management for approval and is then presented to the Audit and Compliance Committee and the Board of Directors as a support tool to facilitate the exercise of its responsibilities related to risk management and control.

The Global Risk Unit monitors the implementation of mitigation plans defined as response measures to each of the main identified risks with each risk owner. The implementation of these plans is monitored, among other mechanisms, through a series of implementation control indicators.

The Group also carries out regular risk monitoring activities through the Risk Coordination Unit.

Risk owners periodically report the status of mitigation plans to the Audit and Compliance Committee.



Additionally, with the aim of raising awareness of specific risks for each cohort within the Company, training events are offered for the different units with risk management responsibilities.

This entire process is supported by tools which favour automation and support of the risk management process. The Group uses the Governance Risk and Compliance Risk Management (SAP GRC RM) tool.

## F. Internal risk management and control systems relating to the process of publishing financial information (ICFR)

### Describe the mechanisms forming your company's Internal Control over Financial Reporting (ICFR) system.

#### F.1 The entity's control environment

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

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

The Board of Directors of Indra has, among other duties, the non-delegable duty to determine risk management and control policy, including tax risks, and supervise internal information and control systems, determine the Group's tax strategy, define corporate structure, and approve financial information which, as a listed company, the Company must make public periodically.

Article 18 of the Board Rules assigns the following tasks to the Audit and Compliance Committee with regard to internal information and control systems:

- a) Supervise and evaluate the process of preparing and presenting financial and non-financial information as well as the Company's financial and non-financial risk management and control systems, the proper delimitation of the scope of consolidation and the correct application of accounting rules.
- b) Supervise the composition, competence and workings of the areas of internal audit, risk management and control and compliance and, to this end: (i) ensure their independence; (ii) propose selection, appointment, compensation and dismissal of their respective managers; (iii) receive regular information about their activities; (iv) approve their annual budgets and work plans and monitor their implementation; and (v) verify that Senior Management takes into account the conclusions and recommendations of their reports.

With regard to the internal audit area, the Committee ensures that its activity is mainly focused on relevant risks, including reputational risks.

In the area of risk management, the Committee verifies that appropriate mechanisms for monitoring financial and non-financial risks, including transactional, technological, legal, corporate, environmental, political and reputational risks, are established.

- c) Establish and supervise implementation of a mechanism that allows employees and other

Company stakeholders, such as advisers, Shareholders, suppliers, contractors or subcontractors to communicate, confidentially and, where appropriate, anonymously, irregularities of potential significance, including financial and accounting irregularities, related to the Company or its Group, and which respects the rights of the complainant and the accused.

- d) Ensure that established internal control policies and systems are implemented effectively.

Therefore, the ultimate responsibility for the existence and maintenance of an adequate and effective ICFR falls upon the Board of Directors that exercises its supervision through the Audit and Compliance Committee. For its part, the Audit and Compliance Committee relies upon supervision by Internal Audit, which is responsible for reviewing the proper performance of ICFR, assessing its design and effectiveness and reporting any weaknesses identified.

Finance is responsible for the implementation and maintenance of controls for the Internal Financial Information Control System.

All aspects related to Internal Control of financial information are governed by the Manual on Internal Control over Financial Reporting (ICFR). The purpose of this Manual is to establish the responsibilities and mechanisms for implementing an adequate and effective internal control system to ensure the reliability of financial information.

F.1.2 Indicate whether the following exist, especially in relation to the drawing up of financial information:

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

In exercising its general control and supervision functions, the Board of Directors ensures that executive bodies and the management team to whom day to day Company management have been delegated act in accordance with approved strategies and stated goals. This task routinely requires design and review by the Chairman and the Steering Committee of an organizational structure which defines lines of responsibility and authority. The organizational structure and changes at the senior management level are approved by the Board of Directors.

The different organizational units that are part of the process of preparing financial information are responsible for the design, implementation, review and updating of an appropriate organizational structure based on guidelines established by the Head of Control, Organization and Processes.

The Organization Chart is published on the Intranet with access for all Group staff.

- Code of conduct, the body approving this, degree of dissemination and instruction, principles and values covered (stating whether there is specific mention of record keeping and preparation of financial information), body charged with analysing breaches and proposing corrective actions and sanctions.

On 22 December 2015 the Indra Board of Directors approved an update of the Criminal Risks Prevention Model consistent with the most recent amendment of the Spanish criminal code. The update of the model was validated by reputable external consultants. In July 2019 the Board of Directors approved an update of the Criminal Risk Prevention Manual for Spain, modifying the Manual for international affiliates in order to be consistent.

These updates are available on the intranet in the three official languages of the Group.

As a complement to the Model, Indra has a Code of Ethics and Legal Compliance, last updated and approved by the Board of Directors in December 2020 with the aim of strengthening some of the rules and adapting others to new developments introduced in the Company's internal procedures.

Within the Code of Ethics is found the Standard of Conduct concerning "Management of Financial Information" which states: "Indra's financial information, in particular the Financial Statements, will faithfully reflect its financial and economic reality in accordance with generally accepted accounting principles and international financial reporting standards, where applicable to it. For this purpose, no Professional or Associate will hide or distort any information in Indra's accounting records and reports, which will be complete, accurate and truthful." The useful principles for accounting and management are accuracy, integrity and transparency, in full compliance with current regulations. The lack of integrity in the communication of information also contravenes the Code of Ethics and the financial norms at Indra.

- Whistleblower channel allowing notifications to the audit committee of irregularities of a financial and accounting nature, in addition to potential breaches of the code of conduct and unlawful activities undertaken in the organisation, indicating whether this channel is confidential and whether anonymous notifications can be made, protecting the rights of the whistleblower and the person reported.

There is a confidential whistle blower channel ("Canal Directo") which allows communication to the Audit and Compliance Committee of irregularities of a financial and accounting nature, in addition to potential breaches of the Code of Ethics and unlawful activities in the organization.

In 2020, the Canal Directo received 371 communications although none of these communications were related to financial information.

All communications were properly addressed by the Compliance Unit. So far as complaints are concerned, disciplinary and other measures were adopted in accordance with the provisions of the Compliance Unit Activities Protocols adopted by the Audit and Compliance Committee at the July 2019 meeting and updated in October 2019 and December 2020.

The Audit and Compliance Committee annually presents the Annual Proceedings Report of the Compliance Unit to the Board of Directors.

Additionally, within the Sustainability Report there is a section entitled "Ethics and Compliance" in which more detailed information may be found regarding the scope of activities under the Criminal Risk Prevention Model, as well as details of communications received through the Canal Directo.

- Training and periodic refresher programmes for personnel involved in the preparation and revision of financial information, as well as in the assessment of the ICFR system, covering at least accounting standards, auditing, internal control and risk management.

The Compliance Unit provides mandatory training in Ethics and Legal Compliance to the Group's professionals in order to promote a robust culture of compliance.

Indra is continually striving to make the Prevention of Criminal Risks Model and the Code of Ethics and Legal Compliance well known amongst its professionals by means of in person and online training sessions.

Together with Treasury and Finance, Human Resources periodically develops external and internal training programs directed at personnel involved in the creation of financial statements for the Group. The training programs are focused on proper knowledge and implementation of International Financial Information Standards and on legislation and other regulations governing Internal Control of Financial Information.

Of particular note:

- Accounting and tax update for the closing of fiscal 2020
- Non-Financial Information
- IFRS 16: Leases
- ESEF, standard format for Financial Statements in Europe
- Development of a payment control tool in companies without such systems for deployment in fiscal 2021
- Refreshers in areas without systems for ICFR compliance

During 2020, the Client Service Centre of Mexico received individual training on ICFR from Internal Audit, where a total of 6.5 hours of training were provided to 10 employees. In addition, focused training and a self-assessment process were given to new managers of ICFR controls.

During 2020, the Department of Administration trained Latin American areas regarding the monitoring and integration process for joint ventures.

Global Risks has given risk training to the Legal Department, as well as events held with the Management Committee and the Country Managers of principle areas.

Internal Audit remains up to date on developments related to risk management and Internal Control, especially for financial information. In particular, the following training work was carried out during the fiscal year:

- Auditing of Non-Financial Information
- Fraud Training
- Information Security
- General Data Protection Regulation
- Risks in Anti-trust Law
- Subcontracting
- Covid-19 impacts, new developments and best accounting practices
- COSO Internal Control Certification, COSO ERM and RIMAP
- IFRS 16; Leases and Covid-19 accounting impacts
- Segregation of Duties
- ISO 37001 Anti-Bribery Management System
- Cybersecurity
- Advanced Accounting
- International Financial Reporting Standards
- Consolidation
- Corporate Risk Management
- Internal Control-Identity Numbers

For more information on the hours spent in training, see the corresponding section in the Non-Financial Information Statement.

Members of the Board are ensured the latest updates on developments in accounting regulations, the specific regulatory framework of the Group's activities, internal and external audit, risk management, internal control and technological advances relevant to the Group through the onboarding plan for new Directors.

During fiscal 2020, updates were given to the Board of Directors on Cybersecurity and to the Audit Committee on Accounting Regulations applicable to the Group.

## F.2 Assessment of risks in financial reporting

Report on at least the following:

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

- Whether the process exists and is documented.

The goal of the evaluation process for financial risks is to establish and maintain an effective process for identifying, analysing and managing risks impacting the preparation of the Financial Statements.

Identification and evaluation of risks at the Group is a continuous process. The process of risk management consists in the following levels of participation:

- The Board of Directors determines risk management and control policy, including tax policy, and oversees internal information and control systems, with support from the Audit and Compliance Committee.
- The Global Risks Department periodically reviews the corporate risk model.
- Functional managers in each area and other professionals who manage and supervise the risk management process within their area of responsibility.

For each process and subprocess identified as significant, a matrix is created designed to identify and describe critical risks:

- Risks for each process are to be described specifically and later classified in accordance with the Group Risk Inventory, which is periodically updated and evaluated.
- Risk identification should take into account all risks which impact financial reporting processes including:
  - Strategic risks associated with defining objectives and the structure of the environment, including external fraud.
  - Operational risks that include, but are not limited to, those related to process efficiency and effectiveness, key personnel, productivity and training, internal communication, resource allocation, or business continuity.
  - Financial risks related to the accounting of transactions and the presentation of financial information.
  - Compliance risks associated with external (legal, environmental, tax) and internal (Code of Ethics) regulations.
- Finally, the process concludes with identification of the objectives of the financial information associated with each epigraph/process/sub process and each critical risk (existence and occurrence, integrity, assessment, presentation, breakdown and comparability and rights and obligations).

- Whether the process covers all the objectives of financial reporting, (existence and occurrence; completeness; valuation; presentation; disclosure and comparability; and rights and obligations), whether it is updated and if so how often.

With the objective of ensuring the reliability of financial information, the following objectives regarding financial information are taken into account on a permanent basis in the risk identification and accounting error control process:

- Existence and Occurrence: Transactions, conditions and events are faithfully captured in the financial information and recorded at the right time.
- Integrity: Information reflects the totality of transactions, conditions and events where the entity is an affected party.
- Valuation: Transactions, conditions and events are recorded and valued in accordance with applicable rules.
- Presentation, Breakdown, and Comparability: Transactions, conditions and events are classified, presented and detailed in the financial information in accordance with applicable rules.
- Rights and Obligations: The Financial Information reflects, on the effective date, rights and obligations corresponding to assets and liabilities in accordance with applicable rules.

Additionally, the following information is detailed in the model for each control activity:

- The process and subprocess where the control activity is performed
- Risks mitigated by control, including the risk of fraud
- The person in charge of the activity
- Control frequency
- The procedure and/or application in which it is found
- Whether the control is automatic and/or manual
- Whether it is a preventive or detective control
- The area where it applies
- The trigger event for the control

The Internal Control over Financial Reporting is therefore a formal risk and control model.

Detailed model information is updated periodically.

- The existence of a process for identifying the scope of consolidation, taking into account, among other factors, the possible existence of complex corporate structures or special purpose vehicles.

The Group maintains a continuously updated company registry which contains all of the equity interests of any type of the Group, whether the interest is direct or indirect, as well as any entity over which the Group may exercise control independent of the legal means by which such control may be exercised including, should they exist, shell companies as well as special purpose entities.

Management and update of this registry is done in accordance with procedures dictated by the Company Guideline *Consolidación y Elaboración de la Información Financiera* ("Consolidation and Creation of Financial Information").

The scope of consolidation of the Group is determined monthly by Company Management in the form of information available in the company registry in accordance with principles contained in International Accounting Standards.

- Whether the process takes into account the effects of other types of risk (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements.

The process of identifying risks of error in financial information takes into account the impact that other types of risk may have on them, which are identified, evaluated and managed by various corporate units.

Risks are classified in the following fashion:

#### **Compliance Risks**

Associated with non-compliance with laws and rules of general application in all of the markets in which the Group operates, fundamentally in the area of crime and fraud prevention and legal obligations which arise from Indra Group's operations. Among these risks, the ones which affect the Financial Statements are:

- Tax
- Delegation of Authority
- Legal Liability
- Integrity
- Labour Regulation and Social Security

#### **Strategic Risks**

Related to difficulty in adapting to the environment or market within which the Group operates, including those which arise from being present in particular countries or geographic zones. Among these risks, the ones which affect the Financial Statements are:

- Organizational Structure
- Operational Structure

#### **Financial Risks**

These arise from fluctuations in financial markets and/or values of goods and services which affect the cost of doing business, including areas related to managing exchange rates, liquidity or interest rate risk, as well as credit risk related to the possibility of a contract party not fulfilling its obligations and producing an economic or financial loss for Indra. Among these risks, the ones which affect the Financial Statements are:

- Accounting and Presentation of Financial Information
- Foreign Currency Exchange Rate Changes
- Cash Management

#### **Operational Risks**

Arise from potential threats associated with projects and services, which make it necessary for those in charge of projects to take prophylactic measures necessary to manage their possible effects, from the perspective of view of bid proposals and negotiation of contracts, as well as their execution and delivery.

Technological risks related to information systems are also included here. These risks are classified as:

- Errors in support processes
- Project Execution
- Supplier Management

- Information security

This risk framework is mapped to controls within the ICFR model.

- The governing body within the company that supervises the process.

Oversight of the process of identifying financial information risks is done by the Audit and Compliance Committee and delegated to Internal Audit in accordance with its supervisory mandate within the ICFR.

### F.3 Control activities

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

- F.3.1 Review and authorisation procedures for financial information and a description of the ICFR, to be disclosed to the securities markets, indicating those responsible, as well as documentation describing the flow of activity and controls (including those relating to the risk of fraud) of the various types of transactions which may materially affect the financial statements, including accounting closing procedures and the specific review of significant judgements, estimates, valuations and projections.

For creation of ICFR at Indra, a model of roles has been defined which contains all of the responsibilities during the process of drafting and oversight of financial information. The most important are the following:

The Department of Administration, part of the Corporate Finance Division, together with the Control, Organisation and Process Department, analyse and oversee public information before publication to third parties by drafting management reports and by the monitoring of indicators.

The Department of Investor Relations and Consolidation, part of the Corporate Finance Division, carries out certain control activities which ensure the reliability of said information.

The CFO, together with the Chairman and the Head of Control, present to the Audit and Compliance Committee and the Board of Directors the financial information which the Group makes public periodically in accordance with applicable law.

The Audit and Compliance Committee, with the goal of properly performing its duties of oversight of financial information, makes periodic requests for analysis of specific matters, as well as detail of one-off financial transactions which, because of their importance, require a greater degree of scrutiny. It also reports its findings to the Board of Directors regarding the financial information that, once approved by the Board of Directors, is to be published to the securities markets.

Upon close of the semi-annual and annual books after the close of the fiscal year, the External Auditors report to the Audit and Compliance Committee regarding the results of their work.

#### Processes, Activities and Controls

The Group uses a Model of Internal Control of Financial Reporting based on the COSO methodology and compliant with COSO 2013. The model has the following goals:

- Effectiveness and efficiency of transactions
- Adequacy and reliability of financial information



- Compliance with applicable laws and regulations

Implementation of this model seeks to provide reasonable security in achievement of the objectives of the organization.

The COSO framework consists of a total of five components and 17 principles, which contain the fundamental concepts associated with each component.

In adapting to the COSO Framework, a process was carried out for verifying that each of the five components of the internal control system were present and operating adequately and in an integrated fashion in the organisation.

No significant deficiencies were detected in the verification process and therefore the ICFR model is considered to be working properly in accordance with COSO.

There is a direct relationship between the components, principles, and organisational structure. Therefore, before any significant change is done in the organisation, a study of its impact on the model is carried out.

The ICFR model has a risk and financial control matrix which includes business processes relevant to preparation of the Financial Statements for the Group, General IT Controls, and Entity Level Controls. The matrix is broken down into the following cycles:

- Accounting Closure
- Procurement
- Consolidation and Reporting
- Finance
- Tax
- R & D
- Fixed Assets
- Equity
- Personnel
- Provisions
- Treasury
- Sales and Projects
- ITGC (General Computer Controls)

Information contained in the financial risk and control matrix is documented in the SAP GRC Process Control tool which is updated any time a change occurs which is significant enough to reduce the reliability or completeness of financial information. This tool allows supports control evaluation activities carried out by those responsible for them.

Within the COSO framework, the organization takes into account the probability of fraud when assessing risks associated with achievement of objectives.

There is a periodic risk identification process which considers fraud risk. Identification is made by the Group within the framework of prevention of crime and for those risks which do not involve criminal liability for the artificial person they are identified, paying particular attention to typology and frequency of communications received through the Canal Directo as well as the content of this material in the annual meetings held with Senior Management.

Additionally, there are preventative and detective controls established within the organization for mitigation of these risks. These controls are incorporated in the internal control tool and are self-evaluated periodically by those who manage them.

The ICFR for the Group depends on the following fundamental concepts:

- Entity Level Controls (“ELC”) are those components of cross functional control that ensure an adequate level of internal control for the Group, that perform a mitigating control function when necessary, and which place special emphasis on the following components:
  - Control environment

- Risk assessment
- Control activities
- Information and communication
- Oversight Activities
- Processes:

The Group has a Process/Subprocess Map grouped in the following 4 categories:

- Strategic: Processes for analysing the needs and constraints of Indra's stakeholders, by which the business develops its strategies and defines objectives.
- Key: Processes essential to the conduct of business itself which directly impact the delivery of services and the satisfaction of the end user.
- Support: Those processes which provide the services, means and support necessary so that Key processes may be accomplished.
- Evaluation, Assurance and Improvement: Processes necessary for the control and improvement of the management system.

These four categories contain the processes/subprocesses which affect practically all of the organizational units of the Group.

Control Management, Operations and Processes manages and updates the Process Map.

Significant processes are identified based on the existence of specific risks, considering those risks significant based on their potential impact on financial information; all cases of potential error or fraud are considered significant.

The processes with the most impact on creation of financial information are included in the financial risk and control matrix.

The basic components of each of these processes are as follows:

- Control Objectives: Needs for control that must be satisfied in each step of the business cycle or process, in accordance with internal control definitions. In this way, they are used to verify and evaluate the accuracy of accounting and other information and determine whether all Group financial information is provided to its end users and cover the areas of completeness, disaggregation and comparability, presentation, existence and occurrence, rights and obligations and valuation.
- Risks: It is possible that an event or action may affect the ability of the organization to meet its financial information objectives and/or successfully realize its strategies.
- Control activities: Policies, procedures and practices applicable to Company personnel, application systems, and other resources in place to ensure that control objectives are reached and that risk mitigation strategies are executed. Process control activities are to be incorporated in operational processes and serve as a means for appropriately managing risk and are focused on its prevention, detection and mitigation. In the specific case of IT, control activities are known as General IT Controls ("GITC"). Control activities are designed to be preventative or detective and manual (human based) or automatic (machine based).

During 2020 controls for the various cycles contained in the model were updated, with the aim of adapting its design to the environments in which they operate.

The following ICFR-related activities were carried out during 2020:

- Incorporation into the model of new controls related to the tax cycle, cash management, subsidies, monitoring of corporate transactions and monitoring of negative tax bases.
- Extension of the scope of ICFR in the Company's *Sistemas Informáticos Abiertos* ("Open Computer Systems").
- Improvement in supporting evidence and description of certain controls on estimates and judgments.
- Potential accounting impacts arising from the COVID-19 Crisis were identified for the Group during the fiscal year, and an assessment of the effectiveness of controls associated with the identified cycles was carried out.

- Harmonisation of the ICFR risk map with the 2020 Global Risk Map.
- Update of the ICFR process map and review of the rules associated with each control.

The ICFR control matrix defines a series of controls at the process level, entity level, and GIRC level. These controls are classified as either key or standard controls. Additionally, responsibility for these controls has been assigned at the Corporate and individual company level.

Within the assessment process for the internal control model by means of the corporate SAP GRC tool, implementation of control self-evaluation is being carried out by those responsible for executing those controls. The evolution of this process permits strengthening of the system, monitoring control functionality and adopting a new, more dynamic and proactive Internal Control management model.

Process control and GIRC activities ensure that all of the control objectives are followed during the ordinary course of business and for every section of the consolidated Financial Statements.

Internal Audit performs an annual audit of the ICFR.

Any weaknesses in control found in the ICFR will be included in a specific action plan for each one. Internal Audit will monitor, control, and report on them to the Audit and Compliance Committee until they are corrected.

Specific review of the relevant judgments, estimations, valuations and projections used to quantify some assets, liabilities, revenues, expenses and commitments stated and/or broken out in the financial information will be carried out by Treasury and Finance with the help of the executive level department affected. Hypotheses and estimates based on business outlook will be reviewed and analysed together with the executive level departments for Markets at Indra.

### F.3.2 Internal IT control policies and procedures (access security, control of changes, system operation, operational continuity and segregation of duties, among others) which support significant processes within the company relating to the preparation and publication of financial information.

The Information Security Department, under the leadership of the Chief Information Security Officer (CISO), is responsible for ensuring the security of information in general and IT processes in particular, ensuring integrity, availability, authenticity, confidentiality and traceability.

Among its functions are definition, implementation and monitoring of the Information Security model established for the Group and based on ISO/IEC 27001 standards, with the goal of maintaining the security of all assets and adoption of the most effective controls and procedures consistent with business strategy.

Information Security Policy reflects and promotes strategy in this area, as well as the mechanisms and management structure for which it provides support.

This Information Security Policy at Indra, published on the intranet together with the rest of the security rules and manuals, has as its objectives management of IT security and strategic alignment with business goals, guarantee of the confidentiality, completeness and availability of information, and all of the assets involved in achieving these objectives. This Policy is mandatory at all Markets and Areas of the Group, as well as at all of the businesses, offices and affiliates of the Group, and knowledge of and compliance with it is obligatory for any person who makes use of the Information Systems (employees, interns, third parties, etc.). This Policy applies at all information lifecycle stages (generation, distribution, storage, handling, transfer and destruction) of the Systems which process it. It therefore applies to all of the Group information systems and services and all support servers as well as the environment and applications related to business processes of the Group, covering therefore relevant processes in the creation and publication of financial information.

Information security is a basic requirement for all of the processes in the organization and is included in the strategic planning for Indra. Said inclusion responds to the current context in which risks and threats develop as well as recognition that security is a differential value added to the services that Indra provides to its customers.

Information Security strategy for the Group is based on five fundamental pillars:

- Organization of information security: Indra has a defined Global Security Governance Model which ensures coordination between representatives of different countries and markets for the Group, and the proper coordination and organization of information security. Facilitating proper management of a model of responsibilities customized for the Group context is key to achieving necessary improvements in an environment of continuous change in the field of cybersecurity.
- The normative framework of information security: Compliance is mandatory for all Group companies. It is structured as a function of the protection environments: information, applications, systems, networks and infrastructures; and responsibility profiles: Those responsible for projects/programs, developers, systems administrators and users.
- Awareness and training in information security: One of the basic pillars of information security. Awareness is raised during all employment phases by means of multiple activities which range from awareness of new additions to annual training programs which include specific information security courses for all levels and specialization profiles.
- Technology and security controls: Information security is a comprehensive solution which encompasses physical and environment security controls as well as logical security controls. The ongoing evolution of technology to be implemented in order to improve systems and device protection drives the implementation of new services and applications which improve the level of security of the protection and minimizes the risks to which they are exposed.
- Audit process and compliance follow-up: As a mechanism for verification of control, it is done internally by means of continuous supervision and monitorization of processes, and run round the clock with the goal of identifying possible security alerts or breaches. With its focus on prevention and improved management, Indra incorporates mechanisms for risk management in every business life cycle from sale to delivery.

In 2020, an Information Security Transformation Plan was defined and implemented, aimed at strengthening the company's capabilities in this area; focusing on organizational matters and security risks identified; improving identity protection, sensitive information and systems; as well as monitoring and incident response.

Indra has implemented an internal control model for the IT area consistent with the Security Policy.

This internal control model covers IT processes which make up the IT environment, architecture and infrastructure as well as applications that affect transactions which directly affect primary business processes and therefore has an impact on financial information and Group closing procedures.

The control model for systems which support creation and publication of financial information is based on COSO methodology and consists of a General IT Controls matrix as well as a series of policy and procedures which ensure the integrity, availability and authenticity of information communicated to the markets. This is accomplished through establishment of controls built around the following areas:

- Access security, covering activities related to:
  - Restriction and supervision of access to systems, thereby avoiding unauthorized access or program modifications which might affect the integrity, completeness and reliability of financial information.
  - Correct management of users, assignment of profiles and review of permissions with the goal of guaranteeing secure access to accounting information systems.
  - Security in installations which house the systems, guaranteeing that access to them is limited to authorized personnel.
- Acquisition and maintenance of, and changes to systems which include activities related to:
  - Changes in information systems are authorized, tested and approved before being put into place.
  - Proper management of changes in order to avoid interruptions or unauthorized modifications.
- Systems operations, covering activities related to:
  - Availability of information, ensuring that financial data are complete, valid and accurate.
  - Proper incident management, allowing rapid resolution and minimum impact.
  - Monitorization of operations, ensuring that they are executed thoroughly and on time. In the event of an incident, such is resolved allowing work to restart and be correctly

executed.

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

The Group has available control and follow up mechanisms for subcontractor activities with the goal of monitoring and minimizing business risk for the Group. Among others, there is an internal procedure for hiring external advisors which establishes the level of approval required as a function of the amount involved. Results or reports on contracts for accounting, tax or legal services are supervised by the head of Finance and Procurement and by the head of the Legal Department and other departments when deemed necessary.

Within the process relative to the creation of financial information, some companies have outsourced the payroll process. Additional to generally established controls, a series of control activities have been implemented for third party subcontracting, which may be grouped as a function of the following processes:

- Process: 1. Delivery of service
- Process: 2. Continuity of service
- Process: 3. Regulatory Compliance
- Process: 4. Government

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

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

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

Responsibility for application of the Accounting Policies of the Group is the same for the entire geographic reach of the Group and is found in Treasury and Finance.

The Department of Administration keeps all those responsible for preparing financial information in the various business units of the Group informed of changes in rules, resolves doubts when they exist and receives information from companies in the Group necessary to assure consistent application of Accounting Policies of the Group and to determine the effect of application of new accounting rules.

On those occasions when application of an accounting rule is especially complex, the Treasury and Finance Department of the Group informs the external auditors of the conclusions drawn from the Group's accounting analysis and solicits their opinion regarding the conclusions drawn.

Accounting policies at the Group are developed based upon International Norms for Financial Information adopted by the European Union and found in a document called *Manual de Contabilidad* ("Accounting Manual"). This document is analysed and updated periodically by Finance and is published on the Intranet.

#### F.4.2 Mechanisms for capturing and preparing financial information in standardised formats for application and use by all units of the entity or group, and support its main financial statements and notes, as well as disclosures concerning ICFR.

The Group has a defined formal procedure for the preparation of financial information, which includes closing of the books for all of the Group companies as well as the consolidation process for the Group. The fact that the major companies in the Group use a common accounting system platform (SAP), allows the guarantee of better control of standardized closing processes as well as controls over supervision of system access by different users, verifying that there is no conflict in access authorization either internally or for later review by the external auditor. Within the system there are controls (automatic, semiautomatic and manual) which permit validation and assurance of consistency of handled information.

Existence of the same account charts for reporting for all of the entities in the Group, a specific closing calendar and subsequent reporting to the Company matrix, as well as the use of obligatory closing exchange rates when converting the balance sheet and the profit and loss statements to the euro for reporting, work together efficiently to improve the quality level and homogeneity of information.

The uploading of monthly reporting information is carried out by the same companies in Datamart NPDWI. This tool permits centralization of all of the resulting financial information of Indra Group in a single system. Most of the time, input of the information to the system is done automatically from the Group's computerized financial system (SAP).

## F.5 Supervision of the functioning of the system

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

#### F.5.1 The activities of the audit committee in overseeing ICFR as well as whether there is an internal audit function one of the responsibilities of which is to provide support to the committee in its task of supervising the internal control system, including ICFR. Additionally, describe the scope of ICFR assessment made during the year and the procedure through which the person responsible for performing the assessment communicates its results, whether the company has an action plan detailing possible corrective measures, and whether their impact on financial reporting has been considered.

The Audit and Compliance Committee oversees, through the Internal Audit Directorate, the proper functioning of ICFR, evaluating its design and transactional effectiveness.

The Audit and Compliance Committee supervises the proper functioning of ICFR through Internal Audit and has evaluated its design and operational effectiveness.

The model for scope of ICFR auditing takes into account quantitative factors (materiality of account headings) as well as qualitative ones (country risk, the degree of internal control risk, internal audit experience risk, and account heading risk). Based on these factors, the critical cycles for financial information were defined and reviewed by country and company.

The scope of the ICFR evaluation performed during fiscal 2020 includes a total of 20 companies the areas of Saudi Arabia, Australia, Bahrain, Brazil, Chile, Colombia, the United States, Spain, Mexico, the

Philippines, Italy, Norway and Peru.

Said scope was approved by the Audit and Compliance Committee.

The internal audit function is carried out by Internal Audit of the Group, which reports to the Audit and Compliance Committee. This hierarchical structure is designed to permit Internal Audit to remain structurally independent and promote direct communication to and from the Audit and Compliance Committee.

Internal Audit performs the work of ensuring performance of the internal control system.

As regards the ICFR in particular, Internal Audit performs an annual review of the design and effectiveness of the control activities regarding financial information. Pursuant to these reviews, Internal Audit sends reports on possible shortcomings in internal control that they have detected to those responsible for these activities, to Senior Management, and to the Audit and Compliance Committee, as well as action plans adopted by the Company for their mitigation.

Control supervision follows the following rules:

- For controls which undergo a periodic self-evaluation, two types of review are performed, one based on supervision of the evaluation carried out by the control owners and the other with the goal of verifying the tests and validations executed by the control owner.
- Evidence has been obtained for the rest of the controls and necessary tests carried out to properly understand their effectiveness.

All the controls functioned as designed, but some control weaknesses and opportunities for improvement which did not significantly affect the quality of financial information were detected and have resulted in action plans following the policy of continuous improvement which characterizes the Group. During periodic tests of the ICFR, the Internal Audit Department will test implementation of said action plans.

**F.5.2** Whether there is a discussion procedure whereby the auditor (as defined in the Spanish Technical Audit Standards), the internal auditor and other experts can report to senior management and the audit committee or directors of the company any significant weaknesses in internal control identified during the review of the annual financial statements or any others they have been assigned. Additionally, state whether an action plan is available for correcting or mitigating any weaknesses detected.

All the deficiencies detected by Internal Audit during the course of their work were subject to recommendations and action plans agreed to with the audit subject. Internal Audit supervises the implementation of agreed upon actions and reports their status to the various governing bodies of the Group (primarily the Audit and Compliance Committee).

The procedure for discussing identified significant weaknesses in internal control is that of meetings between the Audit and Compliance Committee and the external auditors, internal auditors, and the department responsible for producing financial information.

Consistent with this, the account auditor meets annually with the Audit and Compliance Committee for the purpose of presenting recommendations related to weaknesses in internal control identified during the process of reviewing the annual financial statements.

## F.6 Other relevant information

N/A

## F.7 External auditor's report

Report: Deloitte, S.L.

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

With the goal of improving the transparency and quality of public information it sends out, the Group has gone beyond its legal obligations and the recommendations of the Working Group on Internal Control of Financial Information, and:

- prepared this description of its ICFR following the 16 basic indicators recommended in Section III of the Working Group Document;
- implemented a bottom-up certification system whereby those responsible for significant processes in the financial information area certify the validity and effectiveness of those processes and controls which fall within their area of responsibility. The CFO and the head of Control certify the integrity of the Financial Statements before they are issued by the Board of Directors;
- considered it appropriate to request that the external auditor issue an independent report to a reasonable degree of certainty on the effectiveness of the Internal Financial Reporting Control System (ICFR). The external auditor carried out its work in accordance with the requirements set out in ISAE 3000 Assurance Engagement Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issuance of reports to a reasonable degree of certainty. The external auditor's report is attached to this Annual Corporate Governance Report.

As stated earlier, there exists no legally binding regulation which establishes the minimum requirements for companies in describing their ICFR.

Future regulations issued regarding information about ICFR that listed companies must publish may cause a change in the information contained in this report as they relate to breakdown or informational requirements.



## G. Degree of compliance with corporate governance recommendations

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

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

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

Complies  Explain

2. That when the listed company is controlled by another entity in the meaning of Article 42 of the Commercial Code, whether listed or not, and has, directly or through its subsidiaries, business relations with said entity or any of its subsidiaries (other than the listed company) or carries out activities related to those of any of them it should make accurate public disclosures on:
  - a) The respective areas of activity and possible business relationships between the listed company or its subsidiaries and the parent company or its subsidiaries.
  - b) The mechanisms in place to resolve any conflicts of interest that may arise.

Complies  Complies Partially  Explain  Not applicable

3. That, during the ordinary General Shareholders' Meeting, as a complement to the distribution of the written annual corporate governance report, the chairman of the Board of Directors should inform shareholders orally, in sufficient detail, of the most significant aspects of the company's corporate governance, and in particular:
  - a) Changes that have occurred since the last General Shareholders' Meeting.

- b) Specific reasons why the company has not followed one or more of the recommendations of the Code of Corporate Governance and the alternative rules applied, if any.

Complies

Complies Partially

Explain

4. That the company should define and promote a policy on communication and contact with shareholders and institutional investors, within the framework of their involvement in the company, and with proxy advisors that complies in all aspects with rules against market abuse and gives equal treatment to similarly situated shareholders. And that the company should publish this policy on its website, including information on how it has been put into practice and identifying the contact persons or those responsible for implementing it.

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

Complies

Complies Partially

Explain

5. That the Board of Directors should not submit to the General Shareholders' Meeting any proposal for delegation of powers allowing the issue of shares or convertible securities with the exclusion of preemptive rights in an amount exceeding 20% of the capital at the time of delegation.

And that whenever the Board of Directors approves any issue of shares or convertible securities with the exclusion of preemptive rights, the company should immediately publish the reports referred to by company law on its website.

Complies

Complies Partially

Explain

**6. That listed companies that prepare the reports listed below, whether under a legal obligation or voluntarily, should publish them on their website with sufficient time before the General Shareholders' Meeting, even if their publication is not mandatory:**

- a) Report on the auditor's independence.
- b) Reports on the workings of the audit and nomination and remuneration committees.
- c) Report by the audit committee on related party transactions.

Complies  Complies Partially  Explain

**7. That the company should transmit in real time, through its website, the proceedings of the General Shareholders' Meetings.**

**And that the company should have mechanisms in place allowing the delegation and casting of votes by means of data transmission and even, in the case of large-caps and to the extent that it is proportionate, attendance and active participation in the General Meeting to be conducted by such remote means.**

Complies  Complies Partially  Explain

**8. That the audit committee should ensure that the financial statements submitted to the General Shareholders' Meeting are prepared in accordance with accounting regulations. And that in cases in which the auditor has included a qualification or reservation in its audit report, the chairman of the audit committee should clearly explain to the general meeting the opinion of the audit committee on its content and scope, making a summary of this opinion available to shareholders at the time when the meeting is called, alongside the other Board proposals and reports.**

Complies  Complies Partially  Explain

**9. That the company should permanently publish on its website the requirements and procedures for certification of share ownership, the right of attendance at the General Shareholders' Meetings, and the exercise of the right to vote or to issue a proxy.**

**And that such requirements and procedures promote attendance and the exercise of shareholder rights in a non-discriminatory fashion.**

Complies  Complies Partially  Explain

**10. That when a duly authenticated shareholder has exercised his or her right to complete the agenda or to make new proposals for resolutions in advance of the General Shareholders' Meeting, the company:**

- a) Should immediately distribute such complementary points and new proposals for resolutions.
- b) Should publish the attendance, proxy and remote voting card specimen with the necessary changes such that the new agenda items and alternative proposals can be voted on in the same terms as those proposed by the Board of Directors.
- c) Should submits all these points or alternative proposals to a vote and apply the same voting rules to them as to those formulated by the Board of Directors including, in particular, assumptions or default positions regarding votes for or against.
- d) That after the General Shareholders' Meeting, a breakdown of the voting on said additions or alternative proposals be communicated.

Complies  Complies Partially  Explain  Not applicable

**11. That if the company intends to pay premiums for attending the General Shareholders' Meeting, it should establish in advance a general policy on such premiums and this policy should be stable.**

Complies  Complies Partially  Explain  Not applicable

**12. That the Board of Directors should perform its functions with a unity of purpose and independence of criterion, treating all similarly situated shareholders equally and being guided by the best interests of the company, which is understood to mean the pursuit of a profitable and sustainable business in the long term, promoting its continuity and maximising the economic value of the business.**

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

Complies  Complies Partially  Explain

13. That the Board of Directors should be of an appropriate size to perform its duties effectively and in a collegial manner, which makes it advisable for it to have between five and fifteen members.

Complies  Explain

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

- a) Is concrete and verifiable;
- b) Ensures that proposals for appointment or re-election are based upon a prior analysis of the skills required by the Board of Directors; and
- c) Favours diversity of knowledge, experience, age and gender. For these purposes, it is considered that the measures that encourage the company to have a significant number of female senior executives favour gender diversity.

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

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

Complies  Complies Partially  Explain

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

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

Complies  Complies Partially  Explain

16. That the number of proprietary directors as a percentage of the total number of non-executive directors not be greater than the proportion of the company's share capital represented by those directors and the rest of the capital.

This criterion may be relaxed:

- a) In large-cap companies where very few shareholdings are legally considered significant.
- b) In the case of companies where a plurality of shareholders is represented on the Board of Directors without ties among them.

Complies  Explain

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

That, however, when the company does not have a high level of market capitalisation or in the event that it is a large-cap company with one shareholder or a group of shareholders acting in concert who together control more than 30% of the company's share capital, the number of independent directors should represent at least one third of the total number of directors.

Complies  Explain

18. That companies should publish the following information on its directors on their website, and keep it up to date:

- a) Professional profile and biography.

- b) Any other Boards to which the directors belong, regardless of whether or not the companies are listed, as well as any other remunerated activities engaged in, regardless of type.
- c) Category of directorship, indicating, in the case of individuals who represent significant shareholders, the shareholder that they represent or to which they are connected.
- d) Date of their first appointment as a director of the company's Board of Directors, and any subsequent re-elections.
- e) Company shares and share options that they own.

Complies  Complies Partially  Explain

**19. That the annual corporate governance report, after verification by the nomination committee, should explain the reasons for the appointment of any proprietary directors at the proposal of shareholders whose holding is less than 3%. It should also explain, if applicable, why formal requests from shareholders for presence on the Board were not honoured, when their shareholding was equal to or exceeded that of other shareholders whose proposal for proprietary directors was honoured.**

Complies  Complies Partially  Explain  Not applicable

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

Complies  Complies Partially  Explain  Not applicable

**21. That the Board of Directors should not propose the dismissal of any independent director before the completion of the director's term provided for in the articles of incorporation unless the Board of Directors finds just cause and a prior report has been prepared by the nomination committee. Specifically, just cause is considered to exist if the director takes on new duties or commits to new obligations that would interfere with his or her ability to**

dedicate the time necessary for attention to the duties inherent to his or her post as a director, fails to complete the tasks inherent to his or her post, or is affected by any of the circumstances which would cause the loss of independent status in accordance with applicable law.

The dismissal of independent directors may also be proposed as a result of a public takeover bid, merger or other similar corporate transaction entailing a change in the shareholder structure of the company, provided that such changes in the structure of the Board are the result of application of the proportionate representation criterion provided in Recommendation 16.

Complies  Explain

22. That companies should establish rules requiring that directors inform the Board of Directors and, where appropriate, resign from their posts, when circumstances arise which affect them, whether or not related to their actions in the company itself, and which may harm the company's standing and reputation, and in particular requiring them to inform the Board of any criminal proceedings in which they appear as suspects or defendants, as well as of how the legal proceedings subsequently unfold.

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

Complies  Complies Partially  Explain

23. That all directors clearly express their opposition when they consider any proposal submitted to the Board of Directors to be against the company's interests. This particularly applies to



independent directors and directors who are unaffected by a potential conflict of interest if the decision could be detrimental to any shareholders not represented on the Board of Directors.

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

This recommendation also applies to the secretary of the Board of Directors, even if he or she is not a director.

Complies  Complies Partially  Explain  Not applicable

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

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

Complies  Complies Partially  Explain  Not applicable

25. That the nomination committee should make sure that non-executive directors have sufficient time available in order to properly perform their duties.

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

Complies  Complies Partially  Explain

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

Complies  Complies Partially  Explain

**27. That director absences occur only when absolutely necessary and be quantified in the annual corporate governance report. And when absences do occur, that the director appoint a proxy with instructions.**

Complies  Complies Partially  Explain

**28. That when directors or the secretary express concern regarding a proposal or, in the case of directors, regarding the direction in which the company is headed and said concerns are not resolved by the Board of Directors, such concerns should be included in the minutes at the request of the director expressing them.**

Complies  Complies Partially  Explain  Not applicable

**29. That the company should establishes adequate means for directors to obtain appropriate advice in order to properly fulfil their duties including, should circumstances warrant, external advice at the company's expense.**

Complies  Complies Partially  Explain

**30. That, without regard to the knowledge necessary for directors to complete their duties, companies make refresher courses available to them when circumstances make this advisable.**

Complies  Explain  Not applicable

31. That the agenda for meetings should clearly indicate those matters on which the Board of Directors is to make a decision or adopt a resolution so that the directors may study or gather all relevant information ahead of time.

When, in exceptional circumstances, the chairman wishes to bring urgent matters for decision or resolution before the Board of Directors which do not appear on the agenda, prior express agreement of a majority of the directors shall be necessary, and said consent shall be duly recorded in the minutes.

Complies  Complies Partially  Explain

32. That directors be periodically informed of changes in shareholding and of the opinions of significant shareholders, investors and rating agencies of the company and its group.

Complies  Complies Partially  Explain

33. That the chairman, as the person responsible for the efficient workings of the Board of Directors, in addition to carrying out the duties assigned by law and the articles of incorporation, should prepare and submit to the Board of Directors a schedule of dates and matters to be considered; organise and coordinate the periodic evaluation of the Board as well as, if applicable, the chief executive of the company, should be responsible for leading the Board and the effectiveness of its work; ensuring that sufficient time is devoted to considering strategic issues, and approve and supervise refresher courses for each director when circumstances make this advisable.

Complies  Complies Partially  Explain

34. That when there is a coordinating director, the articles of incorporation or Board regulations should confer upon him or her the following powers in addition to those conferred by law: to chair the Board of Directors in the absence of the chairman and deputy chairmen, should there be any; to reflect the concerns of non-executive directors; to liaise with investors and shareholders in order to understand their points of view and respond to their concerns, in particular as those concerns relate to corporate

**governance of the company; and to coordinate a succession plan for the chairman.**

Complies  Complies Partially  Explain  Not applicable

- 35. That the secretary of the Board of Directors should pay special attention to ensure that the activities and decisions of the Board of Directors take into account such recommendations regarding good governance contained in this Good Governance Code as may be applicable to the company.**

Complies  Explain

- 36. That the Board of Directors meet in plenary session once a year and adopt, where appropriate, an action plan to correct any deficiencies detected in the following:**

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

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

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

**Business relationships between the external adviser or any member of the adviser's group and the company or any company within its group must be specified in the annual corporate governance report.**

**The process and the areas evaluated must be described in the annual corporate governance report.**

Complies  Complies Partially  Explain

**37. That if there is an executive committee, it must contain at least two non-executive directors, at least one of whom must be independent, and its secretary must be the secretary of the Board.**

Complies  Complies Partially  Explain  Not applicable

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

Complies  Complies Partially  Explain  Not applicable

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

Complies  Complies Partially  Explain

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

Complies  Complies Partially  Explain

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

Complies

Complies Partially

Explain

Not applicable

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

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

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

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

- a) In the event that the external auditor resigns, examining the circumstances leading to such resignation.
- b) Ensuring that the remuneration paid to the external auditor for its work does not compromise the quality of the work or the auditor's independence.
- c) Making sure that the company informs the CNMV of the change of auditor, along with a statement on any differences that arose with the outgoing auditor and, if applicable, the contents thereof.
- d) Ensuring that the external auditor holds an annual meeting with the Board of Directors in plenary session in order to make a report regarding the tasks performed and the development of the company's accounting situation and risks.
- e) Ensuring that the company and the external auditor comply with applicable rules regarding the provision of services other than auditing, limits on the concentration of the auditor's business, and, in general, all other rules regarding auditors' independence.

Complies  Complies Partially  Explain

**43. That the audit committee be able to require the presence of any employee or manager of the company, even stipulating that he or she appear without the presence of any other member of management.**

Complies  Complies Partially  Explain

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

Complies  Complies Partially  Explain  Not applicable

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

- a) The various types of financial and non-financial risks (including operational, technological, legal, social, environmental, political and reputational risks and risks relating to corruption) which the company faces, including among the financial or economic risks contingent liabilities and other off-balance sheet risks.
- b) A risk control and management model based on different levels, which will include a specialised risk committee when sector regulations so require or the company considers it to be appropriate.
- c) The level of risk that the company considers to be acceptable.
- d) Measures in place to mitigate the impact of the risks identified in the event that they should materialised.
- e) Internal control and information systems to be used in order to control and manage the aforementioned risks, including contingent liabilities or off-balance sheet risks.

Complies  Complies Partially  Explain

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

- a) Ensuring the proper functioning of the risk management and control systems and, in particular, that they adequately identify, manage and quantify all material risks affecting the company.
- b) Actively participating in drawing up the risk strategy and in important decisions regarding risk management.
- c) Ensuring that the risk management and control systems adequately mitigate risks as defined by the policy laid down by the Board of Directors.

Complies  Complies Partially  Explain

**47. That in designating the members of the nomination and remuneration committee – or of the nomination committee and the remuneration committee if they are separate – care be taken to ensure that they have the knowledge, aptitudes and experience appropriate to the functions that they are called upon to perform and that the majority of said members are independent directors.**



Complies



Complies Partially



Explain



**48. That large-cap companies have separate nomination and remuneration committees.**

Complies



Explain



Not applicable



The Company has not deemed it appropriate to separate the current Nomination, Compensation and Corporate Governance Committee into two committees for the following reasons:

- The members of the Nomination, Compensation and Corporate Governance Committee have the necessary knowledge and experience to deal with the subjects of the two Committees.
- The volume of cases to be dealt with is manageable by a single Committee.
- It would unnecessarily increase the number of committees and therefore the total compensation paid to the Board given that there is a fixed amount set for membership on the various administrative bodies.

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

**And that any director be able to ask the nomination committee to consider potential candidates that he or she considers suitable to fill a vacancy on the Board of Directors.**

Complies



Complies Partially



Explain



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

- a) Proposing the basic conditions of employment for senior management to the Board of Directors.
- b) Verifying compliance with the company's remuneration policy.
- c) Periodically reviewing the remuneration policy applied to directors and senior managers, including share-based remuneration systems and their application, as well as ensuring that their individual remuneration is proportional to that received by the company's other directors and senior managers.
- d) Making sure that potential conflicts of interest do not undermine the independence of external advice given to the committee.

- e) **Verifying the information on remuneration of directors and senior managers contained in the various corporate documents, including the annual report on director remuneration.**

Complies  Complies Partially  Explain

- 51. That the remuneration committee should consult with the chairman and the chief executive of the company, especially on matters relating to executive directors and senior management.**

Complies  Complies Partially  Explain

- 52. That the rules regarding the composition and workings of the supervision and control committees should appear in the regulations of the Board of Directors and that they should be consistent with those applying to legally mandatory committees in accordance with the foregoing recommendations, including:**

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

Complies  Complies Partially  Explain  Not applicable

- 53. That verification of compliance with the company's policies and rules on environmental, social and corporate governance matters, and with the internal codes of conduct be assigned to one or divided among more than one committee of the Board of Directors, which may be the audit committee, the nomination committee, a specialised committee on sustainability or corporate social responsibility or such other specialised committee as the Board of**

Directors, in the exercise of its powers of self-organisation, may have decided to create. And that such committee be composed exclusively of non-executive directors, with a majority of these being independent directors, and that the minimum functions indicated in the next recommendation be specifically assigned to it.

Complies  Complies Partially  Explain

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

- a) Monitoring of compliance with the company's internal codes of conduct and corporate governance rules, also ensuring that the corporate culture is aligned with its purpose and values.
- b) Monitoring the application of the general policy on communication of economic and financial information, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The manner in which the entity communicates and handles relations with small and medium-sized shareholders must also be monitored.
- c) The periodic evaluation and review of the company's corporate governance system, and environmental and social policy, with a view to ensuring that they fulfil their purposes of promoting the interests of society and take account, as appropriate, of the legitimate interests of other stakeholders.
- d) Supervision of the company's environmental and social practices to ensure that they are in alignment with the established strategy and policy.
- e) Supervision and evaluation of the way in which relations with the various stakeholders are handled.

Complies  Complies Partially  Explain

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

- a) The principles, commitments, objectives and strategy relating to shareholders, employees, clients, suppliers, social issues, the environment, diversity, tax responsibility, respect for human rights, and the prevention of corruption and other unlawful conduct
- b) Means or systems for monitoring compliance with these policies, their associated risks, and management.

- c) Mechanisms for supervising non-financial risk, including that relating to ethical aspects and aspects of business conduct.
- d) Channels of communication, participation and dialogue with stakeholders.
- e) Responsible communication practices that impede the manipulation of data and protect integrity and honour.

Complies  Complies Partially  Explain

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

Complies  Explain

**57. That only executive directors should receive variable remuneration linked to corporate results and personal performance, as well as remuneration in the form of shares, options or rights to shares or instruments referenced to the share price and long-term savings plans such as pension plans, retirement schemes or other provident schemes.**

**Consideration may be given to delivering shares to non-executive directors as remuneration providing this is conditional upon their holding them until they cease to be directors. The foregoing shall not apply to shares that the director may need to sell in order to meet the costs related to their acquisition.**

Complies  Complies Partially  Explain

**58. That as regards variable remuneration, remuneration policies should incorporate the necessary limits and technical safeguards to ensure that such remuneration is in line with the professional performance of its beneficiaries and not based solely on general developments in the markets or in the sector in which the company operates, or other similar circumstances.**

**And, in particular, that variable remuneration components:**

- a) Are linked to pre-determined and measurable performance criteria and that such criteria take into account the risk incurred to achieve a given result.
- b) Promote the sustainability of the company and include non-financial criteria that are geared towards creating long term value, such as compliance with the company's rules and internal operating procedures and with its risk management and control policies.
- c) Are based on balancing the attainment of short-, medium- and long-term objectives, so as to allow remuneration of continuous performance over a period long enough to be able to assess its contribution to the sustainable creation of value, such that the elements used to measure performance are not associated only with one-off, occasional or extraordinary events.

Complies  Complies Partially  Explain  Not applicable

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

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

Complies  Complies Partially  Explain  Not applicable

**60. That remuneration related to company results should take into account any reservations that might appear in the external auditor's report and that would diminish said results.**

Complies  Complies Partially  Explain  Not applicable

**61. That a material portion of executive directors' variable remuneration be linked to the delivery of shares or financial instruments referenced to the share price.**

Complies  Complies Partially  Explain  Not applicable

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

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

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

Complies  Complies Partially  Explain  Not applicable

- 63. That contractual arrangements should include a clause allowing the company to demand reimbursement of the variable remuneration components in the event that payment was not in accordance with the performance conditions or when payment was made based on data subsequently shown to have been inaccurate.**

Complies  Complies Partially  Explain  Not applicable

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

**For the purposes of this recommendation, payments for contractual termination will be considered to include any payments the accrual of which or the obligation to pay which**

arises as a consequence of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings schemes and amounts paid by virtue of post-contractual non-competition agreements.

Complies



Complies Partially

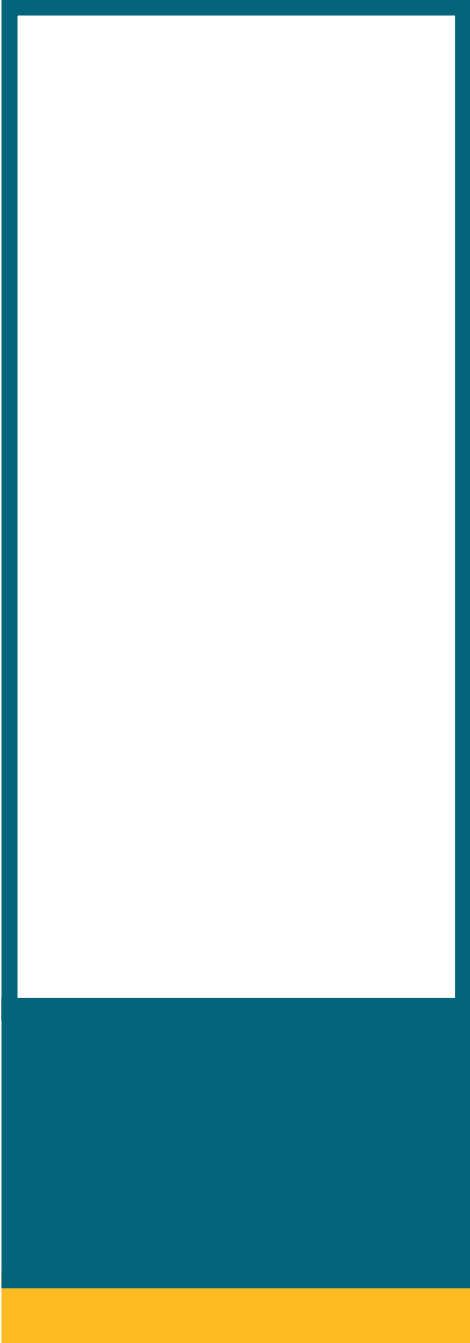


Explain



Not applicable





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**indra**



# **Indra Sistemas, S.A.**

**Auditors' report on the 2020  
"Information Relating to the system  
of internal control over financial  
reporting (ICFR)"**

*Translation of a report originally issued in Spanish. In  
the event of a discrepancy, the Spanish-language  
version prevails.*

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

## INDEPENDENT REPORT ON THE SYSTEM OF INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

To the shareholders of Indra Sistemas, S.A.,

### **Scope of the work**

We have conducted the reasonable assurance review of the information relating to the System of Internal Control over Financial Reporting (ICFR) of Indra Sistemas S.A. and subsidiaries (the "Group"), contained in Note F of the accompanying Annual Corporate Governance Report for the year ended 31 December 2020.

The objective of this system is to contribute to the faithful representation of the transactions performed and to the provision of reasonable assurance in relation to the prevention or detection of any errors that might have a material effect on the consolidated financial statements.

The aforementioned system is based on the rules and policies defined by the Board of Directors of Indra Sistemas, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A system of internal control over financial reporting is a process designed to provide reasonable assurance on the reliability of financial information in accordance with the accounting principles and standards applicable to it. A system of internal control over financial reporting includes policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail; (ii) guarantee that these transactions are performed only in accordance with the authorisations established; (iii) provide reasonable assurance that transactions are recognised appropriately to enable the preparation of the financial information in accordance with the accounting principles and standards applicable to it; and (iv) provide reasonable assurance in relation to the prevention or timely detection of unauthorised acquisition, use or sale of the company's assets that could have a material effect on the financial information. In view of the limitations inherent to any system of internal control over financial reporting, certain errors, irregularities or fraud might not be detected. Also, the projection to future periods of an evaluation of internal control is subject to risks, including the risk that internal control may be rendered inadequate as a result of future changes in the applicable conditions or that there may be a reduction in the future of the degree of compliance with the policies or procedures established.

### **Directors' Responsibility**

The Board of Directors of Indra Sistemas, S.A. is responsible for maintaining the System of Internal Control over the Financial Information included in the consolidated financial statements and for evaluating its effectiveness.

## **Our Responsibility**

Our responsibility is to issue a report on the independent reasonable assurance review of the effectiveness of the System of Internal Control over Financial Reporting (ICFR) based on the work performed by us.

Our work includes an evaluation of the effectiveness of the system of ICFR in relation to the financial information contained in the consolidated financial statements of the Indra Group as at 31 December 2020 prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Indra Group.

Our work was performed in accordance with the requirements established in Standard ISAE 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issuance of reasonable assurance reports.

This standard requires the planning and performance of procedures and the obtainment of sufficient evidence to reduce engagement risk to an acceptably low level in the circumstances of the engagement, and the issuance of a positive conclusion.

## **Independence**

Our work was performed in accordance with the independence standards required by the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA), which are based on the fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behavior.

In accordance with International Standard on Quality Control (ISQC) 1, Deloitte has in place a global system of quality control which includes documented policies and procedures in relation to compliance with ethical requirements, professional standards and applicable legislation.

## **Conclusion**

In our opinion, as at 31 December 2020, the Indra Group maintained, in all material respects, an effective System of Internal Control over the Financial Information contained in its consolidated financial statements, and this internal control system is based on the rules and policies defined by the Board of Directors of Indra Sistemas, S.A. in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Furthermore, the disclosures contained in the information relating to the system of ICFR which is included in Note F of the Indra Group's Annual Corporate Governance Report as at 31 December 2020 are in compliance, in all material respects, with the requirements established by the Corporate Enterprises Act, the Order ECC/461/2013, of 20 March and the Circular 5/2013, of 12 June, issued by the Spanish Securities Market Commission (CNMV), and subsequent modifications, the most recent being the Circular 1/2020, of 6 October, issued by CNMV.

As described in the accompanying Note F of the Annual Corporate Governance Report, the system of ICFR does not include controls on companies integrated in the consolidated financial statements in which control is not exercised directly or indirectly since the strategic decisions regarding operational and financial activities require the unanimous consent of the parties sharing control. Nevertheless, Indra Group includes controls designed to protect the homogeneity, validity and reliability of the financial information submitted by the companies for inclusion in the consolidated financial statements. Consequently, our work did not include an examination of the effectiveness of the system of internal control over the generation of the financial information of the aforementioned companies included in the consolidated financial statements of the Indra Group.

DELOITTE, S.L.



F. Javier Peris Álvarez

24 March 2021