



Selection Policy for Members of the Board of Directors

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1 Introduction

The structure and composition of a Board of Directors is a key element for good corporate governance, as it affects the quality of its decisions and its functional efficiency and determines its ability to effectively promote the company's best interests. Therefore, guided by the principle of transparency and in order to generate greater confidence for shareholders and investors, the *Comisión Nacional del Mercado de Valores* ("National Securities Exchange Commission" or "CNMV"), on the occasion of its last revision of the Code of Good Governance for Listed Companies added a recommendation Number 14 urging that Boards of Directors of listed companies approve a selection policy for directors.

The CNMV indicates that this policy should be concrete and verifiable, ensure that proposals for the appointment or re-election of Directors are based on a prior analysis of the skills required, and promote diversity of knowledge, experience, age and gender.

Article 8 of the Regulations of the Board of Directors and its Committees ("Board Regulations") of Indra Sistemas, S.A. ("Indra" or the "Company") provides that the selection of persons who are to serve as Directors be carried out pursuant to a policy aimed at promoting proper composition of the Board in accordance with the principles identified by the CNMV, and particularly with the aim of promoting gender diversity within it, compliance to be verified annually by the Company's Appointment, Remuneration and Corporate Governance Committee (hereinafter the "Committee").

The selection policy for Directors ("Policy") contained in the present document forms part of the Corporate Governance Standards at Indra and aims to establish the fundamental principles, criteria and concepts that inform the processes of selecting Directors, as well as formalize Indra's commitment to comply with the CNMV's recommendations on independence and diversity.

Up until this time, the Indra Board of Directors has made its policy for selecting Directors public through the Annual Report on Corporate Governance and by means of information made public upon call of Annual Shareholders' Meetings ("Meetings"), at informational meetings with shareholders, institutional investors and proxy advisors to whom it provides information regarding these processes, by means of the current competencies matrix, and through maintenance of updated profiles of Directors on its corporate website.¹

2 Scope of Application

This policy shall apply to the selection of candidates for membership on the Board of Directors.

3 Conditions to be Met by Candidates

Article 20, paragraph 2, of the Board Regulations provides that proposals for the appointment of Directors shall be bestowed upon persons of good personal and professional character, with

sufficient capacity for dedication and without interests incompatible with the post, and in paragraph 5 provides that the Board and the Committee shall exercise rigour in the exercise of their duties in this area.

In addition, Article 8 of the Board Regulations sets out the following requirements for the Board's qualitative composition:

- That non-Executive Directors represent a large majority over Executive Directors, whose number is to be the minimum necessary.
- That those appointed by significant shareholders shall be Proprietary Directors and included within the group of non-Executive Directors.
- That, in order to establish a reasonable balance between Proprietary and Independent Directors, the Company's shareholder structure be considered, taking into account the importance of shareholdings as well as the degree of permanence and strategic ties between the Company and its shareholders.

This Article also requires that the Board and the 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 policy: (i) is concrete and verifiable; (ii) is aimed at promoting diversity of knowledge, experience², age, gender and cultural, and avoids biases that may involve discrimination; and (iii) ensures that appointment proposals are based on the outcome of a prior analysis of the skills required by the Board in the context of the Company's status.

Article 20 of the Board Regulations, in regulating the preparation of proposals for re-election and appointment of Directors submitted at Annual Shareholders' Meetings and co-optation for provisional vacancy coverage, provides that the Board, after a previous favourable report or proposal from the Committee depending on the category of Director concerned, shall determine in its supporting report whether the knowledge, experience and skills of the candidate complements the existing mix of competencies on the Board as well as the candidate's capacity for dedication required for performance of the office.

4 Term of Office

Article 22 of the Bylaws sets the term of office for Directors at three years and provides for their possible re-election for successive periods of equal duration.

Notwithstanding the foregoing and exclusively for Independent Directors, the Board, upon proposal by the Committee, has adopted a practice of not proposing re-election of those who have spent three terms in office, so that their service is limited to a maximum of nine years.

In doing so, the Indra Board self-imposed a stricter standard than the one required by law, which establishes a maximum duration of twelve years in office for Independent Directors.

² With international experience especially desirable

This practice may be ignored by the Board upon proposal from the Committee, where Company circumstances, the composition of the Board or its committees, or the profile of the Director so warrant.

5 Selection Process

Indra seeks to achieve a diverse and balanced composition of the Board of Directors as a whole with its selection process, which improves decision-making and brings multiple points of view to debates on matters within its competence.

Without prejudice to the right of proportional representation contained in the *Ley de Sociedades de Capital* ("Spanish Corporations Act" or "LSC"), the process of selecting candidates for Directors shall start with the Committee conducting a prior assessment of the needs of the Company as well as the skills, knowledge and experience for the Board based on the current competency matrix.

The Committee will define the skills, experience and merits required of candidates to fill each vacancy, as well as the dedication required for performance of the office.

In its definition, the Committee shall encourage that there be a diversity of knowledge, gender, professional experience, age and cultural in the composition of the Board and shall avoid any discrimination on the basis of sex, race, religion, opinion, nationality, disability or any other personal or social circumstance.

The Committee, where possible, will make a shortlist of suitable persons, taking into consideration, among other criteria, diversity objectives. Any Director of the Company may propose candidates during this stage who meet the conditions set out in this Policy and suit the competency matrix.

In both the process of prior analysis of the needs of the Board and in the assessment of candidates, the Committee may rely upon external advice.

At the end of the valuation process, the Committee shall submit to the Board of Directors or the Meeting, as appropriate, a proposal for the appointment and re-election of Independent Directors and shall inform the Board of proposals for the appointment and re-election of Proprietary Directors and Executives Directors.

6 Gender Diversity

With regard to gender diversity, the Company's internal operating procedures provide that the Board of Directors and the Committee must apply criteria of gender diversity, among others, in the selection of candidates for the position of Director.

This has been done in filling vacancies in recent years, the category of Independent Director being the one where the Board and the Committee have the greatest opportunity to act in that it allows for a much wider number of potential candidates to serve the Board. As regards

Proprietary Directors, the Board and the Committee only have the power to recommend that shareholders consider the appointment of women to the position of Director at Indra on behalf of their equity interest, and in the case of Executive Directors, the Board and the Committee have applied the above-mentioned criteria in the cases that have occurred.

The current Policy aims to increase the number of female Directors to at least thirty percent of the Board, and the goal will increase to forty percent before the end of 2022.

Additionally, in order to promote gender diversity, implementation of measures to ensure that the Company has a significant number of female senior managers will be encouraged.

7 Verification of Compliance with this Policy

The Committee shall verify compliance with this Policy annually.

The Company shall report on the results of verification of compliance with this policy in the Annual Report on Corporate Governance, in the proceedings report of the Committee, as well as in the documentation made available to shareholders on the occasion of the call to Meeting of shareholders in connection with the appointment and re-election of Directors.

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