



Report by the Audit and Compliance Committee on related party transactions

March 2021

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1 Introduction

This document contains the Report of the Audit and Compliance Committee of Indra Sistemas, S.A. (hereinafter "**Indra**" or the "**Company**") on related party transactions in line with Recommendation 6 of the Good Governance Code of Listed Companies.

2 Rules applicable to related-party transactions

Pursuant to article 529 *ter* of *Ley de Sociedades de Capital* -Spanish Corporate Enterprises Act- ("**LSC**"), the Board of Directors of Indra is vested in a non-delegable power to approve any transactions that the Company or companies in the Group conclude with Directors or with significant shareholders or shareholders who are represented on the Board. In accordance with article 529 *quaterdecies* of the LSC, and after the recent amendment of the Regulations of the Board of Directors on December 2020, the Audit and Compliance Committee of Indra has competence to report related party transactions in advance of their being considered for approval.

Articles 35 and 36 of Indra`s Regulations of the Board of Directors state:

Article 35. Non-Arm's Length Transactions

- 1. The Board is responsible for understanding and authorizing any direct or indirect transaction made between the Company and any related party as defined by applicable law prior to its execution and after a report from the Audit and Compliance Committee.*

Transactions shall be evaluated from the point of view of equal treatment and market conditions.

- 2. Notwithstanding the above paragraph, authorization shall be required at a Meeting when the transaction reaches a value of more than 10% of Company assets.*
- 3. In the case of recurrent transactions which take place in the ordinary course of the Company's business and are carried out under standard market conditions for customers and are of little relevance, understood to mean those transactions which need not be accounted for in order to express a fair picture of the Company's assets, financial situation and results, prior authorisation by the Board of the general line of activities concerned shall suffice.*
- 4. The authorisation provided for in the previous paragraphs shall not, however, be required where the transactions in question simultaneously fulfil the following three conditions:*
 - a) That they be made under contracts whose conditions are standardized and generally applied to a large number of customers;*
 - b) That they be made at prices or fees generally established by the person acting as the supplier of the good or service concerned; and*

- c) *That the transaction amount does not exceed 1% of the Company's annual income and in the case of transactions with Directors, does not exceed twenty thousand euros.*
5. *Exceptionally, under exigent circumstances, related party transactions may be authorised by the Chairman of the Board with subsequent ratification by the Board at its next meeting.*
6. *In order for the Company to be able to identify potential related transactions in advance, Directors must keep the Board informed if they have, directly or indirectly, significant interests or influence in companies or entities that do business with the Company.*
7. *Directors involved in non-arms' length transactions or who represent or are linked to shareholders involved them, in addition to not exercising or delegating their vote, shall be absent from the meeting while the Board or the committee concerned deliberates and votes on them. In the case of transactions with shareholders who are subject to a decision at a Meeting, the Board shall consider recommending that the shareholders concerned abstain in voting.*

Article 36. Public Information

The Board shall report periodically on related party transactions carried out by the Company in accordance with applicable law after a report from the Audit and Compliance Committee.

3 Fiscal year 2020 related-party transactions

In fiscal 2020, all related-party transactions carried out with significant shareholders were approved as provided for in article 35 of the Regulations of the Board of Directors.

These transactions were carried out in the ordinary course of the Group's business at arm's length, and they neither individually nor collectively represent a significant amount with respect to the Group's equity, financial position or revenue.

During financial year 2020, there were no transactions with Directors or with parties related to them.

The Company, pursuant to its policy of maximum transparency, discloses these transactions as part of the information that, as a listed company, it publishes periodically (interim financial reporting, annual financial statements and the Annual Report on Corporate Governance).

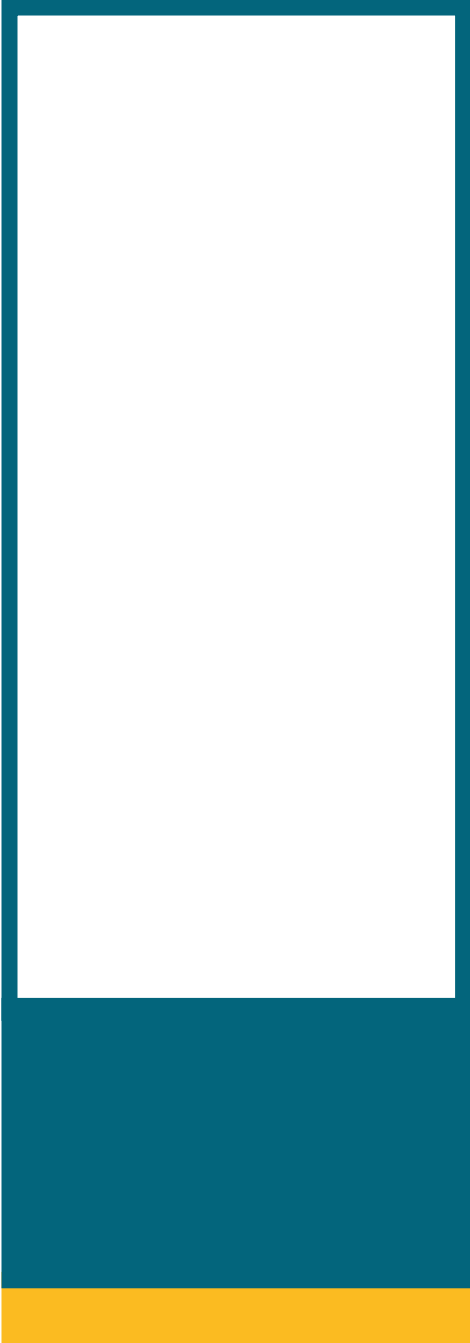
Hereafter individualised information about related-party transactions is provided, which is also consulted on section D.2 of the Annual Report on Corporate Governance available on the corporate website (www.indracompany.com) and on the website of the CNMV (www.cnmv.es).

Name or company name of the significant shareholder	Name of the group's company or entity	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	Expenses for financial services	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 endorsement	2,244
Corporación Financiera Alba, S.A	Banca March, S.A	Contractual	Finance agreements: loans	15,000

4 Conclusions

Consequently, Audit and Compliance Committee verify that every related-party transactions carried out by Indra's Group during fiscal year 2020 were executed and reported according with applicable external and internal rules.

Following the best practices in Corporate Governance, this Report will be published on the corporate website before sufficiently in advance of the celebration of the General Shareholders' Meeting, according with Recommendation 6 of the Good Governance Code of Listed Companies.



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