

Annual Report of the Audit and Compliance Committee on the Independence of the external Auditor

March 2021

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1 Introduction

The Audit and Compliance Committee (the "**Committee**") of Indra Sistemas, S.A. ("**Indra**" or the "**Company**") is tasked with, among other duties, evaluating the progress and results of the work of external auditors, taking into account in particular those issues that may jeopardize their independence and any other issues related to the process of producing the audit of financial statements.

In that regard, Article 18, section 5.2 of the Regulations of the Board of Directors ("**Board Rules**") sets out all the functions, not otherwise expressly provided for by applicable law, which are delegated to the Committee regarding the external auditor. In particular, that Article requires that the Committee ensure that the Company and the external auditor comply with existing rules on auditor independence.

In accordance with Article 529 quaterdecies, section 4 e) of the *Ley de Sociedades de Capital* ("**Spanish Corporations Act**" or "**LSC**") and the rules governing auditing of financial statements, the Committee shall receive from the external auditors an annual declaration of its independence regarding the Company or entities directly or indirectly linked to it as well as detailed and individualized information regarding additional services of any kind provided, as well as fees charged by the external auditor or by persons or entities linked to it as consideration for the performance of those services. In addition, the Committee ensures that the revenue from business relationships between the external auditor and the Company does not compromise its independence.

Pursuant to Article 529 quaterdecies, section 4 f) of the LSC, prior to the issuance of the audit report for each fiscal year the Committee must issue an annual report expressing an opinion on the independence of the Company's external auditors or audit firms. This report shall in all cases detail additional audit services provided.

To this end, the Committee drafts this annual report on the independence of the external auditor (the "**Report**"), which describes the Committee's analysis and verification of the above aspects and renders the Committee's opinion on the independence of external auditors Deloitte, S.L. ("**Deloitte**").

2 Analysis of the Independence of the External Auditor

In 2016 Deloitte was appointed as external auditor of the Company's individual and consolidated annual financial statements and management report for an initial period of three years and, after the end of that initial period, its appointment was renewed as auditors of the Group's financial statements for another three-year period. As a result, the 2020 fiscal year represents Deloitte's fifth year as external auditor for the Company.

Deloitte partner Mr. Francisco Javier Peris Álvarez signed the audit report of the financial statements corresponding to the past four fiscal years during which the audit firm has held the position of external auditor of financial statements (from 2016 to 2019) of the Company and will also sign the audit report for the annual financial statements for 2020, this being his fifth and final

year as principal managing external auditor in accordance with Article 40.2 of the *Ley de Auditoría de Cuentas* ("**Financial Statements Auditing Act**").

For its part, the Committee has received from the external auditors written confirmation of their independence from Indra and its consolidated group, as well as a detailed explanation of all services of any kind in addition to and distinct from the audit of financial statements provided to the Indra Group by Deloitte or by the persons or entities linked to that auditing company, in accordance with the regulatory provisions regarding financial statements audit activity.

In the letters of confirmation of independence sent dated 23 March, the auditor stated that:

"The audit team and Deloitte, S.L., along with support personnel which fall under its provisions, have complied with applicable independence requirements in accordance with the provisions of Law 22/2015, of 20 July on Audit of Financial statements as well as Regulation (EU) No. 537/2014, of 16 April."

The Committee also acknowledged the provisions of those letters confirming the auditor's independence regarding the procedures which the auditor has in place to ensure its independence:

"We have designed and implemented internal policies and procedures to provide reasonable security for maintaining our independence. These procedures include those aimed at identifying and evaluating threats that may arise from circumstances related to audited entities, including those which may give rise to incompatibility and, where appropriate, application of necessary safeguard measures, [which can be found in the Deloitte Transparency Report available at www.deloitte.es]. As regards the present audit and the period covered by the financial statements and until the issuance of this letter, no circumstances have been identified which, individually or as a whole, would pose a significant threat to our independence and therefore require the application of safeguard measures or which would give rise to incompatibility."

Finally, with respect to the fees paid to the external audit firm, all items have been verified by internal Company records and it has been confirmed that in no case do they represent a relevant percentage of the total revenue of the auditor during the last fiscal year. The total fees paid by Indra to Deloitte and its global network in 2020 account for 0.006% of the auditor's revenue worldwide. For its part, the fees paid to Deloitte, S.L. (Deloitte España) during 2020 represent 0.15% of its gross revenue.

3 Fees for Services other than Audit Services

The Committee has implemented a procedure for the review and, where appropriate, authorisation of services other than audit services. To this end, it has discussed at several meetings the proposals for such services and confirmed in each case that they were reviewed by the Internal Audit Department, that the amount was not material, and the Committee has received confirmation from Deloitte of the absence of independence problems.

The following is the amount of fees paid in 2020 for services other than audit services and their relationship to the total fees of the external auditor:

	Company	Group Companies	Total
Fees for work other than audit work (thousands of euros)	236	33	269
Fees for work other than audit work / fees for audit work ⁽ⁱ⁾ (in %)	35	2	13

⁽ⁱ⁾ Fees for audit work includes fees for audits of the Group's financial statements and limited review of the semi-annual consolidated financial statements.

Details of fees for services other than audit services provided by the external auditor in its independence confirmation letter are as follows:

Other Verification Services

Number of Engagements	Description	Fees in Thousands of Euros
1	Auditor's report under ISAE 3000 regulations on information regarding the system for internal control of financial reporting	66
1	Independent verification report on the Sustainability Report containing the Non-Financial Reporting Statement for the 2020 fiscal year	47
1	Independent verification report on the Sustainability Report containing the Non-Financial Reporting Statement for the 2019 fiscal year	55
1	Report on procedures created concerning the review of supporting accounts for subsidiaries relating to the review of supporting accounts of subsidiaries relating to Indra Navia's SESAR project	24
1	Assurance Engagements (ISAE 3000) on the Declaration (IKOP-B) regarding Indra Navia's SESAR-funded projects	6
2	Other reports on agreed upon procedures not related to Ecoembes, covenants or subsidies	12
total		210

Tax services

Number of Engagements	Description	Fees in Thousands of Euros
1	Tax services related to the preparation of tax returns, audits by tax authorities, transfer pricing and general tax advice	17
1	Tax services related to audits by tax authorities regarding permanent establishment of Indra Sistemas in India	42
total		59

Furthermore, in accordance with Article 529 *quaterdecies* of the LSC, a breakdown of the referenced services is attached as an annex with an explanation of the foundations for assessment of each of them by the Committee.

4 Conclusion

It is clear from the information provided by the external auditors on the policies, procedures and tools used by the team carrying out the Company audit, as well as from the Committee's verification of the items contained in this Report, that Deloitte possesses the independence necessary to act as external auditor of Indra Sistemas, S.A. and its consolidated group.

In witness thereof, the Audit and Compliance Committee, with the favourable vote of all its members, issued this Report at its meeting held 18 March 2021.

Annex

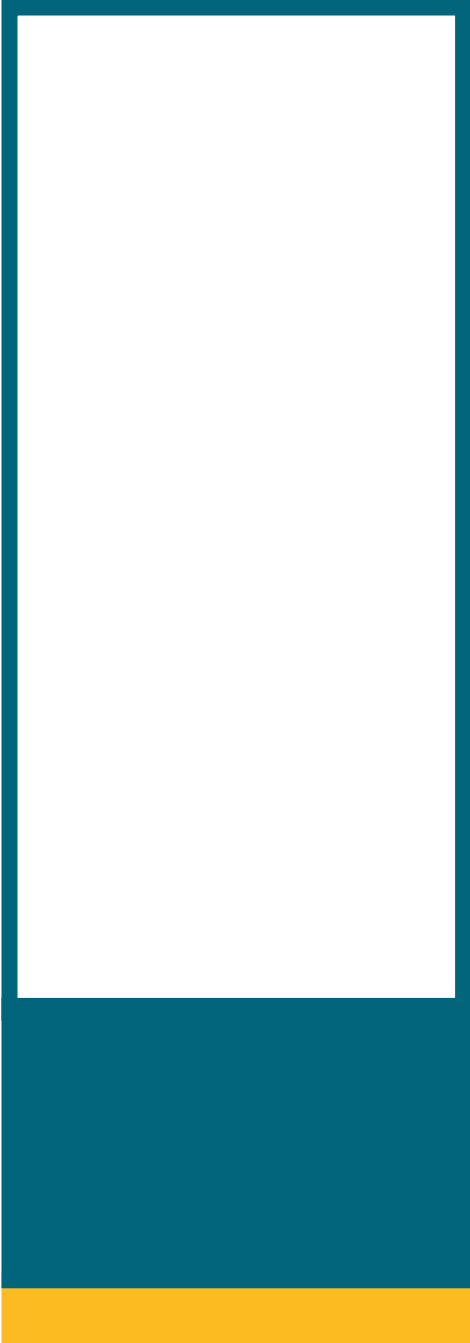
Other Verification Services

	Description	Group Company Engaging the Service	Fees in Thousands of Euros	Foundation for Assessment
Auditor's report under ISAE 3000 regulations on information regarding the system for internal control of financial reporting	Auditor's report under ISAE 3000 regulations on information regarding the system for internal control of financial reporting (ICFR)	Indra Sistemas, S.A.	66	The <i>Comisión Nacional de Mercados de Valores</i> ("Spanish Securities Exchange Commission") recommends that listed companies request from their external auditor a report on ICFR information that forms part of the Annual Corporate Governance Report.
Independent verification report on the Sustainability Report containing the Non-Financial Reporting Statement for the 2020 fiscal year	Independent verification report on the Sustainability Report containing the Non-Financial Reporting Statement for the 2020 fiscal year	Indra Sistemas, S.A.	47	Deloitte has a thorough general understanding of the Group, particularly on sustainability issues, given that it has verified such reports since 2016.
Independent verification report of the Sustainability Report, containing the Non-Financial Reporting Statement for the 2019 fiscal year	Independent verification report of the Sustainability Report, containing the Non-Financial Reporting Statement for the 2019 fiscal year	Indra Sistemas, S.A.	55	Deloitte has a thorough general understanding of the Group, particularly on sustainability issues, given that it has verified such reports since 2016.
Report on procedures created concerning the review of supporting accounts for subsidiaries relating to the review of supporting accounts of subsidiaries relating to Indra Navia's SESAR project	Report on procedures created concerning the review of supporting accounts for subsidiaries relating to the review of supporting accounts of subsidiaries relating to Indra Navia's SESAR project	Indra Navia, A.S.	24	The body overseeing implementation of this project in Norway requires the company auditor to review the project's financial information of the project as well as performing complementary tasks, due to the need for more reports than initially estimated.
Assurance Engagements (ISAE 3000) on the Declaration (IKOP-B) regarding Indra Navia's SESAR-funded projects	Assurance Engagements (ISAE 3000) on the Declaration (IKOP-B) regarding Indra Navia's SESAR-funded projects	Indra Navia, A.S.	6	The body overseeing implementation of this project in Norway requires the company auditor to review the project's financial information of the project.
Other reports on agreed upon procedures not related to Ecoembes,	Verification of greenhouse gas inventory	Indra Sistemas, S.A.	9	As Company auditor, Deloitte has a thorough general understanding of the Group which allows it to make a reasonable estimate in a few days.

covenants or subsidies	Verification of the tax return in Norway, as well as other forms for pensions and wages, under the verification standard SA 3801	Indra Navia, A.S.	3	The Norwegian Tax Assessment Act requires the company auditor to sign the tax return form for wage and pension costs.
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Tax Services

	Description	Group Company Engaging the Service	Fees in Thousands of Euros	Foundation for Assessment
Tax services related to the preparation of tax returns, audits by tax authorities, transfer pricing and general tax advice	General tax advice services in India for the period 2019-2020	Indra Sistemas, S.A.	17	Deloitte has worked with Indra since 2010 on the preparation of its tax returns and with tax audits as a non-resident entity in India, giving it a thorough understanding of tax issues affecting the Company as well as an historical perspective which would be difficult to replace.
Tax services related to audits by tax authorities regarding permanent establishment of Indra Sistemas in India	Tax services related to audits by tax authorities regarding permanent establishment of Indra Sistemas in India for the years 2010-11, 2011-12, 2013-14 and 2015-16	Indra Sistemas, S.A.	42	Deloitte has worked with Indra since 2010 on the preparation of its tax returns and with tax audits as a non-resident entity in India, giving it a thorough understanding of tax issues affecting the Company as well as an historical perspective which would be difficult to replace.



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