

A solid orange vertical bar is positioned to the left of the title text.

Annual Report of the Audit and Compliance Committee regarding the independence of the external auditor

March 2020

Table of content

1	Introduction	3
2	Analysis of the Independence of the External Auditor	3
3	Fees for Services other than Audit Services	4
4	Conclusion	6
	Annex.....	7

1 Introduction

The Audit and Compliance Committee (hereinafter, the “**Committee**”) is charged with evaluating the progress and results of the work of the external auditors, paying close attention to those matters which may risk their independence as well as any other issues related to the process of producing the audit of financial statements.

Pursuant to the provisions of Article 529 *quaterdecies*, section 4 (e) of the *Ley de Sociedades de Capital* (“**Spanish Corporation Act**” or “**LSC**”) and rules governing accounts audit, the Committee must receive an annual statement confirming the independence of the external accounts auditors for the Company or entities directly or indirectly related to it, as well as detailed and individualized information regarding any type of additional services rendered to them and the corresponding fees received by the external auditor or by related persons or entities.

Additionally, pursuant to Article 529 *quaterdecies*, section 4 (f) of the LSC and Article 18 of the Regulations of the Board of Directors of Indra (“**Board Rules**”), the Committee must issue an annual report, prior to the issuance of the audit report of financial statements for each fiscal year, in which it expresses an opinion regarding the independence of the auditors or external audit firms. This report must include a statement regarding the provision of services other than audit services.

To this end, this Annual Report describes the analysis and verification carried out by the Committee of the above-mentioned matters and contains the opinion of the Committee regarding the independence of auditors.

2 Analysis of the Independence of the External Auditor

The Audit and Compliance Committee has received written confirmation from the external auditors of their independence from Indra Sistemas, S.A. and its consolidated group, as well as details of services rendered of any kind to the Indra Group by Deloitte, S.L. (hereinafter “**Deloitte**”) or by persons or entities linked to said audit company, additional to and different from the accounts audit, according to the provisions of the regulations governing the activity of accounts audit.

In the letter confirming its independence sent on March 23, the auditor stated the following:

“The engagement team in charge of the audit and Deloitte, SL have complied with applicable independence requirements in accordance with the provisions of Ley

22/2015, de 20 de julio, de Auditoría de Cuentas ("Act Regarding Audits of Financial Statements") and Regulation (EU) No. 537/2014, of April 16 and their amendments".

The Committee also took into account the statement within the above-mentioned letter confirming the auditor's independence as it relates to procedures that the auditor has in place to guarantee its independence:

"We have designed and implemented internal procedures aimed at identifying and evaluating threats that may arise from circumstances related to audited entities, including those threats that may give rise to instances of incompatibility and, when applicable, to the application of necessary safeguards, [which may be found in the Deloitte Audit Transparency Report available at www.deloitte.es]; as regards the audit described herein for the period covered by the financial statements until the issuance of this letter, no circumstances have been identified which, individually or in the aggregate, could pose a significant threat to our independence and would therefore require application of safeguards, or that might give rise to instances of incompatibility".

Regarding the conditions of contract, given that this is the third year that Deloitte has audited the annual accounts of Indra and its Consolidated Group, the Committee states that the obligations for periodic rotation contained in current regulations are met.

Finally, as for the fees paid to the audit firm for all items, it has been verified that in no case do they represent a significant percentage of the firm's total income for last year. The total fees paid by Indra to Deloitte and its global network in 2019 account for 0.005% of the auditor's income worldwide. Relating specifically to the fees paid to Deloitte, S.L. (Deloitte España), during 2019 they represented 0.17% of its gross income.

3 Fees for Services other than Audit Services

The Committee has a procedure in place for the review and authorization of services other than audit services. As a result, each proposal for this type of service is analyzed during Committee meetings and the Committee verifies that each proposal has been reviewed by the Internal Audit Department, that the fee amount is not material, and that confirmation has been received from Deloitte regarding the absence of problems of independence.

The amount of fees paid in 2019 for services other than audit as well as their relation to the external auditor's total fees is indicated below:

	Company	Grouo	Total
Fees for work other than audit (thousands of euros)	147	22	169
Fees for work other than audit/ Fees for audit work (%)	18	2	8

Detail of the fees for non-audit services provided by the external auditor in its letter confirming its independence are follows:

Other Verification services

Number of instances	Description	Fees in thousands of euros
1	Audit report under the ISAE 3000 rules regarding information relative to the internal control system for financial information	65
1	Auditor's verification of the Corporate Social Responsibility Report	58
2	Other reports on procedures agreed non related to Ecoembes, covenants or subsidies	5
1	Reports on procedures agreed to regarding the review of supporting documents for subsidies	6
Total		134

Tax services

Number of instances	Description	Fees in thousands of euros
3	Tax services related to general advice	20
1	Tax services related to transfer pricing	0,5
1	Tax services related to preparation or delivery of submission of tax return	5,5
1	Tax services related to review of tax returns by the tax authorities	9
Total		35

Also, in accordance with the provisions of Article 529 *quaterdecies* of the LSC, a breakdown of the above referenced services is attached, with an assessment of each performed by the Committee.

4 Conclusion

Based on the information provided by the external auditors regarding the policies, procedures and tools used by the team that performs the Company's audit, as well as verification of the matters included in this Report performed by the Committee, it may be concluded that Deloitte possesses the independence necessary to act as auditor of Indra Sistemas, S.A. and its consolidated Group.

Therefore, the Audit Committee issues the present Report by unanimous vote at its meeting held 19th March, 2020.

Annex

Other Verification services

Description	Fees in thousands of euros
Auditor's report, under the ISAE 3000 rules, regarding information relative to the internal control system for financial information	65
Auditor's verification of the Corporate Social Responsibility Report	58
Report on procedures agreed to regarding the review of financial information in Norway	2
Certification of a tax return in Norway	3
Reasonable assurance verification report (ISAE 3000) in Norway	6

Tax services

Description	Fees in thousands of euros
Tax services related to general advise in Norway	5
Tax services related to preparation or delivery of submission of tax returns in Norway	15
Tax services related to preparation or delivery of submission of tax returns in Norway	5,5
Tax services related to transfer pricing in Indonesian	0,5
Tax services related to review of tax returns by the tax authorities	9