



Report/proposal by the Appointments, Remuneration and Corporate Governance Committee on the ratification, appointment and re-election of Directors

May 2021

This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

Contents

1	Purpose	2
2	Report on the re-election of executive directors	2
2.1	Re-election of Mr. Ignacio Mataix Entero as executive director.....	2
2.2	Re-election of Ms. Cristina Ruiz Ortega as executive director	4
3	Proposals for the ratification, appointment and re-election of independent directors	5
4	Proposal of ratification and re-election of other external director.....	7
5	Composition and diversity of the members of the Board of Directors and its Committees	10

1 Purpose

The Appointments, Remuneration and Corporate Governance Committee (the “**ARCGC**” or the “**Committee**”) of Indra Sistemas, S.A. (“**Indra**” or the “**Company**”) submits this proposal in accordance with sections 4 and 6 of Article 529 *decies* of the Spanish Capital Companies Act (“**LSC**”).

Article 20.2 of Indra’s Regulations of the Board of Directors establishes that proposals for appointment shall be for persons of recognized personal and professional character, with sufficient capacity to maintain proper dedication to the post and without other interests incompatible with their performance.

The Selection Policy for Members of the Board of Directors, amended in December 2020, regulates the procedure for selecting candidates for the post of director, which starts 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, hereby attached. This matrix is regularly reviewed and, where necessary, updated, and it acts as a highly useful tool for defining the profiles necessary to ensure that the members of the Board of Directors have a complete set of skills.

This Committee is also responsible for defining the skills, experience and merits required of candidates to fill each vacancy, along with the dedication required for performance of the office.

Taking into account these criteria and the matrix, along with the needs that the Board currently has, the ARCGC is submitting its reports on the ratification, appointment or re-election of the Company’s executive or other external directors, and its proposals for the ratification, appointment and re-election of independent directors to the Shareholders Meeting, as listed below.

Complete information on the identity, professional profiles of the candidates and category of each of the directors whose ratification, appointment and re-election is being proposed, is available on the General Shareholders’ Meeting section of the corporate website (www.indracompany.com) from the moment that the General Shareholders Meeting is convened.

2 Report on the re-election of executive directors

2.1 Re-election of Mr. Ignacio Mataix Entero as executive director

The bylaw term of the executive director Mr. Ignacio Mataix Entero would come to an end at the next General Shareholders Meeting, which is why the Committee must examine the appropriateness of his continuity and re-election as an executive director. To this end it has taken the following considerations into account:

- The adequacy of experience and knowledge

Mr. Mataix has a wide experience on corporate management at the highest level, both nationally and internationally, at investment banking firms, leading engineering companies and high-tech manufacturers. He also has deep knowledge of the Defence, Aerospace, Transport and Industry sectors, areas that fall within the T&D Division, of which he is currently Senior Vice President (*Director General*); as well as of economic and financial matters relating to production, manufacturing and operations. He also has experience on boards of directors of listed companies.

Based of the foregoing, the Committee finds that his knowledge is in line with the professional profiles required by the Board.

- Capacity to devote the necessary time to the performance of his duties

The ARCGC has verified that the rest of professional commitments of Mr. Mataix, that are included in his professional profile - which is available to the shareholders, allow him to effectively dedicate himself to the performance of his duties as executive director.

- Previous performance in office

The Committee has taken into consideration the analyses and evaluations made by both the Committee itself and the Board with regard to his management performance as an executive director of the Company and his participation in and contribution to the Board of Directors, the results of which are highly satisfactory. It shall be noted that, during his term, Mr. Mataix has shown capacity for leadership, commitment and provided added value to the Company, and he has contributed to a historic increase in contracting in the areas of Defence and Security, through Indra's inclusion in multi-annual Defence programmes of the highest importance in both Spain and Europe. It shall also be highlighted Mr. Mataix's strong support for the transformation process implemented in the division that he leads, to adapt the Company's capabilities to the needs of its customers, who require ever more specialisation and sophistication. This process has ended in positioning Indra as a benchmark company in the areas of national and European defence.

The Committee has appreciated his important contribution in the preparation and discussions regarding 2021-2023 Strategic Plan, and it believes that his continuity in the Company is key to the Plan's implementation, as it is his contribution to the good results as regards sustainability.

The ARCGC has also taken into account of the fact that he has attended all the meetings held by the Board of Directors during the three years of his term.

- Requirements regarding his classification as executive director

The Committee has confirmed that there are no personal or professional circumstances that might affect his classification as an executive director of the Company.

Following this analysis, the Committee has approved to convey to the Board its favorable report to be submitted to the General Shareholders' Meeting the following proposal:

- To re-elect for the bylaw term of three years Mr. Ignacio Mataix Entero, as executive director; upon the proposal of the Board of Directors and the previous report of the Appointments, Compensation and Corporate Governance Committee. Personal identification data for the proposed director to be recorded for the purpose of registration in the Registro Mercantil.

2.2 Re-election of Ms. Cristina Ruiz Ortega as executive director

The bylaw term of the executive director Ms. Cristina Ruiz Ortega would come to an end at the next General Shareholders Meeting, which is why the Committee must examine the appropriateness of her re-election as executive director. To this end it has taken the following considerations into account:

- The adequacy of experience and knowledge

Ms. Ruiz has wide experience, both nationally and internationally, in the areas of technology, innovation, digital transformation, operational consultancy, energy and cybersecurity, all of which are matters that fall within IT division, of which she is currently Senior Vice President (*Directora General*). She has also experience in corporate management at the highest level and deep knowledge in the area of evaluation and management of highly qualified human resources.

She has in-depth knowledge of the Company, which she joined in 2011.

Based on the foregoing, the Committee finds that her knowledge is in line with the professional profiles required by the Board.

- Capacity to devote the necessary time to the performance of her duties

The ARCGC has verified that the rest of professional commitments of Ms Ruiz, that are included in her professional profile - which is available to the shareholders, allow her to effectively dedicate herself to the performance of her duties as executive director.

- Previous performance in office

The Committee has taken into consideration the analyses and evaluations made by both the Committee itself and the Board with regard to her management performance as an executive director of the Company and her participation in and contribution to the Board of Directors, the results of which are highly satisfactory.

In particular, the Committee acknowledges the work done by Ms. Ruiz and her contribution to the achievements obtained in the IT division, her capacity to manage teams and execute complex decisions immediately, along with her encourage of the structural changes made to the IT division, strengthening its digital and cybersecurity capabilities, which have allowed to place Indra's offer and value proposal at the technological forefront in solutions and services in an increasingly competitive environment. Her work has

contributed to a significant increase in sales in the IT division and to recover the proper path for the margins' evolution.

The Committee has appreciated her important contribution in the preparation and discussions regarding the 2021-2023 Strategic Plan, and it believes that her continuity in the Company is key to the Plan's implementation, as it is her contribution to good results as regards sustainability.

The ARCGC has also taken into account the fact that she has attended all the meetings held by the Board of Directors during the three years of her term.

- Requirements regarding her classification as executive director

The Committee has confirmed that there are no personal or professional circumstances that might affect her classification as an executive director of the Company.

Following this analysis, the Committee has approved to convey to the Board its favourable report to be submitted to the General Shareholders' Meeting the following proposal:

- *To re-elect for the bylaw term of three years Ms Cristina Ruiz Ortega, as executive director; upon the proposal of the Board of Directors and the previous report of the Appointments, Compensation and Corporate Governance Committee. Personal identification data for the proposed director to be recorded for the purpose of registration in the Registro Mercantil.*

3 Proposals for the ratification, appointment and re-election of independent directors

On 18 December 2020, following a favourable report from this Committee, the Board of Directors agreed to appoint on an interim basis Ms. Ana María de Pro Gonzalo as independent director, to fill the vacancy that had arisen at the last General Shareholders Meeting due to the fact that Ms. Rosa María García Piñeiro did not accept her appointment.

Given the existence of such vacancy and the Board's commitment to maintain the number independent directors, the ARCGC began a selection process in July 2020, with the advice of a renowned external consultancy specialized in the selection of directors.

Said process began with the definition by the ARCGC of the profile required to fill the vacancy that should complement and reinforce the profile of the existing directors, based on the skills matrix established by the Board of Directors and considering its commitment to gender diversity.

During the course of that process, the ARCGC assessed the evaluation reports of the competencies and experiences of each candidate issued by the external consultancy, and conducted personal interviews with several of them to form the most complete evaluation possible, which concluded with its proposal to appoint Ms. Ana María de Pro Gonzalo as independent director of the Company, once her personal and professional reliability was confirmed,

given the adequacy of her knowledge, skills and experience, the capacity for dedication and the absence of other interests not compatible with the performance of the office.

In accordance with the provisions of articles 244 and 529 *decies* of the LSC, directors appointed on an interim basis will exercise their positions until the first General Shareholders' Meeting, which is the reason why it is proposed to this Meeting the ratification of the appointment on an interim basis of Ms. Ana María de Pro Gonzalo as independent director and her re-election for the bylaw term of three years.

Furthermore, at the forthcoming Ordinary General Shareholders' Meeting of the Company, the bylaw term of the independent directors Mr. Enrique de Leyva Pérez and Mr. Ignacio Martín San Vicente will come to an end, and their continuity and re-election is proposed by this Committee.

With regard to the adequacy of experience and knowledge of the directors whose ratification, appointment or re-election is being proposed, the Committee has taken the following into account:

- Ms. de Pro has extensive professional experience as manager at the highest level in several multinational companies of different sectors. In addition to her experience as CFO in a first-tier company, her experience in the areas of economics and financing, auditing and risk management, as well as her engagement in the various duties performed in all areas of business has provided her with a wide range of skills in the areas of corporate management, planning, control, corporate strategy and development. Her multidisciplinary diversification provided her also with knowledge in technology-based business models. She also has experience as member of the board of directors of listed companies, where she has served both as independent and proprietary director.
- Mr. de Leyva has broad international experience at the highest level of corporate management, as well as in listed companies' board of directors, performing the post of member and Chairman of the Board, as well as Chairman of the Audit Committee, which is the office that he currently performs in Indra. He also has extensive knowledge in economics and financing, monitoring and management of risks (both financial and non-financial) and auditing matters; in the areas of production, manufacturing and operations; as well as in the areas and markets that are most relevant to Indra (IT, Industry and Services). He also has experience in the evaluation and management of highly qualified human resources.
- Mr. Martín has a vast international professional career during which he has held a number of executive positions at the highest level. He also has experience as a member of the board of directors of listed companies as well as deep specific knowledge of the industrial sector and production environments, and in areas and markets that are relevant to Indra (Industry and Services).

As regards their capacity to devote sufficient time to the performance of their duties, the Committee has verified that the rest of professional commitments of Ms. de Pro, Mr. de Leyva and Mr. Martín, that are included in their professional profiles – which are available to the shareholders, allow them to effectively dedicate themselves to the performance of their duties as independent directors of Indra.

The ARCGC has made a highly positive assessment of their previous performance in their respective posts and taken into consideration their attendance (100% in each case) at meetings of the Board and different committees of which they are or were members.

Finally, with regard to the compliance of the requirements with respect to the character of each of the candidates, the Committee has confirmed that there are no personal or professional circumstances that might affect the classification of Ms. de Pro, Mr. de Leyva and Mr. Martín as independent directors.

Following this analysis, the ARCGC has agreed to submit the following proposals to the General Shareholders Meeting:

- *To ratify the appointment of Ms. Ana María de Pro Gonzalo, whose appointment on an interim basis was approved by the Board of Directors in its meeting held on 18 December 2020, and re-elect her as director for the bylaw term of three years, with the classification of independent director; upon the proposal of the Appointments, Compensation and Corporate Governance Committee. Personal identification data for the proposed director to be recorded for the purpose of registration in the Registro Mercantil.*
- *To re-elect for the bylaw term of three years Mr. Enrique de Leyva Pérez, as independent director; upon the proposal of the Appointments, Compensation and Corporate Governance Committee. Personal identification data for the proposed director to be recorded for the purpose of registration in the Registro Mercantil.*
- *To re-elect for the bylaw term of three years Mr. Ignacio Martín San Vicente, as independent director; upon the proposal of the Appointments, Compensation and Corporate Governance Committee. Personal identification data for the proposed director to be recorded for the purpose of registration in the Registro Mercantil.*

4 Proposal of ratification and re-election of other external director

Within the framework of the process to prepare for the convening of the next Ordinary General Shareholders Meeting, Sociedad Estatal de Participaciones Industriales (SEPI) informed the Company of its wish to appoint a new chairman to replace Mr. Fernando Abril-Martorell Hernández, whose term ended this year, and commence a new chapter in the Company's chairmanship.

The Board of Directors has considered that the proper performance of his duties by the chief executive officer requires that at all times he has the full confidence of its main shareholder, given also his position, as a representative of the state public sector, the Company's main client and whose decisions have a relevant impact on its business.

The Board has also stressed that the permanence of the other two executive directors, who are already in charge in their respective responsibilities, of the Company's operations, as well as the corporate general manager, guarantees the continuity of management at the highest level,

executing the 2021-2023 Strategic Plan unanimously approved by the Board of Directors last February.

Taking the above into consideration, the Board approved to revoke the powers delegated to Mr. Fernando Abril-Martorell Hernandez and dismiss him as Chairman.

In this context, the Committee had already initiated a process to select a new chairman, with the advice of a renowned external consultancy specialized in the selection of directors. Said process began with the definition by the Committee of the profile required to perform the chairmanship of the Company, taking also into consideration the existing succession plan.

During this process, within which other candidates were also considered, the Committee assessed the evaluation reports of the competencies and experience issued by the external consultancy, and conducted interviews with them to form the most complete evaluation possible, which concluded with its favorable report to appoint Mr. Marc Thomas Murtra Millar as director and chairman, with the qualification of non-executive (other external). Subsequently the Board of Directors took such resolutions thereby filling the vacancy left by Mr. Fernando Abril-Martorell Hernandez. In taking this decision, both the Committee and the Board assessed the personal and professional reliability, the adequacy of the knowledge, skills and experience, the capacity for dedication and the absence of other interests not compatible with the performance of the office, and considered as well the adjustments that were convenient in the management structure of the Company following the exit of the previous executive chairman, by appointing jointly and severally as chief executive officers the two other executive directors previously mentioned.

In accordance with the provisions of articles 244 and 529 decies of the LSC, the director appointed on an interim basis will exercise such position until the first General Shareholders' Meeting, which is the reason why it is proposed to this Meeting the ratification of the appointment on an interim basis of Mr. Marc Thomas Murtra Millas as director with the qualification of "other external" and his re-election for the bylaw term of three years. Furthermore, and in accordance with article 146.1 of the *Reglamento del Registro Mercantil* (the Commercial Registry Regulations), the Committee considers that it has to assess simultaneously the skills, competencies and experience of Mr. Murtra, not only as an external director, but also for the performance of the chairmanship of the Board of Directors.

With regard to the adequacy of experience and knowledge of the director whose ratification, appointment or re-election is proposed, the Committee has taken into account:

- Mr. Murtra, who is an industrial engineer and holds an MBA from the Leonard Stern School of Business of the New York University, has a vast professional experience, both in the public and the private sector. He was chief of staff to the Minister of Industry, Tourism and Commerce, Managing Director of Red.es and Responsible of Education, Culture, Sports, Immigration, Youth, International Cooperation and Participation in the Barcelona City Council. He has been managing partner of Closa Investment Partners and partner and co-founder of CREA Inversión, and has a deep knowledge of the technological sector. He is likewise adjunct lecturer of financial economics in the Universitat Pompeu Fabra and is a regular contributor to various media.

His knowledge and vast experience in the public sector, as well as his managing and dialoguing skills with the entities that form part of it are valuable elements for a company such as Indra, with a high volume of public contracts and relationship with Public Administrations. His profile will contribute to improve the already excellent relations of the Company with the different Administrations, as well as to reinforce the position of Indra before the NextGenerationEU European funds and, therefore, to increase its ability to grow. In the same sense, his capacity for leadership and institutional representation, as well as his experience in the field of communication confirm his suitability to assume the institutional representation of the company and the duties related to the chairmanship.

Furthermore, his current duties in the educational field and the university prove a firm commitment with social development through education and teaching.

- The Committee has verified that the rest of professional commitments of Mr. Murtra, that are included in his professional profile - which is available to the shareholders, allow him to effectively dedicate himself to the performance of the office of non-executive director.
- Finally, as regard to the fulfilment of the requirements with respect to the character of the candidate, the Board has verified that there are no personal or professional circumstances that may affect the classification of Mr. Murtra as external director (other external, nor proprietary nor independent director). Particularly, the shareholder SEPI has confirmed in writing to the Company that its representation in the Board of Directors is limited to the two proprietary directors it currently has and that, therefore, Mr. Murtra does not represent the SEPI.

Following this analysis, the Committee has approved to convey to the Board its favorable report to be submitted to the General Shareholders Meeting the following proposal:

- *To ratify the appointment of Mr. Marc Thomas Murtra Millar, whose appointment on an interim basis was approved by the Board of Directors in its meeting held on 27 May 2021, and re-elect him as director for the bylaw term of three years, with the classification of "other external"; upon the proposal of the Board of Directors and the previous report of the Appointments, Compensation and Corporate Governance Committee. Personal identification data for the proposed director to be recorded for the purpose of registration in the Registro Mercantil.*

5 Composition and diversity of the members of the Board of Directors and its Committees

If the proposals submitted to the General Shareholders Meeting by the Committee and the Board of Directors are approved, the Board will continue to be composed by thirteen members, of which two have the status of executive directors and the remaining eleven are external directors. Of this latter group, seven will be independent and will account for 53.85% of the Board's members. The proportion between proprietary directors remains fully in line with the equity stake of the shareholders that they represent (Sociedad Estatal de Participaciones Industriales and Corporación Financiera Alba). The composition of the Board fully complies with the requirements of the Regulations of the Board of Directors and the Code of Good Governance for Listed Companies ("CGGLC") with regard to both the size and the qualitative composition of the Board of Directors, given that the broad majority of its members are non-executive directors and there is an appropriate proportion between proprietary directors and independent directors. It furthermore complies with international standards relating to the independence of the Board.

The following chart summarizes the current quantitative and qualitative composition of the Board that would remain unchanged provided that the ratification, appointment and re-election proposals of directors are approved:

Composition of the Board of Directors	
External Directors	11
Independent Directors	7
Proprietary Directors	3
Shareholder Sociedad Estatal de Participaciones Industriales	2
Shareholder Corporación Financiera Alba	1
Other external directors	1
Executive Directors	2
Total number of Directors	13

The Committee believes that with the composition that will result from these proposals, the combined members of the Board will offer the Company the necessary knowledge, skills, qualification, diversity and experience, in accordance with the attached skills and knowledge matrix.

If the proposals for the ratification, appointment and re-election of directors submitted to the General Meeting are approved, the composition of the Board's committees will remain as follows:

Auditing and Compliance Committee		
Enrique de Leyva	Independent	Chairman
Carmen Aquerreta	Independent	Member
Santos Martínez-Conde	Proprietary	Member
Ana de Pro	Independent	Member
Miguel Sebastián	Proprietary	Member
Isabel Torremocha	Independent	Member

Appointments, Remuneration and Corporate Governance Committee		
Alberto Terol	Independent	Chairman
Antonio Cuevas	Proprietary	Member
Ignacio Martín	Independent	Member
Santos Martínez-Conde	Proprietary	Member
Isabel Torremocha	Independent	Member

Sustainability Committee		
Silvia Irazo	Independent	Chairwoman
Carmen Aquerreta	Independent	Member
Antonio Cuevas	Proprietary	Member
Ignacio Martín	Independent	Member

Both the Board of Directors and the Committee are aware of the importance of encouraging gender equality and of the convenience of appointing women to the Board who meet the requirements relating to capacity, suitability and devotion of the time required to perform the director's duties, making determined efforts to identify candidates who meet the required profile.

This criterion is included in the Company's Selection Policy for Members of the Board of Directors, which expressly encourages the application of diversity criteria, including gender diversity, without the existence of implicit bias that could lead to any kind of discrimination for any reason. In its most recent amendment (December 2020) to bring it into line with the CGGLC, particularly recommendations 14 and 15, it establishes the target of forty per cent of board members being women prior to the end of 2022.

If the General Shareholders Meeting approves the foregoing proposals for ratification, appointment and re-election, the total number of women on the Board will be five, representing 38.46% of the total number of board members. Women also represent 57.14% of the independent directors and 50% of the executive directors.

Avda. de Bruselas, 35
28018 Alcobendas
Madrid, Spain
T +34 914 805 000

indracompany.com

indra

Annex

MATRIX OF COMPETENCIES AND KNOWLEDGE ON THE BOARD OF DIRECTORS

	M. Murtra ⁽¹⁾	C. Aquerrete	A. Cuevas	S. Iranzo	E. de Leyva	I. Martín	S. Martínez-Conde ⁽¹⁾	I. Mataix	A. de Pro	C. Ruiz	M. Sebastián	A. Terol	I. Torremocha
Competence													
Management experience													
First-rate corporate management (CEO, COO)	•	•			•	•	•	•		•		•	•
Senior positions in Public Administration and Public Function	•		•	•						•			
Experience in Board of Directors of listed companies													
Board of Directors/Committees Member	•		•	•	•	•	•	•	•		•	•	•
Board Chairman / Committees chairman / Lead Director				•	•	•	•		•			•	•
Sector													
TI	•	•	•	•	•		•		•	•		•	•
Defense / Aerospace / Transport		•	•				•	•				•	
Industrial	•		•		•	•	•	•					
Services	•	•	•	•	•	•	•	•		•		•	•
Internacional experience													
Europe	•	•	•	•	•	•		•	•	•	•	•	•
Latam / EE.UU.	•	•		•	•	•		•		•	•	•	•
Emea				•	•		•		•		•		
Funcional													
CFO / Controller / Risk Management / Audit Partner	•	•			•		•	•	•			•	•
Production / Manufacturing	•		•		•	•		•		•			
Talent / Senior Management / Compensation		•	•		•		•			•		•	•
ESG			•	•									•
Cybersecurity	•		•							•			
Otros													
Engineering	•						•						
Finance	•						•						
Duration of office													
0 to 3 years	•	•	•			•	•	•	•	•			•
4 to 9 years				•	•		•						
10 years or more											•		

- Independent D.
- Proprietary D.
- Executive D.
- Other External D.

⁽¹⁾ Additional information provided by Director: Engineering and Finance.