

Auditing and Compliance Committee Performance Report 2021

January 2022

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

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1 Introduction

In accordance with the provisions of Article 16.8 of the Board of Directors Regulations and Technical Guideline 3/2017 on Auditing Committees at public interest companies published by the National Securities Market Commission (“**CNMV**”), this document includes a Report on the annual performance of the Auditing and Compliance Committee (“**ACC**”) during the 2021 financial year (the “**Report**”), offering an account of the activities engaged in by the Committee over that period.

This Report was prepared by Indra’s ACC at a meeting held on 24 January 2022.

2 Composition, appointment and profile of the Committee’s members

In accordance with the Board of Directors Regulations and the Articles of Association, the Committee exclusively comprises non-executive directors.

The qualitative composition of the ACC complies with the contents of Recommendation 39 of the Code of Good Governance for Listed Companies (“**CGGLC**”), its members (and particularly its Chair) being chosen on the basis of their know-how and experience in the areas of accounting, auditing and the management of risk, both financial and non-financial.

The Committee’s Chair is elected for a period of four years, and he or she must be replaced at the end of that term, though they may be re-elected once a year has elapsed following the date on which their previous term ended. The Secretary or Deputy Secretary to the Board of Directors acts as the Committee’s Secretary, as provided for in Article 16.4 of the Board of Directors Regulations.

When appointing the members of the Committee, the Board of Directors will promote gender diversity, in addition to diversity in respect of qualities such as professional experience, skills, personal abilities and knowledge of the sector.

The Committee currently comprises five non-executive directors, four of whom are independent (one of these being the Chair) and three of whom are women.

The Committee comprised the following members as of 31 December 2021:

Name	Position	Type of board member	Date of first appointment
Enrique de Leyva	Chairman ⁽ⁱ⁾	Independent	25 June 2015
Carmen Aquerreta	Member	Independent	25 June 2020
Ana de Pro	Member	Independent	18 December 2020

Miguel Sebastián	Member	Proprietary ⁽ⁱⁱ⁾	31 January 2019
Isabel Torremocha	Member	Independent	24 June 2019

⁽ⁱ⁾ Appointed Chairman of the Committee in June 2019.

⁽ⁱⁱ⁾ Appointment proposed by Sociedad Estatal de Participaciones Industriales (SEPI)

On 20 December, the Board of Directors accepted the resignation of proprietary director Santos Martínez-Conde, after Corporación Financiera Alba, S.A., the shareholder that he represented on the Board of Directors, reduced its holding in Indra's stock to 3.21%. As a result of his resignation as board member, Mr Martínez-Conde also ceased to be a member of the Auditing and Compliance Committee.

The following section contains the CVs of all the Committee's members along with complete information about their profile, experience and know-how. This information can also be found on the Company's website (www.indracompany.com), where it is continuously updated.

Enrique de Leyva

Born in Seville in 1959. He has a degree in Civil Engineering from Madrid Polytechnic University and an MBA from Columbia University with a double major in Accounting and Finances. He is currently a founding partner of the Magnum Group and Chairman and director of several companies in the group. He is also a member of the advisory board of Abante Asesores.

He has worked at Unión Fenosa (1983-1986), McKinsey & Company, Inc (1986-2006), where he was Chairman of its Spanish subsidiary and led its Energy Practice in Europe, and Magnum Industrial Partners, S.L., where he has worked as founding partner since 2006 and from where he has launched three private equity funds (Magnum Capital LLP, Magnum Capital II and Magnum Capital III, with €1.5bn of managed funds). He has been Chairman or director of a large number of companies in the Education, Energy, Industry, Health, B2B Services and Telecommunications sectors.

He is currently an independent member of the Board of Directors at Almirall, S.A. and Chairman of its Auditing Committee.

Carmen Aquerreta

Born in Pamplona in 1968. She has Degrees in Economics and Business Sciences and Law from Pontificia Comillas University, and a Master's Degree in International Relations from Johns Hopkins University.

She has had extensive experience in the consultancy sector. She has worked for important organisations such as Andersen in Madrid, where she held the position of Global Director of Strategy and Planning (Tax and Legal), BCG and Mitchell Madison Group. She has been a partner at Deloitte United Kingdom and Deloitte North West Europe (2006-2019), where she headed up the Intangible and Intellectual Property practice, she was in charge of Global Relations at Vodafone Plc and led many large projects for BAE Systems and Thales, among other positions.

She is an independent director of the Andbank Group, a member of its Auditing Committee, and Chairwoman of its Appointments and Remuneration Committee. She is a member of the *Instituto de Consejeros-Administradores* (Institute of Directors and Administrators) and of the *Círculo de Empresarios* (Employers' Circle).

Ana de Pro

She was born in Madrid in 1967 and graduated with a degree in Economic and Business Sciences from the Complutense University of Madrid.

She began her professional career at Arthur Andersen in 1990 and then joined the real estate company Metrovacesa in 1994, where she held the post of Financial Director. In 2002 she joined Sacyr Vallehermoso, a diversified construction and engineering group, as Corporate General Manager. From 2015 to 2017 she was an independent director at the SOCIMI, Merlin Properties. She subsequently joined the Amadeus IT Group, a technology company in the travel sector, where she held the position of CFO from February 2010 through to September 2020, also acting as strategic advisor to the CEO until December 2020.

She is currently an independent director and Chairwoman of the Auditing Committee at ST Microelectronics N.V., as well as being an independent director and member of the Auditing, Remuneration and Health and Safety Committees at National Express Group PCL.

She is also an independent director of the Spain National Advisory Board (Spain NAB), the Advisory Board for Impact Investing in Spain, which acts as the independent, unlisted, cross-sector consulting body that represents Spain before the GSG (Global Steering Group for Impact Investment). She is also a member of the board of trustees of the Juan XXIII Foundation.

Miguel Sebastián

Born in Madrid in 1957. Graduated with a degree in Economic and Business Sciences from the Complutense University of Madrid. He also has a PhD in Economics from the University of Minnesota (USA) and a doctorate from the Complutense University of Madrid.

In the academic field, he has been deputy director of the magazine "Moneda y Crédito" and a member of scientific committees at Revista Española de Economía, FEDEA and NOMISMA. He is Professor of the Fundamentals of Economic Analysis at Madrid Complutense University's Faculty of Economic Sciences.

He has worked in the Ministry of Economy and Finance's General Planning Office and the Research Department at the Bank of Spain. He has been the General Manager of Intermoney. In 1996 he was appointed Chief Economist (Director of the Research Department and Deputy Director General) at Banco Bilbao Vizcaya, and following its merger held the same post at Banco Bilbao Vizcaya Argentaria until 2003. He has acted as consultant for several multilateral organisations. He has been a member of the Executive Committee at the International Conference of Commercial Bank Economists and the Governing Board of the Spanish Association of International Economics and Finance. He was a member of the Editorial Board at *Expansión* and *Actualidad Económica*. He has contributed articles to *El Mundo*, *20minutos*,

Alnavío.com, El Independiente and la Informacion.com. He currently publishes a fortnightly column in El Español/Invertia and is a guest on La Sexta, Cadena SER and other broadcasters. He is an occasional consultant at GLC Research.

In the political sphere, he was coordinator of the Economic Program for the Spanish Socialist Party (PSOE) in the 2004 General Election and Director of "*Economistas 2004*". In 2004 he was appointed Director of the Spanish President's Economic Office (with the rank of Secretary of State). In 2005 he was appointed Coordinator of Spain's National Reform Program ("Mr Lisbon"). In December 2006 he was nominated as the PSOE Candidate for the Office of Mayor of Madrid. In April 2008 he was appointed as the Spanish Government's Minister of Industry, Tourism and Trade, a role which he held during the whole of the 9th legislature until December 2011.

Isabel Torremocha

Born in Madrid in 1964. Graduated with a Degree in Chemical Sciences from Universidad Autónoma de Madrid. She completed a postgraduate course in Plastics and Rubber at the Spanish National Research Council, a Leadership Program at IMD Business School, a PDD at IESE Business School and a Corporate Finance course at IE Business School.

Ms Torremocha began her professional career at Philips Iberia and in 1991 moved to Andersen Consulting (currently Accenture), where she continued her professional advancement in the Telecommunications, Media and High-Technology Sectors. At Accenture she was Managing Director and a member of the Board of Directors of Accenture Spain.

During her final period at Accenture, as Director of Opportunities for Transformation, Ms Torremocha led the creation and development of opportunities relating to strategic transformations in the areas of information technologies, outsourcing business processes and digital transformation in Spain, Portugal and Africa.

She has previously held international positions, the most important being that of Director of Operations and member of the Executive Committee for Europe, Africa and Latin America, with responsibility for the implementation of business strategy in these geographical territories.

She has also been responsible for diversity and equality in the Telecommunications and Medium- and High-Technology Division in Europe, Africa and Latin America, defining plans for increasing the number of professional women in managerial positions and succession plans.

During 2018 and 2019 she worked with and acted as mentor for the University of Navarra's "Atelier by ISEM", a Startup Accelerator.

She is currently an independent director of Repsol, S.A., Chairwoman of the Auditing Committee and a member of the Sustainability Committee. She is also Patron and Chairwoman of the Appointments Committee at the "Plan International" Foundation, a member of the Strategic Board at the CEIT Technological Centre (Basque Country), a member of the Institute of Directors and Administrators (ICA) and a member of the Spanish Managers Association (AED).

3 Duties of the Committee and its regulation

In accordance with the contents of Article 31 of the Articles of Association, the Board of Directors Regulations establish the rules relating to the ACC's powers and duties.

In addition to the duties established in Law, Article 18 of the Board of Directors Regulations (the wording of which was amended on 26 July 2021) establishes that the ACC is responsible for the following:

1. Respect for internal control and monitoring systems:

a) monitoring and evaluating the preparation and reporting of the Company's financial and non-financial information and its systems for the monitoring and management of financial and non-financial risk of the Company and its Group (including operational, technological, legal, social, environmental, political and reputational risk and risk relating to corruption), checking compliance with the requirements set out in law, the accurate demarcation of the consolidation scope, and the correct application of accounting principles, and submitting the relevant report to the Board where applicable.

b) overseeing the composition, powers and performance of the internal auditing, risk monitoring and management and compliance departments, and to that end: i) ensuring their independence; ii) proposing the election, appointment, payment and dismissal of the people respectively in charge of those areas; iii) approving their budgets and the direction of the annual working plan and overseeing their implementation; iv) receiving regular information on their activities and, in particular, any potential incidents or restrictions on the scope set out in the development of the annual working plan; and v) checking that senior management takes account of the conclusions and recommendations contained in their reports. As regards internal auditing matters, the Committee will ensure that its activities are mainly focused on the relevant risk, including reputational risk.

c) establishing and overseeing the operation of a mechanism that allows employees and other people connected with the Company, such as directors, shareholders, suppliers, contractors and subcontractors, to report, confidentially and (where applicable) anonymously, any potentially important irregularities relating to the Company or its Group, including financial and accounting irregularities, ensuring that the said mechanism respects the rights of both the complainant and the party being reported.

d) ensuring that the internal control policies and systems established are effectively applied.

2. With regard to the external auditor:

a) ensuring that the accounts presented to the General Shareholders Meeting by the Board of Directors have been prepared in accordance with the accounting regulations and that the auditors' report does not contain any limitations or provisos.

b) in the event of the external auditor's resignation, examining the circumstances that have caused it.

c) ensuring that the payment of the external auditor for its work and any payments arising from business relations in which the auditor and the Company collaborate do not compromise its quality or independence.

d) ensuring that the Company notifies any change of auditor to the CNMV using legally established channels, accompanied by a statement detailing any potential disagreements arising with the outgoing auditor and, where applicable, the reasons for these disagreements.

e) ensuring that the external auditor has a yearly meeting with the Board of Directors in full session to inform it of the work undertaken and developments in the Company's risk and accounting positions.

f) ensuring that the Company and the external auditor adhere to current regulations on the provision of non-auditing services, limits on the concentration of the auditor's business and, in general, any other requirements concerning auditor independence, as well as authorising the engagement of those services.

3. Other duties:

a) informing the Board regarding economic conditions and their accounting impact and, in particular, the exchange ratio proposed for any structural and corporate modification operations that the Company is planning.

b) adopting decisions in relation to the powers entrusted to it under the internal programmes and procedures approved by the Board in the areas of compliance and competition, overseeing compliance with the Company's internal policies and codes of conduct, ensuring that the Company's corporate culture is aligned with its mission and values and proposing amendments.

c) overseeing application of the policy for communicating with shareholders, institutional investors and proxy advisors, along with the procedures for maintaining relations with other stakeholders. Overseeing any financial, non-financial and corporate reporting policy that may form part of these relations and proposing amendments.

d) providing information on any related party transactions that must be approved by the General Shareholders Meeting or the Board of Directors and overseeing the internal procedure established by the Company.

4 Activities during the 2021 financial year

During the 2021 financial year, the ACC held ten ordinary meetings. The average attendance figure for members who were either physically present or appeared by videoconference at ACC meetings was 100%.

Committee meetings were convened sufficiently in advance to allow members to analyse the documentation and information relating to the items to be discussed, and this was made available to them at the same time as notice of each meeting was announced.

In addition, the Chairman of the ACC informed the Board of the matters discussed and the decisions adopted by the Committee at each of its meetings.

Following an invitation from the Chairman, executive directors, the head of Internal Auditing and the Compliance Unit, managers and external advisors attended Committee meetings in order to discuss any items on the agenda for which they are responsible, though this did not in any way compromise the independence of the Committee's actions.

At the beginning of each financial year, the ACC prepares and approves an Action Plan to ensure the proper planning and organisation of its duties. The Action Plan for the 2021 financial year scheduled ten meetings to be held in ordinary session and set out the content to be discussed at each meeting.

The main issues that were discussed and analysed by the Committee during the 2021 financial year and that covered the principal areas that it is responsible for overseeing can be divided into the following categories:

REVIEW OF THE FINANCIAL AND NON-FINANCIAL INFORMATION TO BE INCLUDED IN THE FINANCIAL STATEMENTS

- Analysing/reviewing the regular financial reports to be prepared by the Board
- Overseeing the preparation process and reporting criteria for the financial and non-financial information contained in the annual and intermediate reports that the Company publishes
- Reviewing specific issues relating to the financial information that may have an impact on the Company's results
- Monitoring the external review of non-financial information

INTERNAL AUDITING AND GLOBAL RISK

Internal Auditing

- Overseeing the efficacy of financial and non-financial risk procedures and the Company's control and governance procedures
- Carrying out audits focused on the analysis of process risk, operational risk and systems risk
- Following up recommendations
- Reviewing and updating the ICFR (including the Management Report (MR)) and ICNFR models.
- Overseeing section F of the Annual Corporate Governance Report ("ACGR")
- Promoting external reviews (Quality Assurance)

Global risk

- Overseeing preparation of the Risk Map and the proposals for updating Risk Management and Control Policies, including Tax Policy
- Promoting external reviews of the risk management model: ISO 31000
- Overseeing follow-up reports on risk-mitigation plans
- Encouraging appearances by the different risk owners
- Overseeing section E of the ACGR
- Overseeing the 2021-2023 operational plan

EXTERNAL AUDITING

- Monitoring the process for the auditing of the annual accounts, intermediate financial statements and the ICFR
- Monitoring implementation of the external auditor's recommendations
- Assessing the external auditor and reporting annually on its independence
- Authorising services other than auditing and reporting on business relationships

REGULATORY COMPLIANCE

- Reviewing and updating the Model for the Prevention of Criminal Risk and the Competition Model.
- Promoting the regular internal and external verification of the Criminal Risk Prevention and Competition Models with regard to the effectiveness of the control procedures and their alignment with the national and international legal standards in force
- Implementation of observations in accordance with certification in matters of Compliance (UNE 19601, ISO 37001)
- Updating the methodology for evaluating criminal, competition-related and reputational risk.
- Updating internal regulations and updating and following up control processes
- Encouraging and monitoring internal training in ethics and Compliance and Competition
- Implementing the Criminal Risk Prevention and the Competition Risk Models at recently acquired subsidiaries
- Following up and processing complaints received via the Direct Channel. Analysing any important procedures currently being processed

OTHER

- Policy for communicating with shareholders, institutional investors and proxy advisors
- Monitoring of legal matters relating to the Company
- Related-Party Transactions
- Update of the Regulations governing the Internal Code of Conduct in matters relating to the Stock Markets
- Appraisal of the ACC's operation and performance
- Cybersecurity training

4.1 Review of financial and non-financial information

4.1.1 Review of the Company's annual accounts

Working from the external auditor's report, at its meeting of March 2021 the Committee reviewed the Management Report and the Individual and Consolidated Annual Accounts for the 2020 financial year prior to their formal preparation by the Board of Directors, giving a favourable opinion.

4.1.2 Review of the regular information to be submitted to the markets and their supervisory bodies

Prior to its approval by the Board of Directors, the ACC reviewed the quarterly financial information for the 2021 financial year and the half-yearly information for the second six months of the 2020 financial year and the first six months of the 2021 financial year, to be submitted to the CNMV, checking that it had been prepared using the same criteria as had been used for the annual financial statements.

This review extended to all the information contained in the CNMV's official forms and to the presentations submitted to the CNMV by the Company when publishing its quarterly results, and the Committee checked that the data included in those documents were consistent, making an analysis of the suitability of the criteria applied and the accuracy of the figures.

As regards the consolidated condensed interim financial statements, the Committee carried out a review with the external auditor of the items taken into account by the latter in order to issue its limited review report.

Complying with the duties with which it is charged, the ACC monitored and evaluated the process for the preparation of the financial information relating to the Company and the consolidated group and the integrity of that information, and it analysed compliance with the requirements set out in law, the accurate demarcation of the consolidation scope, and the correct application of accounting principles, and made recommendations on the way in which some items were shown, accounted for or presented. To this end, the Committee invited Indra Corporate General Manager (CFO) to attend all of its meetings at which matters relating to the regular reporting of financial information were discussed, and the Board formally approved that information within the proper time.

4.1.3 Non-financial information

As it did for the previous financial year, the Committee chose to maintain the Sustainability Report as the Non-Financial Information Statement. The contents of the Sustainability Report and the process for its preparation were overseen by the Committee in order to ensure that it met all the requirements set out in law. The Committee was provided with the preliminary favourable report

from the Sustainability Committee with regard to the contents and reporting criteria for the aforementioned Report.

The Sustainability Report was audited by an independent third party (Deloitte), which appeared before the Committee to report on the scope of its audit and the conclusions reached. The Committee confirmed that the audit report would be issued without any provisos.

4.2 External Auditing

4.2.1 Monitoring the process for carrying out the audit of the annual accounts

In accordance with its duty to compile regular information on the way in which the annual accounts auditing process is carried out, in 2021 the Committee oversaw the entire process, from its planning, implementation and execution through to its conclusion. The ACC has evaluated the implementation and results of the audit and the work carried out, making an in-depth analysis of the reports prepared by the external auditors in relation to the following:

- Final conclusions regarding the auditing of the annual accounts for the 2020 financial year and the preliminary report.
- The final audit report on the individual and consolidated annual accounts for the 2020 financial year, with the issue of the auditor's opinion without provisos or reservations.
- The report on recommendations for improvement within the organisation, reporting and internal control processes and systems resulting from the auditing of the annual accounts for the 2020 financial year.
- The planning and preliminary work carried out for the auditing of the annual accounts for the 2021 financial year.
- The limited review report corresponding to the first six months of the 2021 financial year.

In order to ensure the proper appraisal of all of these items, the members of the Deloitte team responsible for auditing the accounts appeared before the ACC on eight occasions over the financial year, and they clearly had sufficient and suitable access to all of the Company's key personnel, along with all the information they required to make their appraisal.

Indra's Auditing and Compliance Committee oversaw the process for the auditing of the accounts of Morpheus Aiolos, S.L.U., a Public Interest Entity registered with the Bank of Spain that has been acquired by Indra Soluciones TI.

4.2.2 Verifying the independence of the accounts auditor

In compliance with its duty to examine any issues that could threaten the independence of the external auditor, and in accordance with the internal procedure currently in force, the Committee reviews and authorises any fees to be paid for services other than the auditing of the annual accounts, before those services are contracted. It also regularly monitors the accumulated amounts of these fees for the purposes of ensuring that they are not too high, and that they comply with the limits set out in law and do not compromise the auditor's independence.

The fees paid to the external auditor (Deloitte) during the 2021 financial year amounted to the totals shown in the following table:

	Thousands of euros
Auditing the accounts and making a limited half-yearly review	2.075
Other verification services	88
Tax services	33
Other services	23
Total	2.219

In addition, any business matters in which the auditor and the audited company work together are reported to the Committee, notwithstanding the fact that the regulations in force do not establish any limits or requirements in this regard.

As regards the auditing of the annual accounts for the 2020 financial year, and in compliance with the requirements of the legislation in force, prior to the issue of the auditor's report for the financial year the Committee issued its own annual report on the auditor's independence, giving a favourable opinion regarding that independence and making a specific statement on the types of services other than auditing that it had provided over the course of the year, which had not in any way compromised its independence. This report was made available to the shareholders when the General Shareholders Meeting was convened, pursuant to the contents of Recommendation 6 of the CGGLC.

Deloitte also issued express confirmation of the maintenance of its independence in a letter dated 24 March 2021.

Since March 2020, verification of the external auditor's independence has extended to any subsidiaries that are audited by a firm other than Indra's own auditor.

Following the entry into force of Royal Decree 2 of 12 January 2020, which implemented the Spanish Accounts Auditing Act, changes were made to the procedure for controlling the independence of the external auditor, under which the Committee must review and approve the technical analysis of threats and safeguards that the external auditors make regarding its independence.

4.2.3 Evaluation of adherence to the recommendations resulting from the accounts audit

In accordance with its duty to evaluate the management team's response to recommendations made by the auditor, the Committee reviewed the implementation of the recommendations made following the auditing of the annual accounts for the 2020 financial year.

4.2.4 Evaluation of the external auditor

The ACC reviewed the actions of the external auditor and how these had contributed to the quality of the auditing process and the integrity of the financial information. It also reviewed compliance with the auditing agreement.

4.3 Internal Auditing, internal control and risk management

4.3.1 Internal Auditing

The Committee is responsible for overseeing the composition, powers and performance of the Company's Internal Auditing department ("IA"), and to that end: i) ensuring its independence; ii) proposing the election, appointment, payment and dismissal of the department's head; iii) receiving regular information on its activities; iv) approving its annual budget and working plan and overseeing their implementation; and v) checking that senior management takes account of the conclusions and recommendations contained in its reports.

Since the 2014 financial year, the IA Department has been organisationally dependent on the ACC.

The main purpose of IA's operations is to provide services that assure independence, adhering to best practices and assisting oversight of the operations involved in the internal control system and risk management processes.

At its meeting of 15 December 2020, the Committee approved the IA Working Plan for the 2021 financial year. The Director of IA attended and actively participated in all the Committee's meetings this financial year, reporting on the progress made in the execution of the Working Plan and the work being carried out in the various areas for which she was responsible.

The Committee was informed of the results of the audits carried out during the financial year, which mainly covered the risks relating to accounting and the presentation of financial and non-financial information, the completion of projects, quality, tax issues, internal controls at branches, information security and privacy, criminal liability (a review of the effectiveness of criminal controls), the management of supply, the management of circulating capital, employment regulation and competition.

It was also informed about adherence to and implementation of the IA department's recommendations by the heads of department.

In January 2021, the Committee reviewed and approved the Report on the activities engaged in by IA during the 2020 financial year.

4.3.2 Internal control

Indra has an Internal Control Over Financial Reporting (“**ICFR**”) Model based on COSO (Committee of Sponsoring Organisations of the Treadway Commission) methodology. The aim of this model is to ensure: i) the effectiveness and efficacy of operations; ii) the sufficiency and trustworthiness of financial information; and iii) compliance with the applicable legislation and regulations.

Implementation of this model is intended to offer reasonable certainty of achieving these aims.

IA carries out an annual audit of the ICFR. Any control weaknesses detected in the ICFR are included in a specific plan of action for each weakness identified. IA monitors and controls these weaknesses and reports to the Committee in this regard until they have been definitively resolved.

The Committee reviews and approves the scope of the ICFR, the quantitative and qualitative factors taken into account in its preparation, and it is informed about the different applications that are relevant to this end. Approval of these points in relation to the 2021 ICFR was formally given at the Committee meeting held in September 2021.

The Committee was informed about the results obtained in the analysis of the effectiveness of its ICFR and the improvements made to the 2020 model in March 2021, and it was concluded that no significant deficiency or material weakness had been detected in the operation of the controls associated with this model. As a result of this whole process and with a view to strengthening the transparency and quality of the public information given by the Company to the markets with regard to its ICFR, the Company Management submits an annual description of its ICFR (section F of the Annual Corporate Governance Report, ACGR), using the sixteen basic indicators recommended by the CNMV.

The Committee reviewed the said section and its consistency with all the other information included in the Annual Accounts and the Sustainability Report. Following its review, the Committee submitted a report to the Board on the aforementioned section, for the Board's approval. In addition, since the 2011 financial year, Indra has been voluntarily submitting its ICFR for evaluation by the Company's auditor. The auditor issues an annual ISAE 3000 report in which it gives an opinion, with a reasonable degree of certainty and according to generally recognised auditing standards, on whether the design and functioning of the Indra Group's ICFR are or are not effective at the close of the financial year.

IA also performs duties to ensure the proper functioning of the internal control system in general.

The Committee regularly reviews the procedures implemented in order to assess the efficacy of internal control, specifically:

- Analysing the effectiveness of the internal controls of the processes implemented by the Company and its subsidiaries.
- Checking whether there are any potential weaknesses in the internal control procedures and the Company's ability to respond to them.
- Overseeing and coordinating any significant changes made to the internal control procedures associated with the financial and non-financial information.
- Reviewing and confirming that the appropriate criteria are applied when developing the processes for the closing of the financial statements.
- Carrying out regular follow-ups on the action taken in order to correct the weaknesses identified during audits.

With the entry into force of Spanish Act 11 of 28 December 2018, and in accordance with best practices, Indra has introduced a model for internal control over its Non-Financial Information ("**ICNFR**"), the aim of which is to establish mechanisms to ensure the reliability of this information, and which includes a definition of the controls required to comply with EU taxonomy. On the date on which this report is being issued, control model initiatives are in development in this connection.

4.3.3. Risk management

The Committee is responsible for ensuring the establishment of adequate mechanisms for the monitoring of financial and non-financial risk, including operational, technological, legal, social, environmental, political and reputational risk.

The Committee is aware of the importance of managing this risk in order to ensure adequate strategic planning and achieve its established business objectives, particularly in an environment of increasing globalisation and volatility.

The Committee is responsible for overseeing the composition, powers and performance of the Company's Global Risk department, and to that end: i) ensuring its independence; ii) proposing the election, appointment, payment and dismissal of the department's head; iii) receiving regular information on its activities; iv) approving its annual budget and working plan and overseeing their implementation; and v) checking that senior management takes account of the conclusions and recommendations contained in its reports.

Since the 2014 financial year, the Global Risk Department has been organisationally dependent on the ACC.

The main purpose of the Global Risk department is to create an appropriate framework to allow the Company to anticipate, prioritise, manage and follow up the portfolio of risks that it may be impacted by. To this end, the Risk Monitoring System is under permanent review, as is the formalisation and systematisation of the criteria for its management.

The activities of the Global Risk department are regularly reported to the Risk Coordination Unit (“RCU”) and the Committee for their oversight.

The Committee regularly follows up the action plans established, according to the risk factors defined, and every six months it reviews the follow-up reports on risk-mitigation plans.

With the aim of being informed about and checking the adequacy and integrity of the financial reporting service and the proper functioning of the Company’s internal control and risk management systems, the Committee arranges meetings with the heads of department and management of the various divisions and control units that are relevant from a risk management perspective, in order to receive reports on the operation of the risk management systems that have been established and the conclusions reached. The most important areas and issues reviewed over the course of the financial year were as follows: i) IT and T&D projects and the monitoring of operations; ii) project management (Minsait and T&D); iii) productivity (Minsait and T&D); iv) cybersecurity; v) data protection; vi) information security and supplier management; vii) changes to risk due to the economic, social, political and employment situation resulting from the pandemic; viii) changes in the price of materials, services and labour; ix) ESG risks and opportunities; and xi) quality.

The Committee also reviewed the updating of the Company’s Risk Map and its risk control and management policy, examining initiatives for the internal dissemination of the Risk Management and Control Policy among the directors and management of Indra subsidiaries, overseeing an analysis of low-probability and high-impact events and quantifying the risk involved. In March 2021, the Committee submitted a report relating to the updating of the Risk Map to the Board of Directors for its approval, reporting the associated plans for mitigation.

As far as the management of tax risk was concerned, the Committee was informed about the Company’s tax strategy, the main risks included in the tax risk map, the most important issues with regard to tax Compliance, the implementation of a new transfer pricing policy and the main inspections and legal actions relating to tax matters.

The Committee was informed about the risk indicators relating to litigation cases in order to facilitate its monitoring of these cases.

The Committee reviewed section E (risk information) of its Annual Corporate Governance Report (“ACGR”) and its consistency with all the other information included in the Annual Accounts and the Sustainability Report. Following its review, the Committee submitted a report to the Board on the aforementioned section, for the Board’s approval.

During the 2021 financial year, the Company renewed its certification from AENOR that confirmed its compliance with UNE-ISO standard 31000 and acknowledged that its risk management system had been efficiently implemented.

4.4 Compliance Unit

The Compliance Unit (“CU”) is the department that is responsible for overseeing compliance with the regulations set out in the Criminal Risk Prevention Model (the “CRP Model”) and the Prevention of Competition Law Risk Model (the “PCLR Model”).

The Committee is responsible for overseeing the composition, powers and performance of the Company’s CU, and to that end: i) ensuring its independence; ii) proposing the election, appointment, payment and dismissal of the unit’s head; iii) receiving regular information on its activities; iv) approving its annual budget and working plan and overseeing their implementation; and v) checking that senior management takes account of the conclusions and recommendations contained in its reports.

Since April 2015, the CU has been organisationally dependent on the Committee and has performed the following duties:

- Promoting a culture of prevention and ensuring that the principles contained in the models are widely known.
- Analysing any legislative changes or new developments that could affect the models.
- Compiling information on the evolution of criminal risk and risk in the area of Competition Law and the preventive measures adopted by the Company.
- Proposing the checks and updates it deems appropriate in respect of the models.
- Managing communications received via the Direct Channel.
- Proposing a working plan for oversight of the models.

The CU Director reported to the ACC at all of its meetings on the progress being made with the working plan, the latest developments in active processes, the training plan and the operation of the Complaints Channel.

The Committee oversaw the various actions being taken by the CU in respect of the prevention of criminal risk, with the aim of ensuring the maturity of Indra’s Criminal Risk Prevention Model. Particular emphasis was placed on the following: i) the communications plan (internal and external); ii) training on the Code of Ethics for professional personnel working both in Spain and at its international subsidiaries, and for suppliers, along with various specific training activities undertaken during the course of the year; iii) updating the methodology for the preparation of the criminal risk map (a single map that includes both criminal impact and reputational damage); iv) updating the CRP Model at international subsidiaries and branches, along with risk methodology and analysis, risk maps and the control structure; v) auditing the monitoring of ISO 37001 certification, “Anti-Bribery Management Systems” (obtained for the first time in 2020 by four Indra Brazil subsidiaries and for the first time in 2019 by three Indra Peru subsidiaries and by the Prointec branch), and renewing UNE 19601 certification, “Criminal Compliance Management Systems” (obtained by Indra Sistemas, S.A. for the first time in 2018); vi) reviewing and updating the methodology for evaluating risk; vii) approving the risk threshold, designing new controls and

updating existing ones; viii) updating and reviewing internal procedures and policies and the control maps associated with criminal risk; ix) a review by IA of the effectiveness of criminal controls; x) the completion of Due Diligence on third parties (suppliers, partners and potential customers); xi) the provision to senior management by the CU of annual information on the supervision, monitoring and evolution of the CRP and self-assessments; xii) implementation of the CRP Model at companies acquired by Indra; xiii) use of the Direct Channel; xiv) identifying and reporting on the processes handled by the CU in accordance with the CU's action Protocol; and xv) reporting on requests for information received from public bodies.

In addition, it oversaw a number of initiatives relating to the Model for the Prevention of Competition Law Risk, in particular: i) the communications plan (internal and external); ii) the relaunch of online training on Competition issues, aimed at professional personnel in the management team, project leaders and technical personnel at Indra's subsidiaries in Spain, the EU and Norway, and training for suppliers; iii) renewal of UNE 19601 certification, "Criminal Compliance Management Systems", and a review by IA of the effectiveness of competition controls; iv) updating the methodology for the drafting of the competition risk map at both a national and international level, in a similar way to that proposed for the criminal risk map; v) updating the Model for the Prevention of Competition Law Risk ("PCLR") in Spain, the rest of Europe and Norway and approving the Model at the Company's international subsidiaries; viii) updating and reviewing controls associated with the PCLR Model and the internal tools and systems used for the integration of Competition controls; vii) reviewing internal procedures; viii) the completion of Due Diligence on third parties (suppliers, partners and potential customers); xi) the provision by the CU to senior management of annual information on the supervision, monitoring and evolution of the PCLR Model and self-assessments; xii) implementation of the PCLR Model at companies acquired by Indra; xi) use of the Direct Channel; xii) reporting on the processes handled by the CU in accordance with the CU's Action Protocol; and xiii) reporting on requests for information received from public bodies.

In January 2021, the Committee reviewed and approved the Report on the activities engaged in by the CU during the 2020 financial year.

4.5 Other actions

- Policy for communicating with shareholders, institutional investors and proxy advisors

The Committee was informed by the Director of Investor Relations regarding the action taken during the 2020 financial year and the results and achievements obtained. The Committee reviewed the plan for communications with investors for 2021, analysing the priorities it contained and the main seminars planned.

- Monitoring of legal matters relating to the Company

The Committee was informed at each meeting about the current status of the main litigation actions and proceedings in course.

- Related-party transactions

The Committee analysed the following issues and made its recommendations to the Board in this regard:

- The information on related party transactions with significant shareholders and directors that is to be included both in the half-yearly economic and financial information to be submitted to the CNMV and in the Annual Accounts and the **ACGR**.
- The proposal for authorisation of the general guidelines for recurring related party transactions of a financial and/or commercial nature with significant shareholders in the ordinary course of the Company's business and under market conditions.
- Approval of the Annual Report on related party transactions, which was published by the Company when announcing the convening of the General Shareholders Meeting.

Spanish Act 5 of 12 April 2021, which amended the Spanish Capital Companies Act and other financial regulations with regard to the encouragement of long-term involvement by shareholders in listed companies, introduced a new Chapter VII *bis* into Title XIV, comprising Article 529 *vicies* to 529 *tervicies*. This sets out new rules governing advertising and the approval of related party transactions.

The Committee analysed the impact of these new rules, reviewed the scope for the related parties to be taken into consideration, and it submitted reports on the related party transactions that had been carried out since the new Chapter came into force (3 July 2021) for approval by the Board of Directors.

▪ Internal Code of Conduct on Matters Relating to the Stock Markets

In January 2021, the Committee submitted a favourable report to the Board on approval of the updating of the Internal code of conduct on matters relating to the stock markets, so that it could be brought into line with the procedure approved by the CNMV in February 2020 for the notification of privileged information ("PI"). The main amendments were as follows: i) providing more detailed regulation of the procedure relating to the processing and analysis of privileged information and decisions regarding its existence, its notification and, where applicable, delaying its notification; ii) developing the procedure to be followed in relation to delayed privileged information; and iii) identifying the bodies and people responsible for the duties and powers regulated. Despite the fact that it is not mandatory for the Company to have an Internal Code of Conduct, the Board believes that this is an effective tool that allows people who are subject to the Code to have access to a text that systematically sets out the specific rules of conduct by which they are bound.

▪ Appraisal of the ACC's operation and performance

In February 2021, the Board carried out an appraisal of the Committee's operation and performance during the 2020 financial year, as part of its annual appraisal.

In accordance with Article 13.9 of the Board of Directors Regulations, and following a proposal from the Appointments, Remuneration and Corporate Governance Committee, the Board implemented the aforementioned appraisal with support from an external consultant.

This appraisal process ended with a satisfactory assessment of the Committee's operation and the work done by its Chair during the financial year examined. Notwithstanding the foregoing, the appraisal process gave rise to some suggestions relating mainly to the way that the Committee's sessions are held and the training plans for board members.

- Training received by members of the Committee

The Committee's members received a second training session on Cybersecurity.

5 CNMV Technical Guideline 3/2017 on Auditing Committees

The Committee basically adheres to the relevant provisions of Technical Guideline 3/2017 on Auditing Committees at public interest companies, as approved by the CNMV, and this was taken into account when preparing this report, with a positive evaluation of the degree to which the recommendations contained in the Guideline have been complied with.

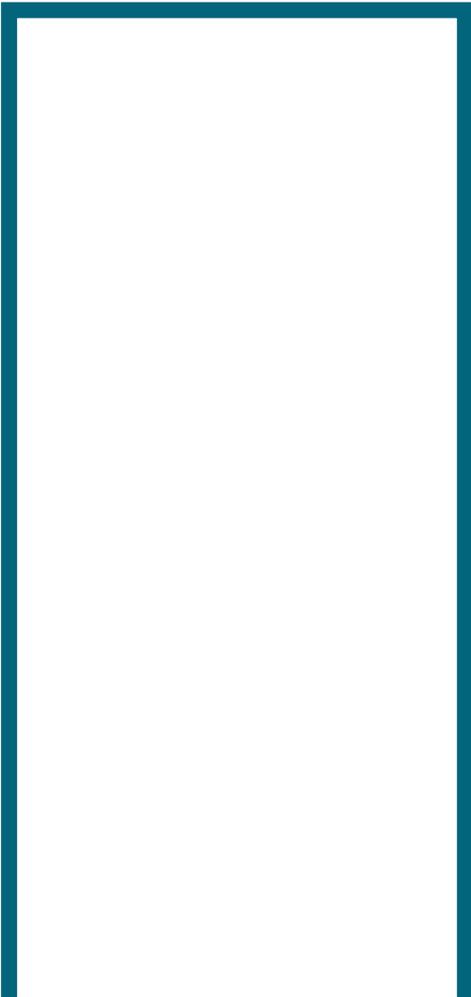
6 Conclusions

The Committee has confirmed that all the matters set out in its Action Plan for the 2021 financial year have been dealt with in the proper depth.

It also believes that its performance has complied with all the applicable regulations and has substantially complied with the recommendations in force.

In the 2022 financial year, the Committee plans to continue reviewing and monitoring the situation relating to all the matters that fall within its competence, pursuant to its Meetings Schedule and Annual Working Plan for 2022.

In view of all the foregoing, the Committee has unanimously agreed to approve this Report and to submit it to the Board of Directors so that it may be borne in mind during the process for the appraisal of the Board and its Committees for 2021.



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