



# Corporate Social Responsibility Report 2018

Non-Financial Reporting

# Contents

0.	Corporate Social Responsibility Report.....	3
1	Business model.....	3
1.1	Business model .....	3
1.2	Main brands.....	4
1.3	Environment and trends .....	4
1.4	2018-2020 Strategic Plan .....	5
1.5	Innovation.....	5
2	Identity and Good Governance .....	6
2.1	Governance Model.....	6
2.2	Risk Management .....	8
2.3	Ethics and Compliance.....	9
2.4	Information Security .....	12
2.5	Responsible taxation.....	13
3	Corporate Social Responsibility Model.....	14
3.1	Commitment to the Sustainable Development Goals .....	15
3.2	Respect for and Protection of Human Rights.....	15
4	Shareholders and Investors .....	16
4.1	Policy on communication with shareholders and investors .....	16
4.2	Relationship model.....	16
4.3	Property structure .....	16
4.4	Sustainability indexes.....	17
4.5	Stock market indicators .....	17
5	Professionals.....	17
5.1	Cultural transformation and talent management .....	17
5.2	Conciliation, Social Benefits and Compensation.....	19
5.3	Occupational wellbeing .....	20
5.4	Dialogue with Professionals.....	21
6	Customers.....	22
6.1	Quality.....	22
6.2	Customer satisfaction rate.....	23
6.3	Health and Safety Conditions of Products .....	23
7	Suppliers .....	23
7.1	Supply Chain Relationship Model .....	23

7.2	Supplier Management Model .....	24
<b>8</b>	<b>Commitment to the Environment and Society .....</b>	<b>24</b>
8.1	Environmental Contribution .....	24
8.2	Contribution to Society .....	28
<b>9</b>	<b>Annexes .....</b>	<b>30</b>
9.1	About the Corporate Social Responsibility Report .....	30
9.2	Materiality Analysis .....	31
9.3	Value Creation Model.....	33
9.4	Impact and contribution to the Sustainable Development Goals (SDGs).....	33
9.5	Communication channels and dialogue with the stakeholders.....	34
9.6	Climate change risk and opportunity analysis.....	35
9.7	Main Collaborations .....	36
9.8	Tax contribution, benefits and grants received by developing countries.....	37
9.9	Table of GRI disclosures .....	39
9.10	Table of contents of the Non-Financial Information Statement .....	52
9.11	Table of other non-financial indicators .....	65
9.12	Independent verification report .....	73

## o. Corporate Social Responsibility Report

This Corporate Social Responsibility Report outlines the company's non-financial information statement. It has been drawn up in compliance with the requirements established in Law 11/2018 of 28 December 2018 on non-financial information and diversity, which amends the Commercial Code, the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010 of 2 July, and Law 22/2015 of 20 July on Audits of Accounts, in matters of non-financial information and diversity (resulting from Royal Decree-Law 18/2017 of 24 November).

The Corporate Social Responsibility Report forms an integral part of the Annual Report, which has been drawn up by the Board of Directors, reflecting the commitment of the company's highest body to the management and supervision of the relevant non-financial aspects of the Group's activities.

In drafting the report, the Global Reporting Initiative standards for preparing sustainability reports (GRI Standards) have been followed. In this context and through this Corporate Social Responsibility Report, Indra reports on environmental and social issues, as well as others related to personnel and Human Rights, which are of great importance for the company in the execution of their core business activities. Additionally, it indicates the degree of relevance of each issue proposed by the law for the company, along with the policies and risks associated with each one, and the reference indicator used for their monitoring and evaluation.

This Report indicates the degree of relevance the company assigns to each matter proposed by the law, together with the policies and risks associated with each of them, and the reference indicator used for their monitoring and assessment.

The Corporate Social Responsibility Report also renders account of the company's compliance with its Corporate Social Responsibility Policy, the reference framework to ensure its responsible behavior, and outlines its commitments to all its stakeholders.

Similarly, the Corporate Social Responsibility Report demonstrates the company's commitment to the ten Principles of the Global Compact and the Sustainable Development Goals of the United Nations and responds to the Progress Report on the company's implementation of said principles.

The results of the materiality analysis conducted in 2018 have been assessed in the drawing up of this report and in the selection of its contents. For further information, go to Annex 9.1 of this Report.

## 1 Business model

### 1.1 Business model

Indra is one of the main global technology and consultancy companies. It is a world leader in providing proprietary solutions in specific segments of the Transport and Defense markets, positioning itself as a bellwether firm in Information Technology in Spain and Latin America by means of its Minsait subsidiary. Indra has a far-reaching international presence and it conducts its commercial operations in more than 140 countries.

Indra is the technological partner in its customers' key operations, placing itself at the core of their businesses. The company's solid customer-focused approach is reflected in the decisive development of long-term relationships with them.

Indra's business model is based on end-to-end solutions. The company thus endeavors to develop value propositions and offer highly innovative products in order to generate a significant impact on customers and ensure they return. In addition to the above we have a human team of professionals that combines distinctive skills and abilities, with solid knowledge of technologies, markets and its customers' needs.

## 1.2 Main brands

The process of renewing the structure of Indra's commercial offering and the general transformation of the company in 2018 are reflected in the updating of the brand and its values. Both these factors have evolved to assist the company in consolidating its identity and differentiating itself in the market and in society, in addition to reinforcing its competitive positioning and boosting its growth. This renewal of the structure of the offering, and of the brands has been individually applied in all the company's markets. "At the Core" is the concept that is closely linked to Indra, as it defines and reflects its strategic evolution: Indra is the technological partner in the key operations of its customers, placing itself at the core of their businesses and focusing on what really matters.

Indra's values also represent the pillars upon which the company's strategy is based:

- Leadership; generating a real impact by means of tangible results.
- Flexibility; enhancing its closeness to its customers and differentiating the company from its competitors.
- Focus; projecting progress in a defined direction, essential to the specialization of its businesses.
- Reliability; building trust and long-term relationships based on experience and excellence.

The Indra brand is used in the Transport and Defense markets and a differential value is provided to each of them so as to strengthen them. In a firm commitment to specialization, each market will have its own identity elements in addition to the corporate ones.

Indra groups all its Information Technology businesses under the Minsait brand, using the "An Indra Company" endorsement. Its characteristic creation of high-impact solutions to promote the reinvention of its customers' businesses is embodied in the expression "Mark Making the way forward". Minsait has defined its own values, stemming from Indra's, and they help to govern its behavior. Minsait's new commercial approach is complemented by greater clarity and simplification in its offering as a result of its integration under Onesait, a single product sub-brand.

## 1.3 Environment and trends

The technology industry is currently surrounded by a favorable market environment driven by the digital transformation, which is, in turn, facilitating structural and disruptive changes in all businesses. As a result of the above, major opportunities for creating value are being generated. The technological suppliers, Indra among them, are featuring in this digitalization process and they are currently in an excellent position to capitalize on this context of growth.

- Consolidation of the digital transformation as a reality in companies' strategies. In this regard, digitalization is no longer the exclusive concern of the companies' Information Technology departments, as it has been in recent years, and it has now extended to the highest executive level.
- New technological trends are entering disruptively, penetrating and impacting on all the sectors:
  - Cloud, Industry 4.0, Big Data and the Internet of Things are transformation tools that affect all businesses in an interconnected way.
  - The rising demand for cybersecurity solutions and services, driven by the increasing connectivity in all the sectors and businesses, and the upturn in cyberattacks in terms of both volume and scale.
  - Smart Mobility is revolutionizing the way in which we understand the management of mobility and transport in cities.
- Increasing penetration of as-a-service delivery models, influencing not only the software and Information Technology businesses (driven by Cloud technologies), but also those of infrastructure and equipment.
- Rising spending on digital technologies, with double-figure annual increases in several digital sectors: +20% in Smart Transport, ~15% in Cloud services, ~10% in cybersecurity, etc.
- The technological companies stand out above any other sector, favored by digitalization as a direct driver of value. Globally speaking, the five most highly-valued companies in 2018 were, once again, technological firms (Apple, Amazon, Alphabet, Microsoft and Facebook).
- The digital boom is, in turn, giving rise to increasing global competition in capturing technological talent, making it difficult to attract and retain it.

## 1.4 2018-2020 Strategic Plan

Indra continues to make progress in its implementation of the 2018-2020 Strategic Plan, presented on 30 November 2017 on the Second Investor Day held by the company. This Plan seeks to complete the company's transformation and facilitate its profitable growth.

The 2018-2020 Strategic Plan is based on four pillars:

- Progress towards greater specialization of the operational model in order to improve performance orientation, streamlining and strategic flexibility.
- Continuous development of the product portfolio so as to give it with greater added value.
- Acceleration of the commercial transformation to become a sales-oriented company.
- Continuous improvement of productivity to increase the company's competitiveness and profitability.

The progress made in the Strategic Plan in 2018 included the following axes:

- Indra began a far-reaching cultural transformation process, entailing a firm commitment to talent and people. The goal is to make the Company the most attractive destination for global talent in the digital era.
- In 2018 the company carried out the integration of the whole Information Technology field, its vertical markets, its horizontal units and its Production units into a corporate subsidiary entity fully owned by Indra. By doing so it seeks to improve the transformational capacity of the Information Technology business, as a result of greater streamlining in decision-making, and to facilitate the orientation of the business towards the areas with the greatest value and growth within the specific field of Information Technology.
- Similarly, the organizational integration of the Transport and Defense markets was performed, enabling the company to take better advantage of the economies of scale, thus generating joint opportunities and encouraging multi-disciplinary industrial transformation initiatives in the markets.
- Indra completely renewed the structure of its commercial offering, as well as its brand and values, in order to reinforce its competitive positioning and boost its growth.

## 1.5 Innovation

Innovation is a strategic element for Indra. The company has an Innovation Model endorsed by Senior Management and aligned with the 2018-2020 Strategic Plan. Similarly, its Innovation Committee oversees the operation of the Innovation Model and ensures that innovation is undertaken efficiently and with a joint vision and objective.

The company's commitments to innovation and its objectives include:

- Turning innovation into the strategic driver to differentiate Indra's offering.
- Gearing innovation towards responding to the strategic needs of the business.
- Constituting a benchmark in innovation and attracting startups.
- Capitalizing on internal talent to generate distinctive and innovative initiatives.

All the details concerning the [Innovation Model](#) are available on the corporate website.

The Innovation Model promotes cooperation and transversality to maximize synergies between the markets and generate a real impact on the business. Indra has two units to facilitate the development of R&D&I within the company: Indraventures and the R&D Unit.

### Indraventures

Indraventures is the vehicle upon which the corporate innovation is structured. It works by channeling the relationship with the agents of the innovation ecosystem (partners, customers, entrepreneurs, etc.) and promoting different initiatives:

- Innovators is the intrapreneurship program developed with the aim of stimulating the talent of all Indra's professionals. More than 11,000 professionals took part with 529 innovative ideas in the second Innovators call held in 2018.
- More than 500 startups were analyzed and the first partnership agreements were signed in 2018. Thirteen accelerators, incubators and other agents of the Entrepreneurial Ecosystem also reached agreements with the company.

In 2018 the company promoted its relationship with universities and research centers as a source of innovation and technology transfer, giving rise to seminars such as Indradays and Chairs, as well as specific frameworks and agreements.

Stakeholders can send proposals for cooperation and comments to Indraventures via the corporate website.

The innovation programs have a formal mechanism for receiving complaints via an email address enabled for the purpose: [indraventures@indra.es](mailto:indraventures@indra.es). All complaints are handled by the Indraventures unit and referred to the Compliance Unit or the Innovation Committee, as appropriate.

## R&D model

One of the aims of the company's R&D Model is to evaluate and enhance Indra's innovative efforts on a global scale.

All the objectives of the R&D Model are contained in the company's [R&D policy](#). The main milestones achieved in 2018 included:

- €210,045,000 assigned to R&D activities, a figure equivalent to 7% of the Group's total sales, compared to the €201,683,000 assigned in 2017. The percentage of sales assigned to these activities has ranged between 5% and 8% for over a decade.
- Positioning as the most prominent Spanish company on the European Union's H2020 (Horizon 2020) Program and the leader of the Transport sector ranking.
- Renewal of AENOR's R&D&I Model Certification, including national certification UNE 166002:2014, and the European CEN/TS 16555 standard.
- Indra is one of the Spanish companies and one of those within its industry in Europe which invests most in R&D&I, according to the latest [EU Industrial R&D Investment Scoreboard](#), published by the European Commission.

# 2 Identity and Good Governance

## 2.1 Governance Model

The existence of an effective, transparent and structured Corporate Governance system geared towards the management of Indra's operations is essential to guarantee its success by means of sustainable and orderly growth.

The Governance Model is solidly structured upon its principles, internal regulations, codes and corporate policies. The above constitutes an overall guide to ensure that all the aspects related to the business are properly addressed, in accordance with the national and international regulations, standards and best practices in matters of Corporate Governance.

The principles of Indra's Corporate Governance Model are:

- Efficiency; to guarantee the suitable composition of the administrative body and to apply measures to act with purpose and independence, in the interests of social welfare, the shareholders and Indra's sustainability.
- Equity; to encourage dialogue with the shareholders, investors and other stakeholders and fair treatment.
- Respect for rights; to implement measures to promote the informed participation of the shareholders and the exercise of their rights.

- Responsible compliance by the managers; active supervision with specific and non-delegable responsibilities. Evaluation of compliance and its exercise. Design of Indra's strategy and the supervision of activities conducted by executives. Link with shareholders.
- Transparency; in informative terms and with regard to the commitment to dialogue with all the stakeholders.

### The company's internal regulations, codes and corporate policies.

Indra's management model is made up of a set of standards that seek not only to comply with the applicable regulations, but also to incorporate the best national and international practices and recommendations in matters of Corporate Governance. The internal regulations and the main corporate policies are available on the [corporate website](#).

Indra's degree of compliance with the recommendations of the Code of Good Governance of Listed Companies is very high, as can be observed in section G of the [Annual Corporate Governance Report](#).

### Governing Bodies

The Board of Directors and its Committees and the Steering Committee are [Indra's governing bodies](#). The functions of the Board and its Committees are set out in the [Board Regulations](#), which implement the provisions of the Articles of Association in this regard.

#### Board of Directors and its Committees

The Board focuses its activities on the general function of supervising and controlling the executive bodies and the Steering Committee, to which it delegates the company's ordinary management, verifying that they act in accordance with the approved strategies and the objectives that have been set.

In particular, Article 26 of the Articles of Association confers upon the Board the broadest powers to administer, manage and represent the company in all matters concerning its business, observing in all cases the principles of good faith and parity of treatment of the shareholders.

Articles 21, 22 and 26 of the Articles of Association and Chapters II, III and X of the Board Regulations govern the Board of Directors' functions, its criteria for action, its qualitative and quantitative composition, the types of directors and said directors' duties.

The structure, composition, functions and rules of operation of the Board and its Committees are also outlined in sections C.1 to C.3 of the [Annual Corporate Governance Report](#), which also forms part of the Annual Report.

The professional profiles of the members of the Board and its Committees, as well those of the Steering Committee, are public and are kept constantly updated on the [corporate website](#).

#### Activities of the governing bodies in 2018

Ample information regarding Indra's Corporate Governance and the activities of its governing bodies is provided in the Annual Corporate Governance Report and in the [reports of the Audit and Compliance Committee](#) and the Appointments, Remuneration and Corporate Governance Committee, which are made public when the General Shareholders' Meeting is arranged.

With regard to the directors' work schedules, we should highlight their high level of attendance at the meetings of the Board and its Committees in 2018.

The Board held a total of twelve sessions, which were attended by 98.71% of its members. The Audit and Compliance Committee held ten sessions with an attendance totaling 98.33%, the Appointments, Remuneration and Corporate Governance Committee held eleven sessions with an attendance totaling 96.36% and the Executive Committee held two sessions, attended by 100% of those called.

#### Evaluation of the Board

In accordance with Article 13 of the Regulations, based upon the report drawn up by the Appointments, Remuneration and Corporate Governance Committee, the Board carries out an annual evaluation of its own functioning and the quality of its work, as well as that of each of its Committees. The information related to the evaluation process carried out in 2018 is included in section C.1.17 of the [Annual Corporate Governance Report](#).



In addition, the Board performs an annual evaluation of the work of the President of the Board in his capacity as such and, separately, in his capacity as chief executive, which is also included in the [Annual Corporate Governance Report](#).

## Diversity on the Board

Indra's internal regulations establish that the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee must ensure that certain criteria and policies are applied during the selection of people to hold positions as directors. In particular, these are geared towards diversity among the members of the Board in matters of gender, skills, training, professional experience and age, ensuring the absence of any kind of discrimination based on gender, religion, ideology, nationality or disability.

One of the objectives of the current Board Member Selection Policy is to ensure that the number of female directors will account for at least 30% of the total number of members of the Board of Directors by 2020. This commitment to increase the number of women in the management team is also reflected in the group's Diversity Policy. According to this policy, the company acknowledges that its success depends on its professionals, and must therefore avoid any kind of judgment or discrimination based on their race, gender, religion, political ideas, nationality or any other condition.

The application of this policy during 2018 is outlined in sections C.1.4 to C.1.7 of the [Annual Corporate Governance Report](#), available on the corporate website.

## 2.2 Risk Management

Indra is a global company that is exposed to various risk factors. These depend on the countries in which it conducts its activity and on the nature of the sectors in which it operates. The company therefore seeks to identify these risks and evaluate them, an initiative that enables it to implement the appropriate management measures well in advance in order to mitigate the likelihood of these risks occurring and/or their potential impact on the business objectives.

The risk management cycle comprises the following phases:

- Identification of the internal and external events that affect the company's objectives.
- Risk assessment, identifying the potential causes and consequences in terms of the likelihood of their occurrence and impact.
- Handling of the risks by their managers, who select the potential responses by carrying out actions in accordance with the accepted risk and the company's risk tolerances.
- Continuous monitoring of the identified risks by means of tools that evaluate their development.
- Communication regarding the risks to ensure that the key issues are known by the stakeholders, so that the appropriate decisions can be made in accordance with their expectations.

The main risks that affect the development of Indra's strategy are outlined in section 8 of the Annual Report. In addition, the company performs regular updates of the identification of risks by means of the different business units.

### Risk management policies and procedures

The Risk Management and Control System at Indra is a process promoted by the Board of Directors and Senior Management, responsibility for which falls upon each and every member of the company. The purpose of the system is to provide reasonable certainty for the achievement of the established objectives, providing value and a suitable number of guarantees for the shareholders, other stakeholders and the market in general.

Indra has a Risk Control and Management Policy approved by the Board of Directors in March 2016, which is updated on a regular basis. The update in June 2018 expanded and improved the risk catalog and updated the organizational structure implemented for its management.

The Risk Control and Management Policy is complemented by policies and procedures designed for Indra's main processes. These are also reviewed and updated on a regular basis to ensure compliance with the applicable regulations and the best practices in risk management.

Indra has a Global Risks Unit which has a Risk Management Manual. This outlines the processes for the company's risk identification and management. In Indra's case, the Three Lines of Defense Model is currently in place, contributing to making the Internal Risk Management and Control processes more efficient.

The main procedures for Indra's Risk Management include:

- Risk Control and Management Policy.
- Risk Management Manual and procedures.
- [Code of Ethics and Legal Compliance](#).
- Criminal Risk Prevention Program.
- Policies and procedures for Business Continuity and Information Security.
- Prevention Program of the Occupational Risk Management System.
- Human Resource Policies.
- Fiscal policy.
- Indra's Method for Project Management and Risk Management in Projects.
- Purchasing policies and procedures.
- [Corporate Social Responsibility Policy](#).
- [Human Rights Policy](#).
- Diversity Policy.
- [Compensation Policy for Directors](#).
- [Environmental Policy](#).
- [Position on Climate Change](#).
- [Energy Policy](#).
- [Statement on "Conflict Minerals"](#).

For further information on the description of the risks and the risk control and management system, go to section 8 of the [Annual Report](#) and section E of the [Annual Corporate Governance Report](#), both available on the corporate website.

## 2.3 Ethics and Compliance

The Board of Directors, Senior Management and each and every one of Indra's professionals and partners assume the responsibility and commitment to establish a solid culture of compliance. Consequently, all professionals and partners are required to conduct their activities applying the principles of integrity, professionalism and respect, complying with the current legislation and regulations, the [Code of Ethics and Legal Compliance](#) and the policies and procedures established by the company.

Since 2015 a policy has been undertaken to develop and update the company's ethical principles and compliance model.

### Prevention of Criminal Risks

Indra's Criminal Risk Prevention Model includes the company's system for the organization, prevention, management and control of criminal risks. The Criminal Risk Prevention Model, validated by legal firms, is constantly updated in accordance with the most exacting national and international standards. Similarly, its internal regulations and elements are constantly adapted to Indra's corporate processes and business departments. Said model has a global scope and is outlined in the Criminal Risk Prevention Manual for Spain and in the Criminal Risk Prevention Manual (and administrative risks similar to criminal ones) for the international subsidiaries. Both manuals include the Code of Ethics and Legal Compliance as a central and essential part of the model.

The company has defined a control structure made up of the Board of Directors, as the highest decision-making body, the Audit and Compliance Committee, which constitutes the control and monitoring body of the Criminal Risk Prevention Model, the Compliance Unit, which is the body for executing the decisions of the Audit and Compliance Committee, the Control Managers, Internal Auditing and the rest of the organization. Within the international subsidiaries the administrators act as the chief supervisors of the Criminal Risk Prevention Model locally.

In 2018 the international legal firm DLA PIPER issued a favorable opinion on the degree of adaptation of Indra's Criminal Risk Prevention Model to the national and international regulatory and jurisprudential frameworks, as well as to the national and international standards of good practices of the sector in which Indra operates. In particular, this report reflects the adaptation of the Model to the provisions of Article 31-bis of the Criminal Code, as well as the international Standards UNE ISO 37.001 "Anti-Bribery Management" and UNE 19.601 "Criminal Compliance Management System".

Similarly, on 21 November 2018 Indra obtained the AENOR certification regarding the UNE 19.601 standard "Criminal Compliance Management System". For this purpose AENOR performed an audit in which all Indra's corporate departments and its different business areas were involved. It was thus possible to verify that the Model complies with said standard and the effectiveness of the controls implemented in each of the company's departments was confirmed. In its final report AENOR highlighted the absence of non-compliances and only proposed certain opportunities for improvements/recommendations regarding the Model that will be implemented in 2019. In addition, AENOR assessed the risk approach with which Indra operates as a strong point of the model, as well as its approach to the global training on Ethics and Compliance given to the company's professionals, which it described as solid, highly dynamic and attractive.

In compliance with the Criminal Prevention Model, the Compliance Unit conducts activities on an annual basis that are related to the assessment of criminal risks for their integration into the company's global risk map. In this regard, in 2018 it proceeded to identify the criminal risks in Spain, as well as the identification of the criminal and equivalent administrative risks in the subsidiaries in Peru, Colombia, Mexico and Brazil. The Compliance Unit calibrated the criminal risks identified in Spain and in the above-mentioned subsidiaries in accordance with its global methodology, which was validated by an international firm in 2016 and confirmed following the audit conducted by AENOR (UNE 19.601).

In addition, the Compliance Unit, in relation to the controls that mitigate the above-mentioned criminal risks, proceeds to their annual assessment and review, updating the internal Procedures when appropriate.

In relation to the above-mentioned activities and in order to unify the compliance criteria with the main companies in the industry, the Compliance Unit has become a member of the Institute of Compliance Officers and forms part of the working groups of Spanish Issuers (an association of the main listed companies).

### Organic dependence of the Audit and Compliance Committee

In Indra's Criminal Risk Prevention Model the Audit and Compliance Committee (ACC) controls and supervises the functioning, effectiveness and compliance of the company's Criminal Risk Prevention Model. The ACC is the global supervisory body of the Criminal Risk Prevention Model and the Compliance Unit is the department responsible for the global execution of the decisions of the ACC, upon which it depends and to which it solely and exclusively reports.

The Compliance Unit receives the support and collaboration of different units within the company. With their help, it seeks to fulfill the objectives of the Criminal Risk Prevention Model and, in particular, to carry out specific investigations based on the messages received in the Direct Channel, as outlined below.

### Code of Ethics and Legal Compliance

The latest update of the Code of Ethics and Legal Compliance was approved by the Board of Directors in October 2017. This update focused on reinforcing some of its rules of conduct. The most significant changes were made in the standards related to the Anti-corruption and Bribery Policy, Information Security and Protection of Competition. Said update is available on the internal and external corporate websites in the company's three official languages ([Spanish](#), [English](#) and [Portuguese](#)). The Code of Ethics and Legal Compliance reflects the company's commitment to respect the International Declaration of Human Rights, the principles relating to the rights established in the Declaration of the International Labor Organization and the principles of the United Nations Global Compact. In addition, said Code establishes the corporate principles of integrity, professionalism and respect that should guide commercial practices and the rules of conduct and commitments assumed by Indra with regard to legal compliance with. These rules of conduct are those related to:

- Corruption and bribery.
- Conflicts of interest.
- Information security.
- Moral and sexual harassment
- Foreign trade involving defense and dual-use material.
- Subsidies and public aid.
- Environment.
- Good fiscal practices.
- Management of the economic-financial information.
- Protection of competition.
- Money laundering and the financing of terrorism.

- Occupational health and safety.
- Relations with governments and authorities.

## Direct Channel

The Code of Ethics and the Criminal Risk Prevention Model establish the operational guidelines of the Direct Channel (canaldirecto@indra.es). The Direct Channel constitutes the confidential mechanism placed by the company at the disposal of all Indra's professionals and other partners so that they can report any queries regarding the interpretation and application of the Code of Ethics and its implementing regulations, as well as any illegal behavior or any irregularity or offense detected in relation to said Code and its regulations.

In 2018 the Direct Channel received 307 messages, directly addressed to said Channel or by other means (without detriment to their subsequent referral by the Direct Channel Compliance Unit).

The 307 messages received were broken down into:

- 183 different queries regarding donations and sponsorships, conflicts of interest, business courtesy and requests for information for third parties on the Criminal Risk Prevention Model.
- 124 alleged irregularities related to the Code of Ethics and Legal Compliance.

This number of messages represents an increase of 41.5% with respect to those received in 2017 (217 messages), demonstrating that the confidence of Indra's professionals in the company's compliance mechanisms and its compliance culture increased substantially. All these messages were handled by the Compliance Unit. To resolve them the Compliance Unit carried out whatever actions it deemed necessary or appropriate to clarify the events or the conduct reported. Similarly, it has provided an answer to the queries made, in the shortest possible time and in accordance with the current legislation. In relation to the complaints, once the Audit and Compliance Committee was informed, the measures of a disciplinary or any other nature deemed appropriate were taken in partnership with the Human Resources department.

## Training and awareness-raising

Since 2016 Indra has striven to publicize the Criminal Risk Prevention Model and the Code of Ethics and Legal Compliance among its professionals by means of on-site and online training sessions.

After training 90% of the active workforce in Spain and the international subsidiaries in 2016 and 2017 (respectively), the Compliance Unit organized the following training initiatives on Ethics and Compliance in 2018:

- An online course designed for all the professionals in Spain and the international subsidiaries. Result: 88% of the workforce were trained as at 31 December 2018; 92% of the active workforce as at 31 October 2018.
- On-site and online sessions aimed at the Management and Administration team in Spain and the international subsidiaries on the Anti-corruption Policy (Procedures for the hiring of commercial consultants and applications for Donations and Sponsorships and other contributions to entities). Result: 90% trained.
- Online sessions aimed at the suppliers identified as being the most significant<sup>1</sup> regarding the Code of Ethics and Legal Compliance. Result: 37% of Spanish suppliers were trained in the initial phase. The said training will continue throughout 2019 for the remaining aforementioned Spanish suppliers and this will be extended to the international suppliers. Additionally, during the supplier approval process, they are informed of the Code of Ethics and Legal Compliance and their acceptance of this is requested.

In 2018, in order to maintain the culture of compliance among all the company's professionals, the Compliance Unit created a blog entitled "Do what's right". Bi-monthly entries are posted on this blog regarding a decalog on the main rules of conduct of the Code of Ethics and Legal Compliance.

In addition, the whole workforce can access this content via the intranet.

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<sup>1</sup> Suppliers selected as significant in accordance with the volume of purchases procured

In 2019 the Compliance Unit will conduct a Global Ethics and Compliance Training Plan that will include online and on-site sessions for all the company's professionals. The on-site sessions will take place in the subsidiaries in Brazil, Mexico, Colombia, Argentina, Peru, Chile, Portugal, Norway, Italy and the Philippines.

## Anti-corruption

Indra rejects corruption and any illegal practice and makes a commitment to comply with the law. The company's Code of Ethics and Legal Compliance defines what is meant by corruption and bribery, including the basis of the anti-corruption policy. With respect to the above, Indra's Criminal Risk Prevention Model establishes certain controls that are regularly executed within the different departments of the company in order to mitigate said risks. These controls are carried out by means of multiple internal policies and procedures related to, among others, the following departments:

- Purchases: Procedure for the Selection and Standardization of Suppliers and Authorization Circuits for the issuance of purchase orders.
- Corporate takeovers and operations: Procedure for corporate takeovers and mergers
- Bids: Internal regulations of the Bids and Procedure Committee for the control and monitoring of joint ventures.
- International market: Procedures for the hiring of commercial consultants and strategic advisors.
- Strategy: Policy on the authorization of Donations and Sponsorships.
- Administration: Procedure for employee costs and company hospitality.

In 2018 the company drew up a Fraud Prevention Protocol, in keeping with the recommendations of COSO ERM 2013. The said manual refers to the Criminal Risk Prevention Model, which is fully applicable to the prevention and control of fraud.

Finally, the regulation on PEPs (politically exposed persons) was included in the procedures to regulate the company's relationships with third parties that may be regarded as PEPs.

## Money laundering

By means of its Code of Ethics and Legal Compliance, Indra expresses its commitment to comply with all the current national and international standards and regulations concerning the fight against money laundering (and terrorism financing). For this purpose it undertakes not to carry out practices that may be regarded as irregular in the development of its relationships with its customers and suppliers. In the implementation of the said commitment the company has developed internal procedures in order to establish controls to mitigate the risk of money laundering, especially those related to making cash payments.

## 2.4 Information Security

### Information Security Management System

Information Security seeks to preserve the confidentiality, integrity and availability of information, ensuring that the risks are identified and evaluated, and to assess the impact the latter have on the organization and the business.

Information Security forms an essential part of Indra's business strategy, owing to the impact it has on its activity and that of its customers. For this reason the necessary measures for its protection must be established.

Indra has developed an Information Security Management System responsible for defining, implementing and improving highly effective controls and procedures to minimize and manage the risks in the company's internal processes, in its daily operations, in the development and execution of projects, programs and services and in customer management.

The approach to the whole security governance model and management of Information Security is updated in accordance with the demands of the context of the evolution of the information society, technology and the accompanying risks. This model is based on the importance of the attitude and aptitude of each of the people who form part of the company. Information Security is thus integrated as an added value and a symbol of all the services and operations provided by the company to its customers.

Basic principles of the Information Security System:

- Guarantee of confidentiality, ensuring that only those who are authorized to do so can access the information.
- Guarantee of integrity, ensuring that the information and its process methods are accurate and complete and that there is an absence of unauthorized modifications.
- Guarantee of availability, ensuring that the authorized users have access to the information and its associated assets when required.

The Information Security Strategy is based on five fundamental pillars:

- Governance of Information Security, ensuring the proper coordination and organization of information security at all levels.
- The Regulatory Framework on Information Security, applicable to all the markets and departments of the company, as well as to all Indra's companies, branch offices and subsidiaries, of mandatory compliance by the entire Indra collective, based on internationally recognized standards such as the ISO 2700.
- Awareness-raising and continuous training on Information Security throughout all the phases of employment.
- Technology and security controls designed to preserve the confidentiality, integrity and availability of the information and the resources for their processing.
- Audits and monitoring of the compliance performed. First, internal audits, by means of security and network control processes, audit processes on the technical vulnerabilities of platforms and applications and validation processes before the connection of the platforms to Indra's Network. In addition, external verification audits such as Audits of the ISO 27001 standard by certifying entities, Financial Audits and SCIF and ICT Audits.

## Awareness-raising regarding Information Security

In 2018 Indra launched an Information Security Awareness Plan seeking to increase the level of awareness within the company and to enhance the critical aspects of the security training.

The Information Security Chair was created within this Plan, an open communication channel seeking to deal with its professionals' queries and information security requirements. Another of its functions is to coordinate and promote different actions, ensuring the quality and effectiveness of its objectives and results.

Throughout 2018 Indra completed the process of adapting to the new data protection requirements defined in EU Regulation 679/2016 (GDPR), initiated in 2016. From a corporate point of view, this has meant an improvement in the transparency with which the company processes the personal data of different interested or affected parties who have dealings with it for commercial or labor reasons.

With regard to the operations Indra conducts for its customers, we should highlight the implementation of the GDPR in terms of Information Security and the privacy of said operations, which is, in turn, in keeping with the "Privacy by Design" concept proposed by this standard.

## Initiatives to improve Information Security

During 2018 different initiatives were launched to improve security in the company's operations and products. These included risk assessment throughout the life cycle of the operations starting from the commercial phase (with more than 100 projects evaluated in 2018) and the incorporation of security as an essential element in the design of new products.

On an internal basis, improvements were incorporated into the protection against distributed denial-of-service attacks, identity management and multi-factor authentication, the predictive detection of targeted attacks and the security of the services provided and consumed in Cloud environments.

## 2.5 Responsible taxation

Indra has a fiscal strategy and a model of governance that ensure the conducting of fiscal activities within a framework of ethics, transparency and integrity.

As indicated in the Code of Ethics and Legal Compliance in relation to good fiscal practices, the company's activity involves the making of a series of decisions that have an impact and effect in the field of taxation. The company

therefore undertakes to comply with its fiscal obligations in all the territories and jurisdictions in which it conducts its activity, opting for a prudent taxation policy.

In 2018 the Board of Directors approved the Tax Policy, which reflects the company's fiscal strategy and its commitment to the application of good tax practices, applicable in turn to all Indra's companies in all the countries in which it operates.

This Tax Policy defines a series of principles, including an undertaking:

- To act with honesty, transparency and respect for the law in the management of fiscal matters.
- To comply with the current tax regulations in the communities in which it operates, thus contributing to their economic and social progress, avoiding the concealment of relevant information, the illegal circumvention of tax payments and the obtaining of undue tax benefits.
- Not to constitute or acquire companies resident in tax havens, with the sole exception of cases in which it is bound to do so because it involves an operation linked to the business activities.
- To forgo the use of opaque and contrived structures that do not form part of the company's activities, with the sole purpose of reducing its tax burden. In particular, a commitment is made not to carry out transactions between related entities for the exclusive reasons of eroding the taxable bases or transferring profits to low-taxation territories.
- To apply good national and international fiscal practices.

The risks in fiscal matters are analyzed, reviewed and managed as part of the Risk Management governance model. In addition, Indra's Bids Committee evaluates the fiscal risks of the bids globally submitted by the company, and seeks external advice on the bids whose complexity so requires.

### Tax contribution by countries

Annex 9.8 to this report breaks down the information on taxes and the result obtained in the different tax jurisdictions in which the company operates.

The activity in jurisdictions regarded as tax havens is conducted exclusively for commercial and business reasons. There is no exit or entry strategy in these jurisdictions motivated by fiscal issues. These territories are visited solely due to the existence of productive projects.

## 3 Corporate Social Responsibility Model

Indra's Corporate Social Responsibility Model seeks to contribute to the company's sustainable development. It does so by means of the implementation of responsible business practices that contribute to the creation of value for all the company's stakeholders and for society in general.

The Corporate Social Responsibility Policy reflects the company's commitments to all its stakeholders and represents a reference framework to guarantee responsible behavior. The current Corporate Social Responsibility Policy has been approved by the Board, is public and can be viewed [on the corporate website](#).

The powers of the Board of Directors' Appointments, Remuneration and Corporate Governance Committee include regular analysis of the company's policy, internal regulations, procedures and practices regarding Corporate Social Responsibility, as well as its degree of adaptation to the standards, recommendations and best national and international practices in these areas. The Committee proposes the modifications it deems appropriate in this matter to the Board, setting forth the reasons to justify them. Similarly, the Committee informs the Board, prior to approval by the latter, of the Corporate Social Responsibility information published by the company.

The Corporate Social Responsibility Master Plan is the basis for the sustainability management within the company. This plan is constructed in keeping with the company's Strategic Plan and is reviewed on an annual basis with the involvement of the teams responsible for the relations with each of Indra's stakeholders. In addition, on an annual basis, material issues in matters of Corporate Social Responsibility are updated.

Furthermore, in 2018 shareholders and investors, clients and professionals were identified as priority groups. For further information on relations with stakeholders go to Annex 9.5 of this report.

## 3.1 Commitment to the Sustainable Development Goals

Technology and Digital Transformation are two aspects closely linked to Indra's business that have become key elements when it comes to achieving the Sustainable Development Goals proposed by the United Nations. The company therefore assumes the commitment to respond to the challenges presented by the Sustainable Development Goals for society as a whole by means of its technological solutions.

Indra also contributes to the Sustainable Development Goals by means of its corporate policies, which are reflected in protecting the environment, favoring diversity and inclusion, promoting gender equality and encouraging innovation.

For further information go to Annex 9.4 of this Report.

## 3.2 Respect for and Protection of Human Rights

The principle of respecting and protecting Human Rights is integrated into Indra's culture and is applied to the activities carried out by its professionals, regardless of the country or region where they conduct their activity.

The company uses the references of the international frameworks in matters of Human Rights, including the International Bill of Human Rights, the principles relating to said rights set forth in the Declaration of the International Labor Organization, the principles of the United Nations Global Compact, of which Indra has been a signatory since 2004, and the UN's Guiding Principles for Companies and Human Rights.

Indra is committed to promoting responsibility and respect for Human Rights in all the company's actions, ensuring it doesn't infringe the rights of third parties and addressing the potential adverse impacts which may arise from its activity. This commitment is reflected in the company's [Human Rights Policy](#).

Similarly, Indra has other tools approved by the Board of Directors that are mandatory for all its professionals and third parties, including the Code of Ethics and Legal Compliance. In addition, the Code of Ethics must be expressly accepted by all its suppliers and is attached to the corresponding contracts.

The training related to aspects concerning respect for Human Rights covers issues such as business ethics, corruption and bribery and is conducted by means of training on the Code of Ethics and Legal Compliance, which is provided by the company by means of online and on-site courses. For further information go to section 2.3 of this Report.

### Due diligence with regard to Human Rights

In 2017, in order to reinforce the company's commitment to the three principles of the Corporate Policy on respect for Human Rights, a Due Diligence project was designed in partnership with external experts specializing in this field. The aim was to reassess Indra's Human Rights strategy in keeping with the requirements of the UN's Guiding Principles.

As an initial milestone in 2018, a map of relevant issues in this area was drawn up for the businesses, the different corporate units and the value chain.

The purpose of this initiative was to identify and evaluate the situations and activities with the greatest direct or indirect risk of negatively impacting said rights. Moreover, an analysis was conducted on the existing coverage of the issues identified on the company's global risk map.

The relevant issues were grouped together in accordance with their importance to the organization as a whole (multi-disciplinary issues) or to each of the Transport and Defense and Information Technology business divisions. In each case, the significance of the issues was determined in keeping with the criteria of the Guiding Principles.

For Indra the most relevant issues concerning Human Rights are related, among other matters, to topics such as the digital transformation, the importance of talent, ethical compliance, the development of new technologies (Artificial Intelligence and Big Data) and Information Security.



## 4 Shareholders and Investors

### 4.1 Policy on communication with shareholders and investors

Indra has a formal and public [Communication Policy for Shareholders, Institutional Investors and Proxy Advisors](#), approved by the Board of Directors in 2015 in accordance with the recommendations and best corporate governance practices of the listed companies.

The policy covers the following points: regular corporate governance training meetings with shareholders, institutional investors and voting advisors, regular and informative meetings on the progress of the company, the results and any other issues of strategic financial and economic importance, the public announcement of results to the relevant bodies (the National Securities Market Commission - CNMV in its Spanish initials) and other communication channels.

### 4.2 Relationship model

Indra considers that its relationship with its shareholders is one of the most significant fields of action in its responsibility as a listed company. In 2018 Indra continued its policy of active communication with its shareholders and investors in order to ensure greater transparency and information on the financial markets. As has been the case for several years, the company performed numerous presentations to both institutional investors and analysts and participated in seminars and roadshows in Europe and the USA.

Indra continued to hone its communication with its investors and analysts, planning conference calls to coincide with the quarterly publication of its results. In 2018 traditional conference calls started in webcast format to make it easier for investors and analysts to follow the presentations.

As of 31 December 2018, the consensus of the recommendations of the 24 analysts covering the company was distributed as follows: buy 50%, neutral 33% and sell 17% (set against buy 40%, neutral 24% and sell 36% in 2017). The average target price of the analysts at the end of 2018 was €11.30 per share (compared with €12.60 per share in 2017).

In order to respond to all the queries and information requirements of its shareholders, Indra has a Shareholder Office (914 809 800, [accionistas@indracompany.com](mailto:accionistas@indracompany.com)). In 2018 the phone line clarified numerous queries related to diverse topics concerning the company's business, growth prospects, the Shareholders' Meeting, the share price and so on.

The [Investor Magazine](#) continues to position itself as a means of digital communication specifically aimed at the retail shareholders. As a measure to minimize the environmental impact, Indra has continued to digitize the publication and send it online.

Useful information for shareholders and investors is included in the Shareholders and Investors section of the [corporate website](#), in addition to the content required by Circular 3/2015 of 23 June and other implementing regulations of the CNMV, and they are offered the possibility of subscribing to an email mailing list. In due course, the subscribers thus receive from the Shareholder Office all the information that the company publishes externally: press releases, announcements, relevant events, financial results and the Annual Report.

### 4.3 Property structure

The ordinary shares have been listed in the Continuous Market since 23 March 1999 within the Communications and Information Services industry and the Electronics and Software sub-sector.

In addition, since 1 July 1999 Indra has formed part of the IBEX 35 selective index, which includes the 35 companies that are most representative of the Spanish securities market in terms of market capitalization and liquidity.

The information on the company's shareholding structure is outlined in section 9 of the Annual Report.

## 4.4 Sustainability indexes

Indra forms part of international indexes such as the S&P Global BMI, which includes listed global companies, and the STOXX Europe Total Market Small indexes.

Similarly, since 18 September 2006, Indra's securities have been listed on the Dow Jones Sustainability World Index, which selects the global companies that make the greatest effort to adjust their activity to sustainability criteria. The company is also a member of the FTSE4Good, CDP and Vigeo indexes.

## 4.5 Stock market indicators

Closing price as of 31/12/2018 (EUR €)	8.24
Maximum price (EUR €)	12.27
Minimum price (EUR €)	7.81
Average price (EUR €)	10.27
Average daily effective trading (EUR €)	6,587,620
Average daily volume of shares	641,159
Number of shares	176,654,402
Capitalization (thousands of EUR)	1,454,749
Return to the shareholder	-27.8%

# 5 Professionals

Talent is one of the fundamental assets upon which Indra's business relies as a technological company based on knowledge and innovation.

At the end of 2018, the workforce was made up of 43,707 professionals, a figure representing an increase of 9% with respect to the previous year.

Indra's talent management strategy is based on pillars such as diversity, paying particular attention to female talent, the recruitment of young people, learning, innovation, intrapreneurship and flexibility at work.

## 5.1 Cultural transformation and talent management

Talent management is a critical element in the implementation of the 2018-2020 Strategic Plan. People are the most important asset for Indra and, therefore, the Cultural Transformation program titled "Change from the Core" was launched in 2018, seeking to:

- Improve the satisfaction, commitment and pride of belonging among its professionals.
- Improve communication and cooperation and increase transparency.
- Improve the experience of its professionals.
- Promote innovation.

In addition, in 2018, in order to continue gauging the feeling of its professionals, a survey was conducted in the Transport and Defense division to measure their commitment, in which more than 5,000 professionals from around the world took part.

In 2018, in order to monitor the implementation of the Cultural Transformation program, committees were created at different levels to supervise the program's key initiatives. The initiatives put in place include the promotion of flexibility

at work under the Easy Working concept, increasing cooperation by means of digital tools and new co-working spaces and a review of the recruiting and onboarding processes.

## Talent attraction

In order to attract the best talent, Indra is committed to differential factors such as innovation, international presence, project diversity and flexibility.

Indra has been awarded the Top Employer certification that certifies the company as being one of the best companies to work for, granted by the [Top Employers Institute](#). This certification proves that Indra provides exceptional working conditions and supports and promotes talent throughout all the tiers of the company. According to the 2018 Universum Most Attractive Employers ranking, Indra is also one of the most attractive companies for university students to work at. In 2018 Indra also reached the final of LinkedIn's 2018 Talent Awards in Spain in the Best Employer Brand category.

### Smart Start, program for young talents

Indra is committed to young talent by means of its comprehensive Smart Start program, with the aim of promoting cultural change, the development of new technological solutions and the Digital Transformation.

The purpose of Smart Start is to reinforce the talent required in all the business departments with people with university backgrounds, especially science or technology degrees, but also graduates in other disciplines or with higher Vocational Training qualifications, especially in Computing and Communications. Within the Smart Start framework, the company provides young people with continuous and specialized training and specific development and professional progression programs during their first two years at the company.

In 2018 Indra recruited nearly 2,700 young professionals in Spain and more than 750 in the subsidiaries in Latin America.

## Training

Training is a critical element for Indra. The main purpose of its training strategy is to prepare professionals for the current-day and future challenges, thus increasing their employability.

Open University, Indra's corporate university, provides access to training for all professionals whenever and wherever they wish. 2018 saw the addition of Udemy for Business, a platform with more than 3,000 specialized courses available to all employees, enabling them to select the training that most interests them in professional and personal terms.

## Innovation

By means of the Innovators initiative the company provides professionals with the opportunity to submit disruptive ideas that add value to the business. For further information go to section 1.5 of this Report.

In 2018 the "Indra Hack Day, Americas Challenge" event was held, which called for young professionals from Argentina, Brazil, Colombia, Chile, Mexico and Peru to propose innovative ideas to transform the world through technology based on the UN Sustainable Development Goals (SDGs).

Similarly, for the last six years, more than 500 professionals from various departments of the company in Spain have gone through an intrapreneurship program and training which, through a game format, looks at the path towards innovation and encourages creativity.

## Diversity Management

The commitment to diversity is a key element in the cultural transformation of the company. The success of Indra is closely related to its professionals, whom it values for their skills, effort and talent, regardless of their race, gender, religion, political beliefs, nationality, age, sexual orientation, civil status, disabilities, social origin or any other condition.

The Code of Ethics and Legal Compliance and Corporate Diversity Policy include the regulations regarding respect and equal opportunities advocated by Indra.

### Gender Diversity Strategy

Since 2006, Indra has had an Equality Plan and its Code of Ethics and Legal Compliance reflects its respect for diversity. In 2018 a Gender Diversity Program was approved, which aims to consolidate an inclusive culture within

the company, view diversity as a value and ensure the presence of female talent at all levels and have equal opportunities in the selection process.

The Gender Diversity Program includes in its lines of action the promotion of technological vocations among women and incorporate gender mainstreaming into all talent management processes.

The first Indra Hack Day for female undergraduates was held in Spain in 2018, in which they were invited to propose innovative ideas based on technology that would contribute to the UN Sustainable Development Goals.

It is noteworthy that since 2011 in Spain the company has held the “Equality in the Workplace” seal granted by the Spanish government to companies which stand out for their policies and the measures they take to promote gender equality, and which demonstrate significant progress in this matter.

Internationally, in Mexico, Indra holds the Socially Responsible Company seal awarded by the *Centro Mexicano para la Filantropía* (Mexican Center for Philanthropy), and the *Reconocimiento Empresa de Diez Incluyente* (Top Inclusive Companies Recognition), awarded by the Secretariat of Employment and Welfare and the Federal Institute for Workers' Housing (Infonavit in its Spanish initials).

#### Gender Protocols

The company promotes working conditions that prevent sexual and gender-based harassment. In this regard, it establishes specific procedures for their prevention and how to channel complaints and claims related to this issue. For more information, see section 2.3 of this report.

#### Accessibility for people with disabilities

Indra is committed to the integration of people with disabilities in the professional environment. Proof of this is the effort being made in innovative and social impact in the field of Accessible Technologies (see section 8.2 of this report).

In Spain, Indra has specific measures to facilitate the integration of people with disabilities in the company. For example, the company offers a parking space or ADSL line in cases in which the professional suffers from mobility problems. In addition, the company makes a counseling and support service available to assist in the search for employment for both its professionals and members of their families with disabilities.

84% of the work areas at Indra's centers in Spain is accessible to persons with reduced mobility. Most of the company's large office centers have access facilities designed for personnel with disabilities, in compliance with the CTE (the Spanish Technical Building Code) rules of universal accessibility in accordance with Technical Code SUA 9. Additionally, in 2018 in Spain, an effort was made to adapt the properties to the said regulation which, due to their age, were not subject to it.

## 5.2 Conciliation, Social Benefits and Compensation

Since 2005 Indra has had Work-Family Conciliation Policies, which are implemented in a different way in each of the countries in which the company is present.

The work-family conciliation measures aim to cover to different moments of the professionals' lives, among which paternity/maternity leave are included. In these cases, besides making the personal and professional life balance easier, it aims to promote responsibility by offering the same measures to both men and women; for example, an improvement in leave for the birth of a child and paternity leave, the possibility to accompany children and parents on medical appointments, etc.

In Spain, all measures included by Indra in its work-life balance policies go above and beyond the legal requirements. Also in Spain, the company has put flexible working schedule policies in place in most of its businesses, as well as a telecommuting program. This program offers the option to work from home for between 40% and 80% of the time and there are already more than 700 professionals doing so. In Italy, an Easy Working pilot program began in 2018, in which almost 50% of the workforce participated, allowing IT professionals to choose where they would work for one or two days per week.

In Colombia, the company has designed a comprehensive set of measures to improve labor flexibility and the conciliation of their workers' family and professional lives. Thanks to this initiative, Indra has gained the Family Responsible Company certificate.

Following the work-family conciliation and flexitime policies, Indra also respects its professionals' rights of disconnecting from work outside of work hours and strives to meet the obligations of the Spanish regulations with regard to its internal policies.

## Remuneration Model

The success of Indra depends largely on the achievement of the individual objectives of the professionals who form part of the company. To promote compliance with these objectives and, therefore, for each business unit and of the company, there is a variable remuneration system available to 16% of its professionals. The model is based on the recognition of professionals who contribute more fully to the achievement of the objectives of the company.

In Spain the company offers a flexible remuneration plan that allows all professionals to allocate part of their salary towards health care, transportation, nursery vouchers, pension plans and restaurant vouchers, thus benefiting from discounted prices and tax benefits. In 2018, more than 36% of the workforce in Spain took advantage of the aforementioned plan.

To ensure the sustainability of the business, 30% of managers have medium and long-term targets that are linked to the fulfillment of the company's strategic objectives. The executive directors' targets for the current year are published each year in the Annual Report, which indicates the percentage of the targets reached at the end of the financial year in the section on the directors' remuneration.

The remuneration policy implemented by Indra is not gender biased. The two fundamental components of the remuneration structure of the Company: the fixed monetary remuneration and the variable annual remuneration, are set objectively. By and large, the fixed remuneration reflects the experience of the professional and their responsibility within the organization, while the variable remuneration rewards the targets which have been reached and are shared amongst the professionals who carry out their activities in the same operational departments.

## Salary Gap

In 2018, the wage gap at Indra, calculated between groups of equivalent professionals, was reduced to 2.79%. In 2017, the wage gap amounted to 3.64%. This difference is affected by the historical composition of the company and the lower seniority of the group in the company, among other reasons.

The wage gap is calculated by comparing the remuneration between segments of equivalent professionals. In other words, those who carry out the same duties or have the same position, and also belong to the same business unit and that are located within the same region or geographical area. In this calculation about 90% of the workforce were taken into account. Professional segments in which there is not at least one female and one male employee are not included in this calculation.

The overall figure of the wage gap is obtained by measuring the gaps obtained from the comparisons between the average received remuneration (including both the fixed salary and paid variable) with the professionals in each segment divided by the number of professionals in that segment. The figure of 2.79% obtained represents the percentage that women earn less than men when considering similar positions and responsibilities.

Indra continues to work on adopting the most appropriate measures to eliminate this gap.

## 5.3 Occupational wellbeing

### Occupational Health and Safety

The health and safety of its professionals are a priority for Indra; this goes beyond the strict compliance with legal obligations on the subject. For this reason, it also promotes well-being and fosters a culture of prevention in all the activities carried out by the company.

Among other resources, the Joint Prevention Service (SPM in its Spanish initials) is a meaningful tool that provides coverage to more than 20,000 professionals in Spain in the field of Safety, Health, Ergonomics and Counselling. This service allows all of Indra's professionals, regardless of their geographical location or activity, to conduct their activities safely.

Indra's strategic commitment to ensure the highest possible level of health, safety and well-being of its professionals, regardless of their business department, geographic location or activity, is reflected in the Occupational Risk Prevention Policy, the Corporate Social Responsibility Policy and the Code of Ethics and Legal Compliance.

## Awareness Campaigns

Indra promotes awareness campaigns with the aim of generating greater awareness among employees on the importance of protecting their own health, preventing risks and developing healthy lifestyles. These campaigns are complemented with annual, gender-based medical checkups in which additional biological controls are performed with the possibility of being given the flu vaccination.

Additionally, each year activities are scheduled which aim to raise awareness of the importance of protecting health and preventing risks.

## Main Occupational Health and Safety Actions

In 2018 the professionals of the company continued to be offered physiotherapy, which currently maintains the service for almost 10,000 professionals in Madrid. It is planned that this service will be gradually extended. Moreover, an additional 10 new defibrillators have been installed, which means that more than 93% of the workforce are now being covered in Spain.

As a company, Indra maintains its membership in AESPLA, the Spanish Association of Occupational Prevention Services, which aligns the common interests of large companies and serves as a forum for discussion and gaining knowledge.

In 2018, Indra was associated with PRL Innovación, an association that promotes a culture of innovation in the field of prevention of occupational risks.

## 5.4 Dialogue with Professionals

Indra respects the culture of legality that exists in each of the countries in which it operates and complies with the regulatory content of the ILO Collective Bargaining Agreements in relation to the freedom of association and the right to collective bargaining. It therefore interacts with workers' representatives in the company, providing them with a forum for dialogue and the adoption of agreements.

Moreover, the Code of Ethics and Legal Compliance establishes as basic principles in the company those of equal opportunities, respect for people and non-discrimination on any grounds and, specifically, on the grounds of union membership.

For Indra, it is important to maintain a continuous and transparent dialogue with social agents, getting them to participate in the company's guidelines and strategy. In the event of significant changes in operations, the necessary mechanisms to inform the various trade union partners in advance have been put in place.

The impact that operational changes may have on employees is carefully evaluated, establishing an open dialogue with their union representation. Even in the event that there are no legal obligations or workers' representatives, Indra ensures that it maintains regular communication with all the professionals concerned.

In Spain, the company has trade union representatives who act as interlocutors of the companies of the Group. The company facilitates them in the exercising of their labor union duties in all aspects, including the provision of resources such as computers, premises, etc.

Throughout 2018, it continued to promote dialogue with all the unions in order to achieve a fluid exchange of views. As a result, the agreements on the system allowing time off for union duties were maintained, the number of union delegates per section, travel expenses, and resources for their union activity.

In addition, the company maintains an active communication policy with its professionals through different tools for the organization and the cultural transformation process. For further information on the communication channels used to communicate with the professionals go to Annex 9.5 of this report.

## 6 Customers

### 6.1 Quality

Indra considers that the provision of services and producing of solutions of the highest quality are a fundamental aspect in ensuring the organization's sustainability and the creation of value for all of its stakeholders: shareholders, customers, professionals and society. In this regard, and with the objective of ensuring customer satisfaction, Indra defines its Quality Management System based on three fundamental principles: independence, accuracy and continuous improvement.

#### Quality Management Model

Indra's Quality Management System is based on the highest standards recognized in the markets in which Indra operates, such as ISO 9001, CMMi, TMMi, AS 9100, PECAL / AQAP, ISO 20000, ISO 27000, etc.

The global quality objectives are linked to the Strategic Plan and the context of each of the markets.

Throughout 2018, work was specifically carried out on promoting the improvement of the quality management model, with the creation of working groups focusing on aspects that are considered of significant importance. These projects are developed globally and are characterized for their multidisciplinary and multicultural nature. The aim is to find the highest possible number of synergies. Similarly, throughout 2018, a project was developed which aimed to improve the process of evaluating customer satisfaction, a key point to find out and evaluate the feedback and thereby concentrate efforts made in order to increase their satisfaction and meet expectations.

#### Complaints and Claims

Indra has defined a methodology for dealing with complaints and claims made by its customers. The process is subject to various reviews and audits, both internal and external, through which its effectiveness can be verified. Being aware of the customers' complaints and claims and how they are appropriately and effectively dealt with is fundamental to being able to improve customer satisfaction and the relationship with them as well as the company's processes.

The complaints and claims lodged by customers are brought to the attention of the Quality Organization and any other organizations involved, in order to deal with them and coordinate the analysis process and resolve the issue raised. Indra registers and manages the customer's complaints through a centralized tool used by the entire company, which ensure that it is dealt with properly and monitors the corrective actions taken until the complaint is closed. In turn, the Quality Organization ensures that the necessary analyses and actions are being carried out to resolve the matter effectively and in a timely manner.

Of the total number of complaints and claims received in 2018, 89% were complaints and 11% were claims. 86% of all claims and complaints received were resolved in 2018 and the rest are in the process of being resolved.

#### Certifications

In 2018 Indra maintained the Global Quality Management Certification ISO 9001 under the 2015 standard, widening its scope to encompass 71 centers in 12 countries (9 more than in 2017). In turn, the certifications of the AS 9100 and AS 9110 relating to Quality Management Systems for the Aerospace Industry, and the PECAL 2110, 2210 and 2310 Standards, relating to compliance with NATO requirements in management and quality assurance.

Indra maintains the level 3 TMMi and Level 3 CMMi international certifications, which guarantee quality both in the software testing processes and in the implementation of best practices in engineering and software development for the operations in Spain, as well as in the software factories.

Indra also has the Level 5 CMMi certification, the highest level, for its Air Traffic Management system. Moreover, it is working to renew the CMMI Level 5 certification for 2019, through Tecnom, expanding its coverage to the Advanced Management Services for Applications, User Services and Development of Projects in Spain, Colombia, Mexico and Peru.

#### Audits

Both the internal and external quality audits constitute one of the main tools Indra uses to identify areas in which it can improve. The external ones are carried out by external entities in order to obtain certification. The internal ones

include both those carried out on operations such as those made to ensure the quality and effectiveness of the processes of the Quality Management System.

176 internal quality audits were carried out in 2018, both on operations and projects as well as on the Quality Management System.

## 6.2 Customer satisfaction rate

In order to find out the customer satisfaction rate, Indra sends a customer satisfaction survey to a representative sample of customers each year. In 2018, the surveys sent out represented 77% of the sales volume of the selected sample.

The main objective of the survey is to identify the factors that contribute to an increase in customer satisfaction. Depending on the results obtained, the strengths are identified and the company focuses its effort on the areas in which it can improve by implementing the appropriate action plans.

In 2018 the customer satisfaction survey results showed a degree of satisfaction of 73 points (on a scale of 0 to 100), improving on the results of 2017 (72 points). Whereas the recommendation rate (*net promoter score*), which is the result of totaling the customers giving a mark of higher than or equal to 9 and subtracting the ones that give a mark of less than or equal to 6, resulted in a level of 19%, compared to 8% in 2017.

## 6.3 Health and Safety Conditions of Products

Indra guarantees the highest standards of quality and safety required by legislation and industry certifications (e.g. EASA, PECAL), as well as those expected by the end customers. Additionally, the company has established the CE marking procedure, which informs users and competent authorities that the equipment placed on the market complies with the binding legislation with regards to the essential requirements, which include the health and safety of the products.

# 7 Suppliers

## 7.1 Supply Chain Relationship Model

The model of the relationship between Indra and the supply chain is based on the following commitments:

- Independence: to strengthen the confidence of suppliers, the company carries out its key purchasing process through independent units who have separate responsibilities.
- Transparency and compliance: the company has supplier communication channels in place which allow it to constantly monitor the purchasing process as well as an approval process in accordance with the company's compliance standards.
- Creating long-term value: the company has a global purchasing strategy with objectives and a methodology in place as well as global indicators.

In 2018 the supply chain managed €1.406 billion worth of purchase orders to 7,347 approved suppliers in more than 90 countries around the world.

	Spain	Europe	America	Asia, Middle East and Africa
<b>Purchases by geographical areas</b>	73%	6%	16%	5%
<b>Suppliers by geographical areas</b>	42%	18%	31%	9%

To ensure a responsible provision of supplies, Indra has developed a series of procedures that reinforces the company's commitment to the supply chain. This involves applying procedures in the management of suppliers,



approved suppliers are obliged to accept the Code of Ethics and Legal Compliance, the Tender Portal and Bid Module.

**Nature of the Purchases**

Professional Services	Production Subcontracting	Materials and Equipment	Other Services
61%	8%	30%	1%

## 7.2 Supplier Management Model

The Supplier Management Model aims to secure the best suppliers through the application of the business procedures to ensure transparency and equality of conditions for the various bidders. The company offers a win-win approach model and a commitment to maintaining a long-term relationship.

The supplier rating is a necessary requirement to be able to participate in the purchasing process and is obtained as a result of having passed the Approval Process. In cases in which it is deemed relevant, Indra considers environmental, social and governance criteria in the rating of the suppliers.

### Environmental Requirements for Suppliers

In its general purchasing conditions, Indra has established a specific clause with regard to compliance with environmental legislation. Where applicable, suppliers are required to comply with the REACH regulations regarding chemical substances and preparations.

### Occupational Health and Safety Procedures with Suppliers

Indra requires its approved suppliers to comply with the applicable local laws with reference to Occupational Hazard Prevention, as well as any implementing legislation. The supplier undertakes to provide the required documentation in relation to its fulfillment of these obligations within the framework of the services provided.

### Protection of Human Rights in the Supply Chain and the Code of Ethics and Legal Compliance

Indra promotes and defends the Protection of Human Rights in its supply chain. Since 2017 it has required all of its approved suppliers to accept and comply with its Code of Ethics and Legal Compliance which are included in the General Contract Terms and Conditions.

The Code of Ethics and Legal Compliance reflects the company’s commitment and what it requires its suppliers to respect: the International Declaration of Human Rights, the principles relating to the rights set forth in the Declaration of the International Labor Organization and the principles of the United Nations Global Compact.

Similarly, Indra has a [Statement on Conflict Minerals](#) which sets forth its commitment to not use minerals or components in its products that have been extracted from “Conflict” mines. In this way, the company strengthens its responsibility in the defense of Human Rights throughout its value chain.

### Impact on the Local Community

By making purchases from local suppliers, Indra contributes to the development and growth of the business network in its communities. In 2018, 78% of the purchases were made through local suppliers. These suppliers are considered to be local when their country of origin (registered address) coincides with that of the purchaser.

# 8 Commitment to the Environment and Society

## 8.1 Environmental Contribution

Indra is aware that the environmental challenges linked to the fight against climate change and the achievement of the objectives laid out in the Environmental Agenda require innovative technology. In this regard, the company provides its customers with tools to establish more efficient management models and monitor environmental impacts,

thereby facilitating the incorporation of environmental criteria in the decision-making process and helping to minimize the negative effects on the environment. At the same time, Indra accepts the precautionary principle as one of its pillars in the [Global Environmental Policy](#), with the aim of preventing actions that may involve an environmental risk.

Through its offer, Indra develops technology that helps to improve its customers' environmental impacts through solutions for Smart Mobility and Smart Cities, and which promote sustainability, control and efficiency for the energy sector.

Similarly, through its operations, the company optimizes the use of energy and other resources necessary for the activities carried out in its workplaces, thereby strengthening the eco-efficiency of its operations and continuously improving its environmental management.

### Eco-efficiency of operations and Improving the Environmental Management

Indra has an environmental strategy focused on minimizing its environmental impact. It involves efficient and responsible management through the implementation of the Global Environmental Management System and is carried out both in Spain and in the countries where it conducts a significant amount of business.

The Global Environmental Policy includes a commitment to protect the environment and to the continuous improvement of the Environmental Management System. The Policy is developed through action plans that are applicable to the various facilities which hold the ISO 14001 certification, with short and long-term goals, aligned with the strategy and sustainable growth of the company. In 2018 both the Global Environmental Policy as well as the [Energy Policy](#) of the company were updated. Furthermore, given the importance of the climate change, Indra has specified its commitment through its publication of its [Position on Climate Change](#).

### Responsible Waste Management

The most significant waste produced by the company's activity corresponds to electrical and electronic equipment; these are administered by authorized waste management companies. These companies are committed to the circular economy through the reuse of computers and unused computer components under the principles of prevention, preparation for reuse, recycling, and other forms of recovery and disposal.

Hazardous waste generated by Indra is also administered by authorized waste management companies.

### Air Pollution including Noise and Light Pollution

Indra defines and carries out the corresponding periodical controls of the sources of emissions into the atmosphere in its factories, in accordance with the regulations in force. Given the company's activity, none of the sources defined have been significant, either due to the type or the operational hours. Similarly, the noise levels have been measured by the Authorized Control Bodies, which have determined that the noise levels outside the certified facilities are below the legal limits.

Given the activity of the company, the impact of light pollution is not considered to be significant.

### Due diligence in the Management of Significant Environmental Risks and Impacts

Indra's environmental management is focused on the most significant environmental aspects, such as the management and reduction of energy consumption and emissions and the optimization of waste management, both in terms of quantity and hazardous nature.

To minimize its impact and environmental risks to the greatest extent possible, Indra has implemented a Global Environmental Management System based on ISO 14001.

#### Vision 2020 and Horizon 2030 Emission Reductions (\*)

2013 - Vision 2020	2018	Horizon 2030
In 2013 Indra set a target of reducing its emissions by 26% by 2020	From 2013 until 2018 inclusive, Indra achieved a 70% reduction of CO2 emissions per employee	To give continuity to the Vision 2020, Indra considers reaching the goal of a total reduction of 75% within the 2013-2030 horizon as viable; this is in line with the International Agenda's objectives of reducing emissions

(\*) Emission targets considered Scope 1 and 2 emissions

## Geographic distribution of the 42 centers certified under ISO 14001

Indra is committed to generating positive environmental impacts and reducing the negative impacts generated by the company on its surroundings. In 2018, Indra renewed the Global Certification of Environmental Management with the new version of the ISO 14001:2015. In total, the company has 42 centers certified under ISO 14001: 27 centers in Spain, 3 in Europe (1 in Italy and 2 in Portugal), 11 in the Americas (1 in Mexico, 1 in Brazil, 6 in Colombia and 3 in Peru) and 1 in Australia.

In 2018, diesel fuel consumption was reduced by 94%; electricity consumption by 0.3%, and the total energy consumed by 4.3% in comparison with 2017. In 2018 the energy intensity consumption was 7.12 (total consumed energy in gigajoules/average workforce), representing a decrease of 8% compared to 2017.

## Risks and Opportunities in Climate Change

During 2018, Indra has revised its Climate Change strategy in accordance with the United Nations Sustainable Development Goals in order to identify the various risks and opportunities for the company in this field. The Climate Change strategy includes various contingency plans derived from the analysis of the climate risks. It thus assigns the managers and departments involved and specifies the time horizons for each scenario.

Likewise, the company has identified and assessed the climate change risks that its most significant facilities may affect, with the aim of progressively minimizing its impact through the implementation of contingency mechanisms and risk mitigation. Opportunities related to the solutions and services that Indra offers to its customers have also been identified. For more information, see Annex 9.6 of this report.

## Climate Change Strategy

In 2018 Indra presented its climatic profile as a company, participant in the Spanish Platform for Climate Action in the UN Climate Change Conference, COP 24 held in Poland. Among the commitments made by the company, bringing forward the management of the carbon footprint of the company was included as well as reducing the emissions in different time horizons of 2018-2030.

## Energy Efficiency in the Workplace

Due to its activity, Indra considers that its greatest environmental impact comes from the company's energy consumption and its employees' travel. For this reason, energy efficiency is a key aspect of its environmental management. In this regard, since 2014 its head offices in Spain have implemented cost-saving measures with the help of an energy services company.

Moreover, Indra's corporate headquarters has an energy consumption Control Center, where management of electricity and natural gas of the majority of the buildings in Spain is managed in real time. For more than four years, Indra has been implementing Energy Efficiency measures to save energy in all its branches in order to optimize consumption.

Since 2012 Indra has had a main Data Processing Center located in San Fernando de Henares with a surface area of almost 5,000 m<sup>2</sup>. During 2018, following the Internal Systems Plan, major overhauls were carried out on the cooling processes and the consumed energy control, achieving considerable economic savings.

The company also promotes the purchase of green electricity as part of the energy consumed in its branches. In 2018 the purchase of green electricity represented almost 73% of the company's total purchase of energy in Spain, which meant an increase of almost 10% compared to the previous year. The purchase of green electricity in Italy must be added to this, which represented 0.65% of the total energy of the Group. In total, 56% of the energy consumed comes from the purchase of green electricity.

Energy Consumption (Notes 1, 2 & 3)	2017	2018	
		Total	Spain
Diesel C (liters) (Note 4)	426,498	24,659	24,471
Diesel C (kWh) (Note 4)	4,279,528	247,429	245,547
Natural gas (m3)	487,566	548,553	548,553
Natural gas (kWh)	4,550,985	5,120,248	5,120,248
Electricity (kWh)	77,093,175	76,840,206	61,357,981
Total energy consumed (gigajoules)	309,325	295,948	240,206

**Note 1:** In 2018, the consumption and associated emissions reported have been consolidated according to the Financial and Operational Control criterion defined by the Corporate Accounting and Reporting Standard of the GHG Protocol of the WRI and the World Business Council for Sustainable Development.

**Note 2:** The consumption reported in each country is based on the available information, in most cases being the consumption data that appears in the suppliers' invoices and, in cases where an invoice is not available for a given month, consumption has been estimated based on the actual supply for the same month in the previous year, or the average monthly consumption of the same year.

**Note 3:** The scope of the information relating to electricity includes all countries in which the Indra Group develops its business operations in its own facilities with energy consumption in 2018. The scope of the information relating to diesel and natural gas corresponds to those centers whose environmental management system is certified according to the ISO 14001 standard, specifically 42 centers, located in Spain (27), Colombia (6), Peru (3), Portugal (2), Brazil (1), Mexico (1), Australia (1) and Italy (1). Given their activity, the centers are the most significant with regards to the effect of energy consumption and that the employees of these centers represent 59% of Indra's average workforce.

**Note 4:** The decrease in diesel consumption is due mainly to the scope of the ISO 14001 certification of certain buildings and the change in the consumption of diesel fuel to natural gas. The buildings that are no longer under the certification's scope in 2018 made up 44.94% of the total diesel consumption in 2017, while the remaining buildings, which, if they remained within the scope of certification and decreased their consumption in 2018 compared with 2017, accounted for 54.92% of diesel consumption in that year.

## Measuring and Reducing the Carbon Footprint

As part of the company's commitment to measuring and reducing its carbon footprint, Indra makes this calculation on an annual basis. The data is presented based on each of the scopes considered within the GHG Protocol standard:

- Scope 1. Direct emissions. These are the GHG emissions arising from the direct consumption of energy (natural gas and diesel).
- Scope 2. Indirect emissions. These include emissions due to electricity consumption.
- Scope 3. Other indirect emissions. These include emissions from employee business trips by plane, car and train.

To compensate for part of the emissions resulting from the activities of 2018, Indra led an environmental volunteer project involving reforestation in the Sierra del Jarama. Thanks to the planting of more than 350 trees in the area, the project will compensate for a total of 94 tons of CO<sub>2</sub> over the next 40 years.

As part of its commitment to transparency in the company, since 2010, Indra has been reporting its performance in its management of its Carbon Footprint and its reduction of emissions to the Carbon Disclosure Project (CDP). In 2018, Indra improved its CDP valuation to A-. This improvement is mainly due to the Indra's efforts to analyze and manage climate risks, to its commitment to the reduction of Greenhouse Gas (GHG) emissions and the transition to using green electricity which it is developing.

Carbon Footprint	2017	2018
Scope 1: direct CO2 emissions (tons of CO2 equivalent) (Note 5)	1,957	949
Scope 2: indirect CO2 emissions due to electricity consumed (tons of CO2 equivalent) (Note 6)	10,160	9,555
Scope 3: indirect CO2 emissions due to use of third-party transportation (tons of CO2 equivalent) (Note 7)	17,957	24,110
Scope 1+2 (tons of CO2 equivalent)	12,117	10,504
Scope 1+2+3 (tons of CO2 equivalent)	30,074	34,614
Average workforce	40,004	41,572
Intensity (scope 1+2 / average workforce)	0.303	0.253

**Note 5:** Emissions from direct energy consumption (natural gas and diesel), which correspond to Scope 1, defined by the GHG Protocol standard are included. These emissions were calculated using the 4.1 version of the "GHG Protocol Tool for Stationary Combustion" of the World Resources Institute (May 2015 edition). In 2018 the consumption of natural gas and diesel in measures of volume (m3 and l) and also for energy (kWh) have been reported. For the calculation of emissions, the data in terms of energy (kWh) has been used and the corresponding emission factors have been applied. In 2018, two buildings in which part of the energy supplied (884,000 kWh) comes from natural gas and biomass are maintained within the scope, resulting in the calculation for the emissions corresponding to these buildings being applied to the emission factor provided by the energy distributor. The decrease in emissions in 2018 is mainly due to what is indicated in Note 4 of the energy consumption table.

**Note 6:** Emissions from direct electricity consumption which correspond to Scope 2, defined by the GHG Protocol standard are included. These emissions were calculated using the 4.8 version of the "GHG Protocol Tool for Purchased Electricity" of the World Resources Institute (May 2015 edition). In 2018, the reduction of emissions is due primarily to the acquisition of green electricity from 100% renewable energy sources, which represented 56% of the consumption. In 2018, two buildings in which part of the energy supplied (3 million kWh) comes from electricity and biomass are maintained within the scope, resulting in the calculation for the emissions corresponding to these buildings being applied to the emission factor provided by the energy distributor.

**Note 7:** These include emissions from employee business trips by plane, car and train. The scope of information corresponds to the business trips carried out by the Indra Group employees based in Spain.

Employee business trips relating to business travel by plane and train have been obtained from the data reported by the travel agency which manages the reservation arrangements for the Indra Group and correspond to the number of kilometers traveled. The data regarding employee travel using their own vehicles are those provided by the Central Administration department and correspond to the kilometers traveled by employees on trips which have been recorded in the internal tool for the reimbursement of journeys. These emissions were calculated using the 2.6 version of the "GHG Protocol Tool for Mobile Combustion" of the World Resources Institute (May 2015 edition). The increase of indirect CO2 emissions in 2018 was mainly due to the incorporation of this data from certain companies (mainly, Tecnocom) into the report.

## 8.2 Contribution to Society

Indra is a responsible agent in the communities in which it operates and is committed to the improvement of society. Its contribution to the environment is made effective through three lines of action: corporate volunteering, the accessible technology program and the pro bono projects.

During 2018 a new Volunteering Plan was implemented which has three lines of action in social volunteering activities (coaching, mentoring, accompaniment in leisure and sports, as well as humanitarian aid campaigns); environmental volunteer work; and digital volunteering (with the aim of reducing the digital divide).

The Accessible Technologies initiative promotes collaboration with universities in the development of innovative technology for the integration of people with disabilities.

Through the pro bono projects that Indra develops for non-profit organizations without charge, it aims to improve technology training of the social entities so they can develop their work in the Investment in Social Action more efficiently.

Investment in Social Actions	Volunteer Projects (Note 2)	Investment in Research for Accessible Technologies
€1,057,701 (Note 1)	616 volunteers and 153 assistants  61 initiatives  4,766 hours spent both within working hours and in their free time	€304,373.

**Note 1:** Of which: €437,920 are linked to compliance with the General Law on Rights of Persons with Disabilities and their Social Inclusion which is intended for foundations and non-profit entities in Spain; €421,757 in monetary contributions to foundations, non-profit organizations and academic institutions; €198,024 in time contributions (pro bono projects).

**Note 2:** Worldwide, within and outside of Spain

## 9 Annexes

### 9.1 About the Corporate Social Responsibility Report

This report includes information necessary to understand the evolution, the results and the situation of the Group and the impact of its activity with respect to environmental and social issues, as well as those relating to staff, respect for Human Rights and the fight against corruption and bribery. In accordance with the provisions of Law 11/2018, of 28 December, amending the Commercial Code; the revised text of the Capital Corporations Law, approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Auditing of Accounts, on the subject of non-financial information and diversity, this report supplements the information provided in the Annual Report. Similarly, it has also been subjected to the same criteria for approval, deposit and publication, previously formulated by the Board of Directors together with the Annual Report at its meeting held on 22 March 2019.

With the publication of this Corporate Social Responsibility Report, Indra reinforces for yet another year its commitment to dialogue and transparency with its stakeholders: shareholders and investors, customers and professionals. A faithful reflection of this endeavor is seen through the way in which the relevant areas of concern for these groups are addressed in this report. Additionally, this document also reflects how this fundamental matter forms part of the strategy of the company as well as Indra's performance in the various fields which affect the stakeholders.

The company has continued to make progress in this commitment, doing so in several ways: reformulating some indicators, including new ones directly linked to relevant matters identified by the company and excluding those that have not been considered important or that have already been included in other corporate reports. Specifically, the categories used to break down the data regarding the workforce, the data on remuneration ratios has been reformulated as well as the selection of countries with significant operations, including those in which the company has a greater number of professionals in the workforce. The indicators that have undergone changes in the calculation method used are reflected in the corresponding section or in the GRI tables.

The 2018 Corporate Social Responsibility Report refers to the period from 1 January 2018 through to 31 December 2018.

This report has been prepared in accordance with the following standards:

- Law 11/2018, of 28 December, amending the Commercial Code; the revised text of the Capital Corporations Law, approved by Royal Legislative Decree 1/2010, of 2 July, and Law 22/2015, of 20 July, on the Auditing of Accounts, on the subject of non-financial information and diversity.
- The GRI Standards for the preparation of Sustainability Reports of the Global Reporting Initiative (GRI).
- The AA1000 APS Accountability Standard.
- The United Nations Global Compact Progress Report, which Indra has been affiliated to since 2004.

The economic, social and environmental development information contained in this report has been verified externally by an independent third party. The scope, description of the work and conclusions of this verification are found in the Deloitte Verification Report.

The information presented includes all the companies which Indra has financial control over, unless otherwise indicated. For a complete list of the companies which have formed part of Indra as of 31 December 2018, refer to the [2018 Consolidated Annual Accounts](#).

In the drafting of this Report, Indra has taken into account the principles set forth in the Global Reporting Initiative on Sustainability Reports, as detailed below.

#### Content Principles

- Inclusion of the stakeholders: Indra provides its stakeholders various communication channels, participation and dialogue which are continuously reviewed and updated, and through which its expectations are identified.
- Sustainability context: This Report details how the company creates value for its stakeholders, as well as its management strategy and approach for the various areas of sustainability and Corporate Social Responsibility.

- **Materiality:** The company has carried out the updating of its materiality analysis to detect and update the relevant issues in Corporate Social Responsibility and Sustainability for the company and its stakeholders.
- **Completeness:** Qualitative and quantitative information is provided on the impact that Indra has on the environment throughout the report.

**Quality Principles**

- **Accuracy:** All of the information included in this report is collected and analyzed through Indra’s various Information Systems.
- **Balance:** The report addresses the main issues related to the relevant matters identified in the materiality analysis.
- **Clarity:** The company is aware of the importance of presenting information in an orderly, schematized and harmonious way, in order to make it easy to read and understand by the stakeholders.
- **Comparability:** The information is presented in accordance with international standards and it compares the performance of the company in 2018 with that of previous years.
- **Reliability:** As part of Indra’s commitment to the reliability of the reported information, the said information has been verified externally by an independent third party.
- **Timeliness:** Indra has been publishing Sustainability and Corporate Social Responsibility annually since 2003.

**This Report has also been drafted in line with the three founding principles of the AA1000 APS (2008)**

- **Inclusiveness:** A process has been developed for the participation of stakeholders which allows their involvement in the development of a responsible approach to sustainability management.
- **Relevance:** The process of determining materiality involves the assimilation of the significant or relevant issues for Indra and its stakeholders.
- **Responsiveness:** Indra responds with actions and specific commitments to the material issues identified.

## 9.2 Materiality Analysis

In 2018 the Materiality Analysis which had been conducted in 2017 was updated to incorporate a market study which identified relevant matters for the stakeholders and other matters deriving from economic trends. The business directors of the group were actively involved in the analysis, which made it possible to prioritize the most relevant matters for Indra. The evaluation of these fundamental issues is carried out in accordance with criteria of importance and economic, social and environmental impact.

Based on the analysis of significant matters and linking it to the 2018-2020 Strategic Plan, nine issues were identified which have a high impact on the company’s activities and which have an influence on the decisions of the main stakeholders: shareholders and investors, customers and professionals.





The management approach adopted for each of the relevant issues identified in 2018 which are considered a priority is detailed below:

- **Talent Management and Diversity:** Indra is committed to diversity and equality among its employees and proactively manages the talent, committing to the development of its professionals and their training. See Section 5 of this report.
- **Corporate governance, ethics and compliance:** the company rejects any form of corruption or illegal practices; it integrates ethical standards into its activities and implements the necessary mechanisms to prevent and address any kind of illegal or unethical activity. See Section 2.3 of this report.
- **Climate change and emissions:** Indra has a climate change strategy, which includes actions in relation to energy efficiency and reducing the Carbon Footprint. See Section 8.1 of this report.
- **Innovation and business opportunities:** through its innovation model, the company continues at the cutting-edge of technology and as a driving force behind new ideas, including sustainable mobility, energy efficiency and climate change. See Section 1.5 of this report.
- **Supply chain, life-cycle and sustainable supply:** in order to ensure a responsible provision of supplies, Indra has developed a series of policies, procedures and actions that reinforce the company's commitment to the supply chain. See Section 7 of this report.
- **Cybersecurity:** protecting security and information is a key factor in the activity of the sectors in which Indra operates; therefore, the company updates and strengthens its corporate security system, establishing high levels of protection and privacy. See Section 2.4 of this report.
- **Human Rights and Working Relationships:** Indra is committed to promoting responsibility and respect for human rights in all the actions the company undertakes. See Section 3.2 of this report.
- **Product or service quality and customer satisfaction:** the customer is the focal point of Indra's activity; for this reason, the company maintains the necessary certifications to ensure the quality of the products and services it offers and conducts a customer satisfaction survey in order to detect areas in which it may improve. See Section 6 of this report.
- **Contribution to social development and communities:** thanks to the recruitment of professionals from the local community and the purchases made from local suppliers, Indra contributes to the development and growth of employment, whilst extending the business network to the communities in which it operates. See sections 7.3 and 8.2 of this Report.

Main actions linked to :

- **Environmental actions:** promoting the reduction of emissions of greenhouse gases and the increase in the percentage of green electricity purchased, in addition to assessing and managing the risks related to the climate change.
- **Social actions:** implementation of the Cultural Transformation Plan, a more in-depth analysis of the wage gap, and the Diversity Policy is promoted.
- **Economic actions:** improvement of the commercial offer, the launch of the Awareness Raising Plan on Information Security, the creation of the Chair of Information Security and the renewal of the certification of the R&D&I model.
- **Governance actions:** adoption of the Tax Policy and the new Remuneration Policy for the board directors, as well as obtaining the Criminal Compliance System certificate through the Spanish Association for Standardization and Certification (AENOR in its Spanish initials).

## 9.3 Value Creation Model

The economic value generated, retained and distributed by Indra is calculated based on the GRI 201-1 indicator. The economic value generated includes revenue and other income amounting to €3,127,780,000, corresponding to the 2018 financial year. Moreover, the economic value distributed amounted to €2,996,433,000 in 2018 and corresponds to: staff costs; income tax and other taxes; investment in social action; supplier expenses, including consumption and other supplies and other operating expenses minus the investments in social action and related taxes; financiers which include the financial profit and loss and the companies' profit and loss valued by the equity method. The economic value retained by the company is the result of subtracting the staff costs, income tax and other taxes, social action, suppliers and financiers' expenses from the income.

Economic Value Generated - €3,127,780,000	Economic Value Distributed and Retained - €3,127,780,000
Customers: €3,127,780,000	Personnel expenses: €1,606,877,000 Corporate and other taxes: €85,532,000 Social action: €1,057,000 Suppliers: €1,267,515,000 Financiers: €35,452,000 Retained value: €131,347,000

## 9.4 Impact and contribution to the Sustainable Development Goals (SDGs)

### Impact on the SDGs through the business lines

SDG 7 Affordable and clean energy: Indra has over 25 years' experience in implementing projects aimed at the management and optimization of energy.

SDG 9 Industry, innovation and infrastructure: the company has deployed its smart systems to improve energy and water management in more than 100 local companies.

SDG 11 Sustainable cities and communities: Indra contributes with its technological capabilities and its experience in the transport sector to improve urban and interurban mobility as well as improving the management model in areas such as Smart Cities.

SDG 16 Peace, justice and strong institutions: the company collaborates with governments creating value solutions and services for citizens and promotes the participation of society in government initiatives.

### Contribution to the SDGs through innovation projects

SDG 9 Industry, innovation and infrastructure: Indra innovates to meet the needs of its clients, contributing to sustainable development. The company has positioned itself as the leading Spanish company within the Horizon 2020 Program of the European Union. For further information go to section 1.5 of this Report.

SDG 11 Sustainable cities and communities: Indra plays an important role in the "Civil UAVs Initiative" for the development of civilian drones to improve the services provided to citizens by the Administration. Similarly, with the "Select for Cities" initiative, Indra aims to improve efficiency and the quality of life in European cities thanks to digital transformation.

SDG 13 Climate action: Indra is a leading technological partner in the "Net Zero Initiative" project, which aims to completely transform the use of energy on a university campus in Australia. This project was given recognition by the Secretariat of the United Nations Climate Change at COP24.

SDG 16 Peace, justice and strong institutions: Indra is one of the leading partners of the European Defense Project, "OCEAN 2020", aimed at strengthening reconnaissance operations in extensive maritime zones.

**Impact on the SDGs through the corporate strategy on respect for the environment**

SDG 13 Climate action: positioning in the field of climate change and establishment of the goal to reduce emissions within the 2018-2030 horizon based on the International Agenda. Participation in the Spanish Platform for Climate Action and in the Global Climate Action, the Nazca Platform, of the United Nations Framework Convention on Climate Change.

**Impact on the SDGs through the company’s commitment to people**

SDG 5 Gender equality: Indra includes the respect for equal opportunities for both genders within its Code of Ethics and Legal Compliance and in its Corporate Diversity Policy.

SDG 8 Decent work and economic growth: Indra’s professionals are its main asset. For this reason, Indra strengthens the feeling of belonging through commitment.

SDG 9 Industry, innovation and infrastructure: Indra has a global purchasing strategy that is executed centrally, with the support of local teams in the main geographical areas in which it operates.

## 9.5 Communication channels and dialogue with the stakeholders

Indra provides its stakeholders with various communication, participation and dialogue channels which are continuously reviewed and updated.

	<b>Commitment</b>	<b>Communication channels</b>	<b>Indicators available in this Report</b>
Customers	Leadership and innovation Efficient management Quality Security and confidentiality of information Ethics and transparency	The Indra and Minsait websites Stands at trade shows Direct relationship through account managers Management of complaints and claims Satisfaction survey	Customer satisfaction Complaints Cybersecurity indicators
Shareholders and Investors	Value creation Good governance and risk control Fluid and transparent dialogue Equal treatment and non-discrimination Relationship with Investors Policy	General Shareholders’ Meeting Shareholders’ Office E-mail to shareholders/investors Website: Shareholders Investors’ magazine Roadshows and one-to-one meetings Results reports and conference calls (quarterly) <i>Investor Day</i>	Development of target share price Purchasing recommendations
Professionals	Professional development Family life / work balance Guaranteed occupational health & safety Freedom of association Ethical and responsible behavior Avoidance of gender-based discrimination Transparency	On Boarding sessions Corporate Portal - Indraweb Conference Call with the management on the annual results Dialogue with workers’ representatives Assessment interview Direct Channel The Indra and Minsait websites Press rooms Press releases Social Media	Workforce distribution Training Collective bargaining Occupational Health & Safety Family life / work conciliation Remuneration and the Wage gap Direct Channel Communication
Suppliers	Compliance with the Code of Ethics Compliance with contractual obligations	Negotiations and contractual relations Surveys Supplier portal Direct Channel	Number and distribution of suppliers Purchase distribution Percentage of purchases from local suppliers
Entrepreneurship and startup ecosystem	Value creation Innovation Collaboration to generate mutual benefits Exchanging of ideas	Initiatives promoted through Indraventures: for entrepreneurs via Innovators initiative and for startup companies via Indra4 initiatives Social Media	Number of agreements with start-up companies

Universities and research centers	<ul style="list-style-type: none"> <li>Collaboration to generate mutual benefits</li> <li>Exchange of knowledge</li> <li>Attracting talent</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration agreements</li> </ul>	<ul style="list-style-type: none"> <li>Investment in R&amp;D&amp;I</li> </ul>
Regulators and authorities	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Innovative solutions</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue through professional associations</li> <li>Institutional gatherings</li> <li>Specific meetings</li> </ul>	<ul style="list-style-type: none"> <li>Main sectoral associations which the company belongs to</li> </ul>
The media	<ul style="list-style-type: none"> <li>Information transparency</li> </ul>	<ul style="list-style-type: none"> <li>The Indra and Minsait websites</li> <li>Press rooms</li> <li>Press releases</li> <li>Regular contact</li> <li>Telephone or face-to-face service</li> <li>Contact with managers</li> <li>Attendance at media events</li> <li>Social Media</li> <li>Info graphics</li> <li>Videos</li> <li>Corporate reports</li> </ul>	
Foundations and Society in general	<ul style="list-style-type: none"> <li>Commitment to social initiatives</li> <li>Respect for the environment</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration agreements with foundations</li> <li>Internal communication, Indraweb corporate portal</li> <li>Accessible Technologies website</li> <li>The Indra and Minsait websites</li> <li>Press rooms</li> <li>Press releases</li> <li>Social Media</li> </ul>	<ul style="list-style-type: none"> <li>Investment in Social Actions</li> <li>Corporate volunteering</li> <li>Energy Consumption</li> <li>Carbon Footprint</li> </ul>

## 9.6 Climate change risk and opportunity analysis

Situation analysis		Risks	Opportunities
Transition	Economic	Miscalculation due to the rise in taxes and charges in the energy sector and transport.	<ul style="list-style-type: none"> <li>Promote sustainable energy management.</li> <li>Promote sustainable mobility throughout the company.</li> </ul>
	Regulatory	Regulations that impose export tariffs on emissions or the imposition of a reduction of the emissions.	Anticipate the new legal requirements, analyzing the new legislative tendencies.
	Reputational	Causing a negative image due to failing to meet commitments or regulatory limits on the issue of Climate Change.	Transparency in the dissemination of news and environmental conduct of the company.
	Market	Loss of business: non-renewable energy market (Oil & Gas)	<ul style="list-style-type: none"> <li>Development of products and services aimed at improving the energy efficiency of customer operations in relation to the reduction of emissions.</li> <li>Development of technologies that contribute to the improvement of prediction and early warning capabilities of climatic events.</li> <li>Development of information systems that facilitate the monitoring and reporting of carbon emissions.</li> </ul>

	Investors	Loss of investors due to not meeting their wishes regarding Climate Change issues	Approach new investors who are aware of the fight against Climate Change.
Physical	Chronic	Increased temperatures requiring a greater need of energy consumption for the cooling/air-conditioning of the centers	Improve the energy efficiency of the centers occupied by the company and data centers in order to reduce energy consumption and operating costs.
	Occasional	Deterioration of facilities and buildings due to incidents caused by climatic events.	Anticipating risks of climate change incidents when choosing the location of facilities.

## 9.7 Main Collaborations

### Transport and Defense Sectoral Associations

- UNIFE - European Rail Supply Industry
- ALAMYS - Latin American Metro and Subway Association
- CETREN - Rail Action Association
- MAFEX - Spanish Railway Association
- ITS Spain - New Technologies in Transport Forum
- TEDAE - Spanish Association of Defense Technologies, Security, Aeronautics and Space

### Information Technology Sectoral Associations

- ENERTIC Platform - Platform for ICT companies for the improvement of energy efficiency
- FUNDETEC - Foundation for the Info-Technological Development of Companies and Society

### Innovation Associations

- AMETIC - Association of Electronics, Information and Communication Technologies, Telecommunications and Digital Content Companies
- Cotec Foundation for Innovation

### Sustainability Associations

- Global Compact
- Forética
- SERES - Responsible Business and Society Foundation
- AEC - Spanish Quality Association
- OECC - Spanish Climate Change Office
- Spanish Platform for Climate Action

## 9.8 Tax contribution, benefits and grants received by developing countries

Below is a breakdown of information relating to the corporate tax and the profit or loss obtained in the various tax jurisdictions in which Indra is present.

The activity in jurisdictions regarded as tax havens is conducted exclusively for commercial and business reasons. There is no exit or entry strategy in these jurisdictions motivated by fiscal issues. The presence of Indra in these territories is only motivated by the existence of productive projects.

Geographic Area / Country	Result in thousands of euros (Note 1)	Corporation Tax in thousands of euros (Note 2)
Spain (*)	85,191	(12,453)
Spain	85,191	(12,453)
(*) This result, which corresponds to the application of the IFRS accounting principles differs from the accounting profit of the group in Spain before tax which amounted to €36 million. The main difference is the non-amortization of goodwill. The taxes included here correspond to a cash account basis (see Note 2), and include returns obtained in Spain for advance tax payments in the 2016 and 2017 financial years (see Note 36 of the <a href="#">Consolidated Annual Accounts</a> ). In Spain, the final tax payment is carried out regularly by Spanish companies based on the profit gained, applying the appropriate adjustments and deductions. These adjustments are shown in the profit and loss through their permanent establishments which pay tax in each country.		
Europe	45,059	7,686
Germany	792	336
Belgium	639	-
Bulgaria	(180)	-
Greece	(34)	-
Ireland	(574)	-
Italy	15,422	2,099
Latvia	-	-
Lithuania	162	23
Moldova	313	-
Norway	11,649	2,894
Poland	(89)	-
Portugal	4,712	860
United Kingdom	9,028	1,185
Czech Republic	819	121
Romania	171	-
Slovakia	1,242	168
Turkey	985	-
Americas	30,891	15,542
Argentina	(1,533)	-
Bolivia	(394)	-

Brazil	5,799	7,270
Canada	(3)	82
Chile	5,399	933
Colombia	9,760	4,276
Costa Rica	(589)	-
Ecuador	439	4
El Salvador	(440)	-
United States	(114)	223
Guatemala	-	1
Honduras	452	-
Mexico	4,616	1,166
Panama	863	248
Paraguay	(34)	-
Peru	4,242	762
Puerto Rico	85	53
Dominican Republic	2,302	520
Uruguay	40	4
Asia, Middle East and Africa	2,748	5,940
Saudi Arabia	2,403	535
Algeria	(1,034)	28
Australia	(859)	-
Bahrain	(1,391)	-
China	258	14
Egypt	205	157
United Arab Emirates	1,546	-
Philippines	5,469	4,299
India	(1,101)	-
Indonesia	(363)	-
Kazakhstan	(655)	-
Kenya	792	95
Kuwait	(4,558)	-
Libya	-	-
Malaysia	(1,221)	793
Morocco	(1,423)	10
Nigeria	40	-
Oman	5,634	-
Senegal	(246)	-

South Africa	(225)	-
Thailand	(219)	-
Tunisia	(381)	0
Zambia	74	9
<b>Total</b>	<b>163,888</b>	<b>16,715</b>

Note 1: The result reported, corresponds with the consolidated result before tax attributed to each country, applying the IFRS accounting principles.

Note 2: Taxes on profits paid in each country, include the payments on account of income tax benefits for the financial year, the final payment of the tax from the previous year, as well as any withholdings or other similar concepts.

Throughout 2018, Indra has carried out commercial projects in the following countries which are considered tax havens, according to the latest listings published by the OECD, the European Union and the Spanish Tax Agency. Such a presence is solely and exclusively due to the commercial activity of the company as detailed below:

- Bahrain; Indra has one subsidiary, whose opening was reported in the 2011 Annual Report, with 41 professionals who provide support for a major health care project
- Panama; the presence consists of a work center with 144 professionals. Indra is undertaking various projects such as the Panama Canal expansion project.
- Gibraltar; Indra has carried out the maintenance of the airport systems installed in the airport of Gibraltar.
- Jordan; the activity carried out has been mainly in consulting, managing projects for the identification of optimal financing agreements for the country's roads.

Furthermore, in 2018, Indra undertook specific activities in countries or territories such as Andorra, Fiji, Hong Kong, Cook Islands, Lebanon, Liberia, Malta, Mauritius, Oman, Western Samoa, Seychelles, Tunisia and Vanuatu, which are also considered as low taxation jurisdictions according to the aforementioned institutions. The amount of these activities with regards to total revenue is insignificant and is due to the company's commercial activity.

Indra also undertakes various activities in countries such as Malaysia, Morocco, Turkey and Uruguay that have reached agreements with the European Union, to modify their tax legislation to bring it in line with European standards.

## 9.9 Table of GRI disclosures

GRI disclosure and description	Page/Reference	Observations/Notes
<b>General Disclosures (GRI 102: GENERAL DISCLOSURES 2018)</b>		
<b>Organization Profile</b>		
102-1 Name of the organization	Indra Annual Consolidated Accounts 2018, Note 1	
102-2 Activities, brands, products and services	3-5	
102-3 Location of the headquarters	Indra Consolidated Annual Accounts 2018, Note 1	
102-4 Location of operations Indra Consolidated Annual Accounts 2017, Annex 1	Indra Consolidated Annual Accounts 2018, Annex 1	
102-5 Ownership and legal form	16	
102-6 Markets served	3	
102-7 Scale of the organization	17 Indra Consolidated Annual Accounts 2018, Note 27	
102-8 Information on employees and other workers	17, 65-67	



102-9 Supply chain	23-24	
102-10 Significant changes to the organization and its supply chain	17	
102-11 Precautionary principle or approach	8-9, 24-25	
102-12 External Initiatives	16	
102-13 Membership of associations	36 Indra actively participates in influence groups in which, according to its lines of business and plans, expresses its opinion and defends its interests as a company, respecting the public policies in force. You can find more information about it via the following link: <a href="https://lobbyfacts.eu/representative/a38d7453bc2d40a1af18a983de949d20">https://lobbyfacts.eu/representative/a38d7453bc2d40a1af18a983de949d20</a>	
<b>Strategy</b>		
102-14 Declaration by senior executives responsible for decision making	3	
102-15 Key impacts, risks and opportunities	4-5, 8-9, 35-36 Indra Annual Report 2018 Note 8	
<b>Ethics and integrity</b>		
102-16 Values, principles, standards and norms of conduct	7, 9, 14-16	
102-17 Mechanisms for advice and concerns about ethics	9-12	
<b>Governance</b>		
102-18 Governance Structure	6-8	
102-19 Delegating authority	14-15	
102-20 Executive-level responsibility for economic, environmental, and social issues	14-15	
102-21 Consulting stakeholders on economic, environmental and social issues	30-31, 34-35	
102-20 Composition of the highest governance body and its committees	7	
102-22 Chair of the highest governing body	7	
102-23 Nomination and selection of the highest governance body	7 Regulations of the Board of Directors and its committees Indra Sistemas, S.A.	
102-25 Conflicts of interests	7-9 Regulations of the Board of Directors and its committees Indra Sistemas, S.A.	
102-26 Role of highest governance body in setting purpose, values and strategy	6-7, 14-15	
102-27 Collective knowledge of the highest governance body	Regulations of the Board of Directors and its committees Indra Sistemas, S.A.	
102-28 Evaluation of the performance of the highest governance body	7-8	

102-29 Identification and management of economic, environmental and social impacts	8-9, 31-32	
102-30 Effectiveness of risk management processes	8-9	
102-31 Review of economic, environmental and social issues	8-9, 31-32, 35-36	
102-32 Role of the highest governance body in the preparation of sustainability reports	15, 29-30	
102-33 Communicating critical concerns	14-15, 31-32	
102-34 Nature and total number of critical concerns	31-32	
102-35 Remuneration Policy	9, 20 Indra's Compensation Policy <a href="https://www.indracompany.com/en/accionistas/corporate-policies">https://www.indracompany.com/en/accionistas/corporate-policies</a>	
102-36 Process for determining the remuneration	9, 20 Indra's Compensation Policy <a href="https://www.indracompany.com/en/accionistas/corporate-policies">https://www.indracompany.com/en/accionistas/corporate-policies</a>	
102-37 Stakeholder's involvement in remuneration	9, 20 Indra's Compensation Policy <a href="https://www.indracompany.com/en/accionistas/corporate-policies">https://www.indracompany.com/en/accionistas/corporate-policies</a>	
102-38 Annual total compensation ratio	68	
102-39 Percentage increase of the total annual compensation ratio	68	
<b>Stakeholder engagement</b>		
102-40 List of stakeholder groups	34-35	
102-41 Collective bargaining agreements	71	Scope: 7 main countries where Indra has significant operations
102-42 Identification and selection of stakeholders	15, 30-31	
102-43 Approach to stakeholder engagement	15, 30-31, 34-35	
102-44 Key issues and concerns mentioned	31-32	
<b>Reporting practice</b>		
102-45 Entities included in the consolidated financial statements	Indra Annual Consolidated Accounts 2018, Note 1 and 5	
102-46 Defining report content and topic Boundaries	30-32	
102-47 List of material topics	31-32	
102-48 Restatements of information	30	

102-49 Changes in reporting	30	
102-50 Reporting period	30	
102-51 Date of most recent report	30	
102-52 Reporting cycle	30	
102-53 Point of contact for questions about the report	<a href="https://www.indracompany.com/en/contacto">https://www.indracompany.com/en/contacto</a>	
102-54 Claims of reporting in accordance with GRI standards	30	
102-55 GRI content index	39	
102-56 External Verification	73-77	
<b>Topic specific content</b>		
<b>Economic performance</b>		
103-1 Explanation of material topic and its limitations	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
201-1 Direct economic value generated and distributed	33	
201-2 Financial implications and other risks and opportunities arising from climate change	26, 35-36 CDP (Risk and Opportunities Module)	Qualitative information is provided.
201-3 Obligations of the defined benefit plan and other retirement plans	Indra does not have specific retirement plans or other special situation plans for employees	
201-4 Financial assistance received from the government	Indra Annual Consolidated Accounts 2018, Note 9 and 22	
<b>Market Presence</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
202-1 Ratio of starting salary by gender to local minimum wage	68-69	
202-2 Proportion of senior executives recruited from the local community	69	
<b>Indirect economic impacts</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	

203-1 Investments in infrastructure and supported services	29, 33	
203-2 Significant indirect economic impacts	29, 33	
<b>Procurement practices</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
204-1 Proportion of spending on local suppliers	24	
<b>Anti-corruption</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
205-1 Operations evaluated for risks related to corruption	8-12 GRI 205 -3	
205-2 Communication and training on anti-corruption policies and procedures	11-12	
205-3 Confirmed cases of corruption and measures taken	Indra is not involved in any judicial proceeding related to corruption. However, it is aware of the existence of certain legal proceedings, which are currently affecting former employees. The company has worked actively with the judicial authorities in the investigations relating to these judicial proceedings.	
<b>Anti-competitive behavior</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
206-1 Legal actions for anti-competitive behavior, anti-trust and, monopoly practices	Consolidated Annual Accounts 2018, Note 23	
<b>Materials</b>		
103-1 Explanation of material topic and its boundaries	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
103-2 Management approach and components	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
103-3 Evaluation of the management approach	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis

301-1 Materials used by weight or volume	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
301-2 Recycled input materials used	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
301-3 Reused products and packaging materials	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
<b>Energy</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
302-1 Energy consumption within the organization	27-28	Group scope (electricity) and Certified Centers (diesel and natural gas) The limitations to the scope and observations on this disclosure are provided on pages 27-28
302-2 Energy consumption outside the organization	27-28	Scope: Spain The energy consumption in terms of CO2 emissions derived from the company's employees' transport with their own vehicles, trains and airplanes on business trips are reported
302-3 Energy intensity	26	The observations regarding this indicator are provided on page 26
302-4 Reduction of energy consumption	25-28	The measures adopted are reported
302-5 Reduction of the energy requirements of products and services	25	The measures adopted are reported
<b>Water</b>		
103-1 Explanation of material topic and its boundaries	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
103-2 Management approach and components	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
103-3 Evaluation of the management approach	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
303-1 Water withdrawal by source	72 Not material according to Indra's materiality analysis	Scope of Certified Centers The limitations to the scope and observations on this indicator are provided on page 72
303-2 Water sources significantly affected by water withdrawal	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
303-3 Water recycled and reused	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
<b>Biodiversity</b>		
103-1 Explanation of material topic and its boundaries	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
103-2 Management approach and components	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
103-3 Evaluation of the management approach	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis

304-1 Operations centers owned, leased or managed located within or adjacent to protected areas or zones of great value for biodiversity outside protected areas	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
304-2 Significant impacts of activities, products and services on biodiversity	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
304-3 Protected or restored habitats	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
304-4 Species that appear on the IUCN Red List and in national conservation lists whose habitats are in areas affected by operations	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
<b>Emissions</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
305-1 Direct GHG emissions (scope 1)	27-28	Scope: Certified Centers. The limitations to the scope and observations on this indicator are provided on pages 27-28
305-2 Indirect GHG emissions when generating energy (scope 2)	27-28	The limitations to the scope and observations on this indicator are provided on pages 27-28
305-3 Other indirect GHG emissions (scope 3)	27-28	Scope: Spain. The limitations to the scope and observations on this indicator are provided on pages 27-28
305-4 Intensity of GHG emissions	27-28	The observations regarding this indicator are provided on pages 27-28
305-5 Reduction of GHG emissions	27-28	It is reported indirectly through the reduction of consumption
305-6 Emissions of substances that deplete the ozone layer (ODS)	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
<b>Effluents and waste</b>		
103-1 Explanation of material topic and its boundaries	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
103-2 Management approach and components	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
103-3 Evaluation of the management approach	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
306-1 Water discharge by quality and destination	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
306-2 Waste by type and method of disposal	72	Scope of Certified Centers. The limitations to the scope and observations on this indicator are provided on pages 72

306-3 Significant spills	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
306-4 Transportation of hazardous waste	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
306-5 Water bodies affected by water discharges and/or run-off	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
<b>Environmental compliance</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
307-1 Non-compliance with environmental legislation and regulations	There have been no fines or non-monetary sanctions due to non-compliance with environmental regulations that could be significant for the Group. Indra Consolidated Annual Accounts 2018 Note 43	
<b>Supplier environmental assessment</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
308-1 New suppliers that were screened using environmental criteria	71	
308-2 Negative environmental impacts in the supply chain and actions taken	No analysis of this type has been carried out, because in the approval process no significant environmental risks in the reviewed suppliers have been identified	
<b>Employment</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
401-1 New employee recruitment and staff turnover	67	
401-2 Benefits for full-time employees that are not given to part-time or temporary employees	There are no significant differences in the benefits that the professionals receive according to the contract type	
401-3 Parental leave	70	Scope: Spain
<b>Employee-company relations</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	

103-3 Evaluation of the management approach	31-32	
402-1 Minimum notice periods on operational changes	21	
<b>Occupational Health and Safety</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
403-1 Representation of workers in formal worker-company health and safety committees	Given that the health and safety systems are defined and monitored by each individual company, the Group has health and safety representatives when the regulation of the country so requires. The most relevant department is that of the company located in Spain, where Indra has close to 170 health and safety delegates acting on behalf of its workers.	
403-2 Types of accidents and frequency rates of accidents, occupational illnesses, days lost, absenteeism and number of deaths as a result of work-related accidents or occupational illnesses	70-71	The scope of the data on frequency rates of accidents, occupational illnesses, days lost and number of deaths as a result of work-related accidents or occupational diseases is 88.65% of the Group companies, not including countries such as Germany, Mexico or the Philippines. Own staff rates are reported. The absenteeism data is not broken down by gender.
403-3 Workers with high incidence or high risk of illnesses related to their activity	No professions have been identified as having a high risk of illness	
403-4 Health and safety issues addressed in formal agreements with unions	Indra applies the regulations in force on the matter of health and safety at work in each country. Within the Health and Safety Committees, there is the possibility of reaching improvement agreements with regards to the regulation. In 2018 there have been no relevant formal agreements with unions on these matters.	
<b>Training and teaching</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
404-1 Average training hours per year per employee	70	
404-2 Programs to improve employee skills and transition assistance programs	18	
404-3 Percentage of employees receiving periodic performance and professional development evaluations	69-70	



Diversity and equal opportunities		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
405-1 Diversity of governance bodies and employees	8, 69	Scope: group, except data for employees with disabilities whose scope covers Spain and Brazil
405-2 Ratio of basic salary and remuneration of women to men	68-69	
Non-discrimination		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
406-1 Cases of discrimination and corrective actions taken	11 Indra has no record of any sanctions and/or definitive judicial decisions in which Indra was found culpable due to the existence of discrimination cases.	The information provided refers to all the complaints received for any reason via the group's complaint channels
Freedom of association and collective bargaining		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk	22	The policy regarding this aspect is reported
Child labor		
103-1 Explanation of material topic and its boundaries	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
103-2 Management approach and components	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
103-3 Evaluation of the management approach	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
408-1 Operations and suppliers at significant risk for incidents of child labor	Not material according to Indra's materiality analysis	Not material according to Indra's materiality analysis
Forced or compulsory labor		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
409-1 Operations and suppliers at significant risk of incidents of forced or compulsory labor	9-11, 15-16	The policy regarding this aspect is reported

Security practices		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
410-1 Security personnel trained in Human Rights policies or procedures	In Spain, Indra has hired a security company, whose security personnel who work at Indra's facilities, have received Human Rights training	Scope: Spain
Rights of indigenous peoples		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
411-1 Cases of violations of the rights of indigenous peoples	11 No significant cases have been detected in this sense	The information provided refers to all the complaints received for any reason via the group's complaint channels
Human Rights Assessment		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
412-1 Operations subject to reviews or impact assessments on Human Rights	15-16	The policy regarding this aspect is reported
412-2 Employee training on human rights policies or procedures	11-12	The number of trained employees is reported
412-3 Significant investment agreements and contracts with Human Rights clauses or submitted for Human Rights evaluation	15-16	The policy regarding this aspect is reported
Local communities		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
413-1 Operations with local community participation, impact evaluations and development programs	29	Volunteer programs, accessible technologies and pro bono projects are reported
413-2 Operations with significant negative impacts – real or potential—in local communities	No significant negative effects have been identified	
Social evaluation of suppliers		
103-1 Explanation of material topic and its boundaries	31-32	

103-2 Management approach and components	31-21	
103-3 Evaluation of the management approach	31-32	
414-1 New suppliers that have been screened using social criteria	71	
414-2 Negative social impacts in the supply chain and actions taken	24	The internal procedures related to this aspect are reported
<b>Public policy</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
415-1 Contributions to parties and/or political representatives	According to Indra's Code of Ethics and Legal Compliance "Indra shall not finance, directly or indirectly, either in Spain or abroad, political parties or their representatives or candidates "	The policy regarding this aspect is informed
<b>Customer health and safety</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
416-1 Evaluation of the health and safety impacts of the categories of products or services	22-23	It is reported qualitatively
416-2 Cases of non-compliance related to the health and safety impacts of the categories of products and services	Indra has no record of non-compliance with regulations or voluntary codes regarding the health and safety impacts of its products and services that could be significant for the Group	
<b>Marketing and labeling</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
417-1 Requirements for information and labeling of products and services	22-23	It is reported qualitatively
417-2 Cases of non-compliance related to information and labeling of products and services	Indra has no record of cases of non-compliance with regulations or voluntary codes related to the information and labeling of its products and services that could be significant for the Group.	

417-3 Cases of non-compliance related to marketing communications	Indra has no record of cases of non-compliance with regulations or voluntary codes related to marketing communications that could be significant for the Group	
<b>Customer privacy</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Indra has no record of substantiated complaints regarding breaches of customer privacy	
<b>Socioeconomic compliance</b>		
103-1 Explanation of material topic and its boundaries	31-32	
103-2 Management approach and components	31-32	
103-3 Evaluation of the management approach	31-32	
419-1 Non-compliance with laws and regulations in the social and economic fields	See Consolidated Annual Accounts Report 2018, Note 23	

## 9.10 Table of contents of the Non-Financial Information Statement

Contents of the Non-Financial Information Statement		
Contents of Law 11/2018 INF	Standard used	Page/Reference
<b>Business model</b>		
Description of the group's business model		
Brief description of the group's business model, which will include its business environment, its organization and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect the future evolution thereof.	GRI 102-2 Activities, brands, products and services	3-4
	GRI 102-4 Location of the activities	Indra 2018 Annual Consolidated Accounts, Annex I
	GRI 102-6 Markets served	3
	GRI 102-15 Key impacts, risks and opportunities	4-5, 8-9, 35-36, Indra Annual Report 2018 Note 8
	GRI 102-7 Dimension of the organization	17, Indra Annual Consolidated Accounts 2018, Note 27
<b>Information on environmental issues</b>		
Policies		
Policies applied by the group, including the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI103-2 The management approach and its components	31-32
	GRI 103-3 Evaluation of the management approach	31-32
Risks		
Key risks		
Key risks related to these issues linked to the group's activities, including, when relevant and provided, their business relationships, products or services that may have negative effects on those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each subject. Information on the impacts that have been detected must be included, offering a breakdown of them, in particular on the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks and opportunities	4-5, 8-9, 35-36, Indra Annual Report 2018, Note 8
	GRI 102-11 Precautionary principle or approach	8-9, 24-25
	GRI 102-30 Effectiveness of risk management processes	8-9
	GRI 201-2 Financial implications and other risks and opportunities arising from climate change	26, 35-36 CDP (Risk and Opportunities Module)
General		
	GRI 102-15 Key impacts, risks and opportunities	4-5, 8-9, 35-36

Current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety	GRI 102-29 Identification and management of economic, environmental and social impacts	Indr Annual Report 2018 Note 8 8-9, 31-32
	GRI 102-31 Review of economic, environmental and social issues	8-9, 31-32, 35-36
Environmental evaluation or certification procedures	GRI 102-11 Precautionary principle or approach	8-9, 24-25
	GRI 102-29 Identification and management of economic, environmental and social impacts	8-9, 31-32
	GRI 102-30 Effectiveness of risk management processes	8-9
Resources dedicated to the prevention of environmental risks	GRI 102-29 Identification and management of economic, environmental and social impacts	8-9, 31-32 Indra Consolidated Annual Accounts 2018, Note 43
Application of the precautionary principle	GRI 102-11 Precautionary principle or approach	8-9, 24-25
Provisions and guarantees for environmental risks	GRI 307-1 Non-compliance with environmental legislation and regulations (CCAA)	Indra Consolidated Annual Accounts 2018, Note 43.
Pollution		
Measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including noise and light pollution	GRI 103-2 Management Approach (with a view to GRI 302 and 305)	31-32
	GRI 302-4 Reduction of energy consumption	25-28
	GRI 302-5 Reduction of the energy requirements of products and services	25
	GRI 305-5 Reduction of GHG emissions	27-28
	GRI 305-7 NOx, SOx and other significant atmospheric emissions	Not material according to Indra's materiality analysis
Circular Economy and prevention and waste management		
Preventive measures, recycling, reuse, other forms of recovery and waste disposal. Actions to combat food waste	GRI 103-2 Management Approach (Effluents and waste)	31-32
	GRI 301-1 Materials used by weight or volume	Not material according to Indra's materiality analysis
	GRI 301-2 Recycled materials consumed	Not material according to Indra's materiality analysis
	GRI 301-3 Recovered products and packaging	Not material according to Indra's materiality analysis
	GRI 303-3 Water recycled and reused	

	GRI 306-1 Water discharge according to its quality and intended use	Not material according to Indra's materiality analysis
	GRI 306-2 Waste by type and method of disposal	Not material according to Indra's materiality analysis
	GRI 306-3 Significant spills	72 Not material according to Indra's materiality analysis
<b>Sustainable use of resources</b>		
Water consumption and water supply according to local constraints	GRI 303-1 Water withdrawal by source	72 Not material according to Indra's materiality analysis
	GRI 303-2 Water sources significantly affected by water withdrawal	Not material according to Indra's materiality analysis
	GRI 303-3 Recycled and reused water	Not material according to Indra's materiality analysis
Consumption of raw materials and the measures adopted to improve the efficiency of their use	GRI 103-2 Management Approach (Environment)	Not material according to Indra's materiality analysis
	GRI 301-1 Materials used by weight or volume	Not material according to Indra's materiality analysis
	GRI 301-2 Recycled materials consumed	Not material according to Indra's materiality analysis
	GRI 301-3 Recovered products and packaging	Not material according to Indra's materiality analysis
Energy: Direct and indirect consumption; Measures taken to improve energy efficiency, Use of renewable energy	GRI 102-2 Management Approach (Energy)	31-32
	GRI 302-1 Energy consumption within the organization (energy from renewable and non-renewable sources)	27-28
	GRI 302-2 Energy consumption outside the organization	27-28
	GRI 302-3 Energy intensity	26
	GRI 302-4 Reduction of energy consumption	25-28
	GRI 302-5 Reduction of the energy requirements of products and services	25
<b>Climate Change</b>		
Emissions of greenhouse gases	GRI 305-1 Direct GHG emissions (scope 1)	27-28
	GRI 305-2 Indirect GHG emissions when generating energy (scope 2)	27-28

	GRI 305-3 Other indirect GHG emissions (scope 3)	27-28
	GRI 305-4 Intensity of GHG emissions	27-28
The measures adopted to adapt to the consequences of Climate Change	GRI 102-15 Key impacts, risks and opportunities	4-5, 8-9, 35-36 Indra Annual Report 2018, Note 8
	GRI103-2 The management approach and its components	31-32
	GRI 201-2 Financial implications and other risks and opportunities arising from climate change	26, 35-36 CDP (Risk and Opportunities Module)
	GRI 305-5 Reduction of GHG emissions	27-28
Reduction goals established voluntarily in the medium and long term to reduce GHG emissions and measures implemented for this purpose.	GRI 103-2 Management Approach (Reduction of GHG emissions)	25, 31-32
Protection of biodiversity		
Measures taken to preserve or restore biodiversity	GRI 103-2 Management Approach (Biodiversity)	Not material according to Indra's materiality analysis
	GRI 304-3 Protected or restored habitats	Not material according to Indra's materiality analysis
Impacts caused by activities or operations in protected areas	GRI 304-1 Operations centers that are owned, leased or managed and located within or adjacent to protected areas or zones of great value for biodiversity outside protected areas	Not material according to Indra's materiality analysis
	GRI 304-2 Significant impacts of activities, products and services on biodiversity	Not material according to Indra's materiality analysis
	GRI 304-4 Species that appear on the IUCN Red List and in national conservation lists whose habitats are in areas affected by operations	Not material according to Indra's materiality analysis
Information on social and personnel issues		
Policies		
Policies applied by the group, including the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI103-2 The management approach and its components	31-32
	GRI 103-3 Evaluation of the management approach	31-32
	GRI 102-35 Remuneration Policies	9, 20



Indra's Remuneration Policy  
<https://www.indracompany.com/en/accionistas/corporate-policies>

Key risks		
Key risks related to these issues linked to the group's activities, including, when relevant and provided, their business relationships, products or services that may have negative effects on those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each subject. Information on the impacts that have been detected must be included, offering a breakdown of them, in particular on the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks and opportunities	4 -5, 8-9, 35-36  Indra Annual Report 2018, Note 8
	GRI 102-30 Effectiveness of risk management processes	8-9
Employment		
Total number and ratio of employees by gender, age, country and professional classification	GRI 102-7 Dimension of the organization	18  Indra Consolidated Accounts 2018, Note 27
	GRI 102-8 Information on employees and other workers	18, 66-67
	GRI 405-1. b) The percentage of employees by employment category for each of the following categories of diversity: gender and age group	8, 69
Total number and ratio of employment contract modalities	GRI 102-8 Information on employees and other workers	67
Annual average of permanent, temporary and part-time contracts by gender, age and professional classification	GRI 102-8 Information on employees and other workers	67  There are no significant differences in the type of permanent contracts and full-time contracts at the end of 2018 with respect to the annual average for fixed contracts and full-time contracts for the said year
Number of dismissals by gender, age and professional classification	GRI 401-1.b) Total number and turnover rate of personnel during the reporting period, by age group, gender and region (in relation to dismissals)	68
Average remuneration and its evolution broken down by gender, age and professional classification or equal value	GRI 405 -2: Ratio of basic salary and remuneration of women to men for each labor category	68-69
Salary Gap		21

Remuneration of equivalent or average jobs in society	GRI 405-2 Ratio of standard entry-level salary by gender to the local minimum wage	68-69
The average remuneration of directors and executives, including variable remuneration, food allowances, compensation, payment to long-term savings and retirement systems and any other perception broken down by gender	GRI 102-35 Remuneration Policies	9, 20  Indra's Compensation Policy <a href="https://www.indracompany.com/en/accionistas/corporate-policies">https://www.indracompany.com/en/accionistas/corporate-policies</a>
	GRI 102-36 Process for the determination of remuneration (for the management approach)	9, 20  Indra's Compensation Policy <a href="https://www.indracompany.com/en/accionistas/corporate-policies">https://www.indracompany.com/en/accionistas/corporate-policies</a>
	GRI 201-3 Obligations derived from social benefit plans and other retirement plans	42
Implementation of labor disconnection measures	GRI 103-2 Management Approach (labor disconnection)	20
Employees with disabilities	GRI 405-1. b) The percentage of employees by employment category for each of the following diversity categories (iii. Vulnerable groups).	8, 69
Organization of work		
Organization of working time	GRI 102-8. c) The total number of employees by type of employment contract (full-time or part-time) and by gender.	17, 66-67
	GRI 103-2 Management Approach (Organization of work)	19-20
Number of hours of absenteeism	GRI 403-2 Types of accidents and ratios of accidents at work, occupational diseases, lost days, and absenteeism, and number of related deaths (section a)	70
Measures designed to facilitate the enjoyment of conciliation and encourage joint responsibility of these by both parents.	GRI 401-3 Parental leave	70
	GRI 103-2 Management Approach	19-20
Health and safety		
Occupational health and safety conditions	GRI 103-2 Management Approach (Health and Safety)	20
Occupational accidents (frequency and seriousness) broken down by gender	GRI 403-2 Types of accidents and ratios of accidents at work, occupational diseases, lost days, and absenteeism, and number of related deaths	70-71

	GRI 403-3 Workers with high incidence or high risk of diseases related to their activity	47
Occupational illnesses (frequency and seriousness) broken down by gender	GRI 403-2 Types of accidents and ratios of accidents at work, occupational diseases, lost days, and absenteeism, and number of related deaths	70-71
	GRI 403-3 Workers with high incidence or high risk of diseases related to their activity	47
<b>Social Relations</b>		
Organization of social dialogue, including procedures for informing and consulting staff and negotiating with them	GRI 102-43 Approach to stakeholder engagement (regarding unions and collective bargaining)	14, 30-31, 34-35
	GRI 402-1 Minimum notice periods on operational changes	21
	GRI 403-1 Representation of workers in joint health and safety committees	47
Percentage of employees covered by collective agreement by country	GRI 102-41 Collective bargaining agreements	71
Balance of collective agreements, particularly in the field of occupational health and safety	GRI 403-1 Representation of workers in joint health and safety committees	47
	GRI 403-4 Health and safety issues addressed in formal agreements with workers' legal representation	47
Sectoral collective agreements are applied in all the companies of the group in Spain, therefore, there is no negotiating body or monitoring of these agreements. However, the Employee Representation Body has the necessary legal tools at its disposal to ensure that everything regulated in the sectoral agreements is being applied by the company.		
<b>Training</b>		
Policies implemented in the field of training	GRI 103-2 Management Approach (Training and teaching)	18
	GRI 404-2 Programs to improve the skills of employees and programs	17-19
Total number of hours of training by professional categories	GRI 404-1 Average number of training hours per employee per year	70
<b>Accessibility</b>		

Universal accessibility for people with disabilities	GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)	18-19
<b>Equality</b>		
Measures taken to promote equal treatment and opportunities for men and women	GRI 103-2 Management Approach (Diversity and equal opportunities)	18-19
Equality plans	GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)	18-19
Measures taken to promote employment	GRI 103-2 Management Approach (Employment)	17-18
	GRI 404-2 Programs to improve employee skills and transition assistance programs	17-18
Protocols against sexual and gender-based harassment	GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)	18-19
Integration and universal accessibility for people with disabilities	GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)	19
Policy against all types of discrimination and, where appropriate, management of diversity	GRI 103-2 Management Approach (Diversity and equal opportunities and Non-discrimination)	18-19
	GRI 406-1 Cases of discrimination and corrective actions taken	11, 48
<b>Information on respect for Human Rights</b>		
<b>Policies</b>		
Policies applied by the group, including the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI103-2 The management approach and its components	31-32
	GRI 103-3 Evaluation of the management approach	31-32
	GRI 410-1 Security personnel trained in Human Rights policies or procedures	49
	GRI 412-2 Employee training on Human Rights policies or procedures	11-12
<b>Key risks</b>		
Key risks related to these issues linked to the group's activities, including, when relevant and provided, their business relationships, products or services that may have negative effects on	GRI 102-15 Key impacts, risks and opportunities	4 -5, 8-9, 35-36 Indra Annual Report 2018, Note 8

those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each subject. Information on the impacts that have been detected must be included, offering a breakdown of them, in particular on the main short, medium and long-term risks.	GRI 102-30 Effectiveness of risk management processes	8-9
<b>Human Rights</b>		
Application of due diligence procedures in Human Rights	GRI 103-2 Management Approach (Evaluation of Human Rights)	15-16
	GRI 414-2 Negative social impacts in the supply chain and actions taken	24
Prevention of the risks of violation of Human Rights and, where appropriate, measures to mitigate, manage and repair possible abuses committed	GRI 103-2 Management Approach (Evaluation of Human Rights)	31-32
	412-1 Operations subjected to reviews or impact assessments on Human Rights	15-16
	GRI 410-1 Security personnel trained in Human Rights policies or procedures	49
Complaints made relating to Human Rights violations	GRI 102-17 Mechanisms for advice and concerns about ethics	9-11
	GRI 103-2 Management Approach (Evaluation of Human Rights)	31-32
	GRI 411-1 Rights of indigenous peoples	11, 49
	GRI 419-1 Non-compliance with laws and regulations in the social and economic fields	Indra Consolidated Annual Accounts 2018, Note 23
Promotion and compliance with the provisions of the fundamental ILO conventions related to respect for freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced or compulsory labor and the effective abolition of child labor	GRI 103-2 Management Approach (Non-discrimination, Freedom of association and collective bargaining, Child Labor, Forced or compulsory labor and Human Rights)	31-32
<b>Information related to the fight against corruption and bribery</b>		
<b>Policies</b>		

Policies applied by the group, including the due diligence procedures applied to the identification, evaluation, prevention and mitigation of significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI103-2 The management approach and its components	31-32
	GRI 103-3 Evaluation of the management approach	31-32
	GRI 205-2 Communication and training on anti-corruption policies and procedures	11-12
<b>Key risks</b>		
Key risks related to these issues linked to the group's activities, including, when relevant and provided, their business relationships, products or services that may have negative effects on those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each subject. Information on the impacts that have been detected must be included, offering a breakdown of them, in particular on the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks and opportunities	4 -5, 8-9, 35-36 Indra Annual Report 2018, Note 8
	GRI 102-30 Effectiveness of risk management processes	8-9
	GRI 205-1 Operations evaluated in relation to risks related to corruption	8-12 GRI 205-3
<b>Corruption and bribery</b>		
Measures adopted to prevent corruption and bribery	GRI 103-2 Management Approach (with a view to GRI 205 Anti-corruption) - If the entity submits 205-2, it also covers this requirement of the law with this disclosure	31-32
Measures to combat money laundering	GRI 103-2 Management Approach (Anti-corruption)	31-32
Contributions to foundations and non-profit entities	GRI 103-2 Management Approach (Anti-corruption)	31-32
	GRI 201-1 Direct economic value generated and distributed (Investments in the Community)	33
	GRI 203-2 Significant indirect economic impacts	29, 33
	GRI 415-1 Contributions to parties and/or political representatives	50
<b>Information on the company</b>		
<b>Policies</b>		
Policies applied by the group, including the due diligence procedures applied to the identification, evaluation, prevention and mitigation of	GRI103-2 The management approach and its components	31-32

significant risks and impacts, and verification and control, as well as the measures that have been adopted.	GRI 103-3 Evaluation of the management approach	31-32
<b>Key risks</b>		
Key risks related to these issues linked to the group's activities, including, when relevant and provided, their business relationships, products or services that may have negative effects on those areas, and how the group manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each subject. Information on the impacts that have been detected must be included, offering a breakdown of them, in particular on the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks and opportunities	4 -5, 8-9, 35-36 Indra Annual Report 2018, Note 8
	GRI 102-30 Effectiveness of risk management processes	8-9
<b>The company's commitment to sustainable development</b>		
Impact of the company's activity on employment and local development	GRI 203-1 Investments in infrastructure and supported services	29, 33
	GRI 203-2 Significant indirect economic impacts	29, 33
	GRI 204-1 Proportion of spending on local suppliers	24
	GRI 413-1 Operations with local community participation, impact evaluations and development programs	29
	GRI 413-2 Operations with significant negative impacts, real or potential, in local communities	No significant negative effects have been identified
Impact of the company's activity on local populations and territory	GRI 203-1 Investments in infrastructure and supported services	29, 33
	GRI 203-2 Significant indirect economic impacts	29, 33
	GRI 413-1 Operations with local community participation, impact evaluations and development programs	29
	GRI 413-2 Operations with significant negative impacts, real or potential, in local communities	No significant negative effects have been identified
Relationships maintained with players in the local communities and the modalities of dialogue with these	GRI 102-43 Approach for stakeholder engagement (regarding the community)	15, 30-31, 34-35

	GRI 413-1 Operations with local community participation, impact evaluations and development programs	29
Association or sponsorship actions	GRI 102-13 Membership of associations	36, 40
	GRI 203-1 Investments in infrastructure and support services	29, 33
	GRI 201-1 Direct economic value generated and distributed (Investments in the Community)	33
Subcontracting and suppliers		
Inclusion of social issues, gender equality and environmental issues in the purchasing policy	GRI 103-3 Management Approach (Environmental and social evaluation of suppliers)	31-32
Consideration in the relations with suppliers and subcontractors of their social and environmental responsibility	GRI 102-9 Supply chain	23-24
	GRI 103-3 Management Approach (Environmental and social evaluation of suppliers)	31-32
	GRI 308-1 New suppliers that have been screened according to environmental criteria	71
	GRI 308-2 Negative social impacts in the supply chain and actions taken	46
	GRI 407-1 Operations and suppliers whose right to freedom of association and collective bargaining may be at risk	21
	GRI 409-1 GRI Operations and suppliers at significant risk for incidents of forced or compulsory labor	9-11, 15-16
	GRI 414-1 New suppliers that have been screened according to social criteria	71
	GRI 414-2 Negative social impacts in the supply chain and actions taken	24
Supervision systems and audits and their results	GRI308-1 New suppliers that have been evaluated according to environmental criteria	71
	GRI 308-2 Negative environmental impacts in the supply chain and actions taken	46



	GRI 414-2 Negative social impacts in the supply chain and actions taken	24
Consumers		
Measures for the health and safety of consumers	GRI 103-2 Management Approach (Health and Safety of Customers)	22-23
	GRI 416-1 Evaluation of the health and safety impacts of the categories of products or services	22-23
	GRI 416-2 Cases of non-compliance related to the health and safety impacts of the categories of products and services	50
	GRI 417-1 Requirements for information and labeling of products and services	22-23
Complaints systems, complaints received and how they are resolved	GRI 102-17 Mechanisms for advice and concerns about ethics (complaints received and resolution thereof)	9-12, 22-23
	GRI 103-2 Management Approach (Health and Safety of Customers)	22-23
	GRI 418-1 Substantiated complaints related to breaches in customer privacy and loss of customer data.	51
Tax information		
Profits made by country	GRI 201-1 which affects payments to public administrations taking into account the OECD guidelines <a href="http://www.oecd.org/tax/beps/country-by-country-reporting.htm">http://www.oecd.org/tax/beps/country-by-country-reporting.htm</a>	37-39
Corporation tax	GRI 201-1 which affects payments to public administrations taking into account the OECD guidelines <a href="http://www.oecd.org/tax/beps/country-by-country-reporting.htm">http://www.oecd.org/tax/beps/country-by-country-reporting.htm</a>	37-39
Public subsidies received	GRI 201-4 Financial assistance received from the government	Indra Consolidated Accounts 2018, Note 9 and 22

## 9.11 Table of other non-financial indicators

Indicators	2016	2017	2018
<b>Ethics and compliance</b>			
No. of communications through the Direct Channel	103	217	307
Employees trained in the Code of Ethics (%)	55	82	88
Employees trained in the Code of Ethics (m/f) (%)	52   58	80   84	89   85
<b>Breakdown of employees trained in the Code of Ethics by category and gender (m/f) (no.)</b>			
Senior Management	-	-	391   85
Middle Management	-	-	2,678   863
Technical Personnel	-	-	20,017   9,559
Administration	-	-	2,101   1,473
Other categories	-	-	201   132
<b>Breakdown of employees trained in the Code of Ethics by geographical area</b>			
Spain		17,673	24,281
Europe		1,244	1,514
Americas		11,989	9,912
Asia, Middle East and Africa		1,716	1,780
<b>Customers</b>			
<b>Customer profile</b>			
Customer satisfaction and loyalty (1-100)	73	72	73
<b>Cybersecurity</b>			
No. of critical cybersecurity incidents (*)	0	0	0
(*) In accordance with the provisions of the company in the relevant policies			
No. of substantiated complaints related to breaches of the customer's privacy and loss of customer data	-	-	0
<b>Professionals</b>			
Final workforce	34,294	40,020	43,707
Subcontracted workers (no.)	-	1,947	3,210 (*)
(*) In 2018, the number of subcontracted workers has included Portugal, Mexico and Panama in its scope as at 31/12/2018, in addition to Spain, which was already reported in 2017, and only refers to those classified as Individualized Technical Assistance (ITA)			
<b>Workforce distribution by country (m/f) (no.)</b>			
Spain	-	-	17,747   8,875
Europe	-	-	1,479   594
Germany	-	-	72   25
Belgium	-	-	1   1
Bulgaria	-	-	5
Slovakia	-	-	70   19
Italy	-	-	695   284
Moldova	-	-	32   8
Norway	-	-	166   60
Poland	-	-	4   2
Portugal	-	-	325   147
United Kingdom	-	-	48   11
Czech Republic	-	-	21   13
Romania	-	-	40   24
Americas	-	-	8,710   4,361
Argentina	-	-	390   142
Bolivia	-	-	45   9

Indicators	2016	2017	2018
Brazil	-	-	3,933   2743
Canada	-	-	1
Chile	-	-	552   160
Colombia	-	-	1,719   529
Costa Rica	-	-	5   1
Ecuador	-	-	17   7
El Salvador	-	-	3
United States	-	-	118   38
Guatemala	-	-	2
Mexico	-	-	879   368
Panama	-	-	100   44
Peru	-	-	822   252
Dominican Republic	-	-	64   20
Uruguay	-	-	61   47
Asia, Middle East and Africa	-	-	1,356   585
Saudi Arabia	-	-	42   2
Algeria	-	-	18   12
Australia	-	-	81   16
Bahrain	-	-	28   13
China	-	-	20   14
Egypt	-	-	2   0
United Arab Emirates	-	-	15   6
Philippines	-	-	947   455
India	-	-	44
Indonesia	-	-	3   5
Kazakhstan	-	-	3
Kenya	-	-	70   36
Malaysia	-	-	33   14
Morocco	-	-	18
Mozambique	-	-	2
Oman	-	-	21   1
South Africa	-	-	1
Thailand	-	-	1
Turkey	-	-	12   6
Breakdown of workforce by working hours (m/f) (no.)			
Senior Management	-	-	419   80
Middle Management	-	-	2,778   907
Technical personnel	-	-	22,658   10,888
Administration	-	-	2,826   2,191
Other categories	-	-	611   349
Employees by age range (m/f) (%)			
> 50 years old	7.73   3.68	8.61   3.93	8.72   4.19
between 30 and 50 years old	41.14   24.02	43.16   22.74	41.84   21.40
< 30 years old	13.96   9.47	14.61   6.94	16.45   7.40
Modalities of work contract			
Employees with a permanent contract by category (m/f) (%)			
Senior Management	-	-	1.1   0.2
Middle Management	-	-	7.2   2.3
Technical personnel	-	-	52.9   25.7
Administration	-	-	4.5   5.2
Other categories	-	-	0.5   0.4
Employees with a permanent contract by age range (m/f) (%)			
> 50 years old	-	-	9.4   4.5
between 30 and 50 years old	-	-	43.7   22.4

Indicators	2016	2017	2018
< 30 years old	-	-	13   6.9
Full-time employees by category (m/f) (%)			
Senior Management	-	-	1.1   0.2
Middle Management	-	-	7.2   2.1
Technical personnel	-	-	57   22.6
Administration	-	-	6.2   2.6
Other categories	-	-	0.6   0.3
Full-time employees by age range (m/f) (%)			
> 50 years old	-	-	9.7   4.2
between 30 and 50 years old	-	-	45.4   17.7
< 30 years old	-	-	17.1   6.0
Turnover			
Total turnover (%)	36	24	25
External unwanted turnover (%)	9	11	13
External unwanted turnover by geographical area (%)			
Spain	8	9	10
Europe	10	11	15
Americas	11	16	19
Asia, Middle East and Africa	13	10	17
External unwanted turnover by age range (m/f) (%)			
> 50 years old	2   2	2   1	2   1
between 30 and 50 years old	9   6	11   6	13   8
< 30 years old	20   13	26   16	30   22
Dismissals by category (m/f) (no.)			
Senior Management	-	-	35   11
Middle Management	-	-	97   28
Technical personnel	-	-	819   378
Administration	-	-	103   176
Other categories	-	-	75   23
Dismissals by age range (m/f) (no.)			
> 50 years old	-	-	217   59
between 30 and 50 years old	-	-	675   376
< 30 years old	-	-	231   176
New recruits			
Total new recruits (no.)	-	-	12,953
New recruits by age range (m/f) (%)			
> 50 years old	-	-	3.50
between 30 and 50 years old	-	-	43.62
< 30 years old	-	-	52.88
New recruits by geographical area (%)			
Spain	-	-	36.63
Europe	-	-	4.16
America	-	-	54.81
Asia, Middle East and Africa	-	-	4.40

Indicators		2016	2017	2018	
Remuneration of Directors and Members of the Steering Committee					
Average remuneration for Directors (thousands of EUR) (m/f) (*)		-	132.8   105.3	134.2   101.3	
(*) The remuneration of the Directors for their position as such is determined based on their membership in the various administrative bodies. It is calculated based on the information available in the Directors' Remuneration Report for: fixed remuneration, subsistence allowances, variable remuneration, compensation, long-term saving payment systems and remuneration for membership of committees, among others. With exception of the President, the executive directors do not belong to any committees.					
The average remuneration of the Steering Committee (thousands of EUR) (economic criterion *) (m/f)					
Total Steering Committee		-	858   502.8	812.7   1,009.1	
President		-	3,565.4   -	2,100   -	
Managing Directors		-	1,674.4   -	1,680   1,680	
Department and Market Managers		-	586.9   502.8	633.1   338.3	
(*) The figure is calculated annually as the average of the sum of the fixed payment, the variable compensation accrued during the year in question and the portion of the IMP assignable to each year. As regards the calculation of the IMP, in 2017 the prorated amount of the IMP recognized for the period running from 2015 to 2017 which corresponds to 2017 has been reflected; and for 2018, 50% of one third of the IMP target for the period 2018-2020 is shown, as this percentage is reflected in the 2018 accounts. Using the criteria set forth in the Directors' Remuneration Report, the figures for the entire Steering Committee would have been €2,196,000   €740,000 for 2017 and €993,000   €855,000 for 2018					
Average workforce remuneration and other remuneration ratios					
Average remuneration by category (EUR €) (m/f) (*)					
(*) Calculated taking into account the fixed salary and variable amount paid. Additional concepts such as: cash grants, bonuses, long-term incentives, share-based remuneration, etc. are not included. The data relating to the wage gap can be found on page 21 of this Report.					
		2017		2018	
		Men	Women	Men	Women
Management	> 50 years old	151,796	101,991	157,131	106,915
	between 30 and 50 years old	137,684	116,854	147,830	129,784
Middle Management	> 50 years old	65,308	62,000	64,589	61,363
	between 30 and 50 years old	57,095	52,887	57,150	52,600
	< 30 years old	42,585	58,000	41,753	48,784
Technical personnel	> 50 years old	36,366	31,652	35,745	31,584
	between 30 and 50 years old	27,612	24,880	27,314	24,734
	< 30 years old	16,335	14,241	16,973	15,023
Administration	> 50 years old	16,136	22,481	14,425	21,493
	between 30 and 50 years old	13,517	12,634	12,175	11,257
	< 30 years old	11,340	5,931	11,611	5,879
Others	> 50 years old	34,485	27,856	45,932	32,128
	between 30 and 50 years old	21,899	19,699	34,215	27,060
	< 30 years old	12,668	10,631	11,872	12,286
Relationship between the standard starting salary and the local minimum wage for each country in which significant operations are carried out (%) (*)					
(*) The seven countries reported have been chosen based on the number of professionals in recent years, with those who have had a greater number of professionals being selected. In particular, these seven countries correspond to around 92% of the total workforce at the end of the year. The average minimum fixed salaries are considered those which apply to categories which are considered inferior (technical and support) in each country, as it is more representative than the minimum wage of a single person whose activity may be representative of the activity carried out by the company.					
Brazil		1.61	2.06	1.86	
Mexico		10.13	6.31	5.76	
Colombia		-	1.81	1.98	

Indicators	2016	2017	2018
Spain	1.99	1.78	1.85
Philippines	-	1.61	1.71
Peru	-	2.54	2.59
Italy (*)	-	-	-
(*) The local minimum wage is not defined officially			
Relationship between the total annual remuneration of the highest paid person by the organization in each country where significant operations are carried out and the total average remuneration of the workforce (without taking into account the highest paid person) (*)			
(*) Calculated considering the fixed salary, variable earnings accrued and the portion of the IMP assignable to each year. The data from 2017 has been recalculated with this criterion.			
Brazil	-	13.54	20.44
Mexico	-	24.31	27.46
Colombia	-	14.82	19.28
Spain	-	106.07	62.69
Philippines	-	9.80	9.65
Peru	-	8.52	8.86
Italy	-	5.89	6.40
Relationship between the percentage increase of the total annual remuneration of the highest paid person in each country where significant operations are carried out with the percentage increase in the total average annual remuneration of the entire workforce (without taking into account the highest paid person) (*)			
(*) Calculated considering the fixed salary, variable earnings accrued and the portion of the IMP assignable to each year. The data from 2017 has been recalculated with this criterion.			
Brazil	-	2.48	7.87
Mexico	-	2.10	1.99
Colombia	-	5.70	2.27
Spain	-	-1.29	-9.36
Philippines	-	3.30	2.32
Peru	-	0.75	8.02
Italy	-	0.51	3.88
<b>Diversity</b>			
Nationalities (no.)	109	105	98
Employees with disabilities (%)	1	1	0.93 (*)
(*) In 2018, the number of employees with disabilities was incorporated in its scope for Brazil, in addition to Spain, which was already reported in 2017.			
<b>Contribution to local development</b>			
Local employees (%)	97	96	90
Total managers from the local community (%)	92	92	89
Managers from the local community by geographical areas (%)			
Spain	98	97	96
Europe	94	93	90
Americas	61	69	52
Asia, Middle East and Africa	57	50	45
Average seniority	7.21	7.86	7.4
<b>Promotion</b>			
Promoted employees (%) (*)	15	21	23
Women who have been promoted (of the total number of people promoted in the company) (%)	29	30	28
(*) The data on the employees who have been promoted refers to employees promoted in the year X as a result of the evaluation corresponding to the X-1 financial year. The percentage indicates the employees who have been promoted as a proportion of the total number of those evaluated.			
<b>Performance evaluation (*)</b>			
(*) The performance evaluation carried out in the previous year; i.e. in the year X, the data refers to professionals who have received a performance evaluation relating to the year X-1.			
Employees that participated (%)	80   59	79   58	80.5   64.6
Employees who have participated by professional category (m/f) (no.)			
Senior Management	-	-	374   81
Middle Management	-	325   63	2,655   887
Technical personnel	-	15,999   6,727	16,611   6,878
Administration	-	534   482	1,196   614

Indicators	2016	2017	2018
Other categories	-	252   82	358   150
<b>Training and knowledge (*)</b>			
(*) In 2017 and 2018 the data on training has been calculated considering that if the student exceeds 75% of attendance hours, 100% of the hours are counted. Data from previous years were calculated taking into account 100% of the course hours, regardless of the minimum expectation for the student's attendance on the course. In 2018, the accumulated training data of the BPO and IBC companies as well as the training hours on the Udemy platform are included in the scope of the data			
Professionals that participated	27,107	25,341	41,425
Total training hours including online hours	1,273,562	803,262	736,551
Online training hours	421,139	421,160	433,856
Average training hours by professional	36	20	18
Average training hours by sex (m/f)	38   32	21   18	19   16
<b>Average training hours by category</b>			
Senior Management	-	-	10
Middle Management	-	-	23
Technical personnel	-	-	17
Administration	-	-	23
Other categories	-	-	9
<b>Work/life balance (*)</b>			
(*) The scope of this data covers Spain			
Employees who took parental leave (m/f) (no.)	536   363	517   436	672   510
Employees who returned to work after maternity/paternity leave (m/f) (no.)	494   328	478   395	631   453
Retention after paternity/maternity leave (%)	91	92	92
<b>Occupational Health and Safety (*)</b>			
(*) The scope of the Occupational Health and Safety data (except for 'absenteeism') is 88.65% of the companies in the Group, not including countries such as Germany, Mexico or the Philippines			
<b>Occupational accidents (work accidents with and without medical leave, excluding accidents occurring during the commute to or from work) by geographical areas (*)</b>			
(*) The formulas for calculating accidents (Index incidence, Severity, Frequency and Medical Duration) are included in the <a href="#">NTP 1: Accident rate statistics in the company</a> from the National Institute for Safety and Hygiene at Work from the Spanish Ministry of Labor and Social Affairs. Indra counts accidents, with and without medical leave, excluding those occurring in the commute to and from work			
No. of accidents	110	132	167
Spain	84	108	129
Europe	2	0	2
Americas	24	23	32
Asia, Middle East and Africa	0	1	4
<b>Frequency rate by geographical areas and by gender (*)</b>			
(*) The accident frequency rate (IF, from "índice de frecuencia") relates the number of accidents to the total number of hours worked by the group of workers who are at risk. $IF = (\text{No. accidents} / \text{No. hours worked}) * 1,000,000 \text{ hours worked}$			
Spain (m/f)	-	-	2.04   0.99
Europe (m/f)	-	-	0.40   0.40
Americas (m/f)	-	-	1.05   0.55
Asia, Middle East and Africa (m/f)	-	-	16.68   0.00
<b>Incidence rate by geographical areas (*)</b>			
(*) The incident rate (II, from "índice de incidencia") relates the number of accidents with the average number of workers who are at risk. $II = (\text{No. accidents} / \text{Number of workers}) * 1000 \text{ workers}$			
Spain	5.24	4.31	5.08
Europe	2.15	3.46	1.53
Americas	1.89	1.97	3.18
Asia, Middle East and Africa	0	0	30.95
<b>Severity rate by geographical areas and by gender (*)</b>			
(*) The severity rate (IG, from "índice de gravedad") relates the time not worked as a result of workplace accidents, with the time worked by workers who are at risk. $IG = (\text{No. of days lost} / \text{number of hours worked}) * 1,000 \text{ hours worked}$			
Spain (m/f)	-	-	0.02   0.01
Europe (m/f)	-	-	0.00   0.00

Indicators	2016	2017	2018
Americas (m/f)	-	-	0.02   0.01
AMEA (m/f)	-	-	0.03   0.00
Average duration in number of days of sick leave by geographical areas (*)			
(*) The average duration (DM, from "duración media") indicates the average number of sick days due to workplace accidents. DM = No. of work days lost / No. of accidents			
Spain	4.95	4.15	8.98
Europe	0.25	0	7.06
Americas	8.44	10.43	20.11
Asia, Middle East and Africa	0	2.73	2.08
Deadly accidents (no.)	0	0	0
Number of hours of absenteeism (*)	-	-	2,872,339
(*) Absenteeism hours are considered those that have been attributed by the direct employees in Indra's working time management system as "Absence", which corresponds to the set of hours of employee absence corresponding to, among others, leave of absence, medical leave, medical visits, maternity and paternity leave, among others, not including holidays and free-use hours			
Absenteeism by geographical areas (%) (*)			
(*) The following percentages refer to the number of hours of absenteeism with respect to personal and direct hours without including holidays and free use hours established by agreement for all professionals			
Spain	-	-	5.0
Europe	-	-	4.9
America	-	-	2.9
Asia, Middle East and Africa	-	-	1.6
Collective bargaining			
Employees covered by a collective agreement by country (%)			
Brazil	-	-	98
Mexico	-	-	0
Colombia	-	-	0
Spain	100	100	100 (*)
(*) Not including the three executive directors, who maintain a commercial relationship with the company. Additionally, three senior managers maintain an employment relationship with the company under Royal Decree 1382/1985 of 1 August, which regulates the special labor relationship of senior management personnel.			
Philippines	-	-	0
Peru	-	-	0
Italy	-	-	98
Suppliers			
Distribution of suppliers by geographical areas (%)			
Spain	43	45	41
Europe	16	17	18
Americas	36	30	31
Asia, Middle East and Africa	5	8	10
Purchases from local suppliers (%)	83	81	78
New suppliers that were screened in terms of environmental and social criteria (%) (*)	37	40	44
(*) The percentage corresponding to the total amount of purchases from all suppliers made in 2018 is reported with evaluation of corporate social responsibility criteria compared to the total amount of purchases made in 2018			
Innovation			
R&D&I (€ millions)	163	202	210
R&D&I over sales (%)	6	7	7
Economic contribution to the Community			
Investment in Social Actions	1,465,605	1,502,916	1,057,701 (*)
(*) Of which: €437,920 is linked to the fulfillment of the General Law on Rights of Persons with Disabilities and their Social Inclusion which is intended for foundations and non-profit entities in Spain; €421,757 in monetary contributions to foundations, non-profit organizations and academic institutions; €198,024 in time contributions (pro bono projects).			
Environment			
Consumption of resources, generation of waste and emissions (*)			
(*) The consumption reported in each country is based on the available information. In most cases this is the consumption data that appears on the suppliers' invoices and, in cases where an invoice is not available for a given month, consumption has been estimated based on the actual supply for the same month in the previous year. Water consumption and waste from the centers whose environmental management system is certified			



Indicators	2016	2017	2018
according to ISO 14001 are included, which correspond to 42 centers, located in Spain (27), Colombia (6), Peru (3), Portugal (2), Brazil (1), Mexico (1), Australia (1) and Italy (1)			
Drinking water from utilities (m3)	104,991	153,346	144,383
Well water (m3)	11,034	10,944	7,073
Hazardous waste (kg)	66,814	131,624	104,755
Non-hazardous waste (kg) (*)	1,038,195	1,330,681	2,228,031
(*) The increase in non-hazardous waste in 2018 is mainly due to the 670,350 kg in construction and demolition waste from the works carried out at the corporate headquarters located in Arroyo de la Vega (Alcobendas), Spain.			
Occupants of environmentally certified centers (%)	60	65	59

## 9.12 Independent verification report

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*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

### INDEPENDENT ASSURANCE REPORT

To the Shareholders of Indra Sistemas, S.A.:

In accordance with Article 49 of the Spanish Commercial Code, we have performed the verification, with a scope of limited assurance, of the Corporate Social Responsibility Report (CSRR) 2018, which contains the Consolidated Non-Financial Information Statement (NFIS) for the year ended 31 December 2018 of Indra Sistemas, S.A. and subsidiaries (Indra), which forms part of the Consolidated Management Report 2018 of Indra.

The Corporate Social Responsibility Report includes additional information to that required by current Spanish corporate legislation relating to non-financial reporting and by the Global Reporting Initiative Standards for sustainability reporting in their comprehensive option ("GRI standards"), that was not the subject matter of our verification. In this regard, our work was limited solely to verification of the information identified in the tables "GRI table of contents" and "Table of contents of Non-Financial Information Statement", presented in the annexes of CSRR 2018.

#### Responsibilities of the Directors

The preparation and content of the 2018 CSRR are responsibility of the Board of Directors of Indra. The CSRR has been prepared in accordance with GRI standards in their comprehensive option and with the principles set out in the AA1000APS standard issued by AccountAbility. The NFIS, that forms part of the Consolidated Management Report, has been prepared in accordance with the content specified in the current Spanish corporate legislation, and with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the table of the Annexes of the CSRR 2018 "Table of contents of the Non-Financial Information Statement".

These responsibilities of the Board of Directors also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the 2018 CSRR to be free from material misstatement, due to fraud or error.

The directors and the management of Indra are also responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the CSRR is obtained, which includes the NFIS.

#### Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies International Standard on Quality Control 1 (ISQC 1) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.  
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

Our engagement team consisted of professionals who are experts in reviews of non-financial information and, specifically, in information about economic, social and environmental performance.

### Our Responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed.

We conducted our review in accordance with the requirements established in International Standard on Assurance Engagements (ISAE) 3000 Revised, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", currently in force, issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the guidelines on assurance engagements on the non-financial information statements published by the Spanish Institute of Certified Public Accountants on attestation engagements on regarding non-financial information statements. Also, we applied AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS), issued by AccountAbility, to provide moderate assurance on the application of the principles established in the AA1000APS standard and on sustainability performance indicators (type 2 moderate assurance).

The procedures performed in a limited assurance engagement vary in terms of nature and timing, and are less in extent than for a reasonable assurance engagement and, consequently, the level of assurance provided is also substantially lower.

Our work consisted in requesting information from management and the various business units of Indra that participated in the preparation of the 2018 CSRR, which includes the NFIS, reviewing the processes used to compile and validate the information presented in the 2018 CSRR and carrying out the following analytical procedures and sample-based review tests:

- Meetings held with Indra personnel to ascertain the business model, policies and management approaches applied, and the main risks relating to these matters, and to obtain the information required for the external verification.
- Analysis of the scope, materiality and completeness of the contents included in the CSRR based on the materiality analysis performed by Indra and described in the section "Materiality Analysis", also taking into account the contents required under current Spanish corporate legislation.
- Analysis of the processes used to compile and validate the data presented in the 2018 CSRR.
- Review of the information relating to risks and the policies and management approaches applied in relation to the material matters described in the Annex of 2018 CSRR "Materiality analysis".
- Verification, by means of simple-based review tests, of the non-financial information relating to the contents identified in the 2018 CSRR and the appropriate compilation thereof based on the data furnished by Indra's information sources.
- Obtainment of a representation letter from the directors and management.

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## Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter has come to our attention that causes us to believe that:

- a) The 2018 CSRR of Indra has not been prepared, in all material respects, including the adequacy of the revised contents detailed in the "GRI table of contents" for the year ended 31 December 2018, in accordance with the GRI standards in their comprehensive option.
- b) Indra's NFIS for the year ended 31 December 2018 has not been prepared, in all material respects, in accordance with the content specified in current Spanish corporate legislation and in keeping with the criteria of the selected GRI standards, as well as other criteria described as indicated for each matter in the "Table of Contents of the Non-Financial Information Statement".
- c) Indra has not applied the principles of inclusiveness, materiality and responsiveness as described in the sections of the 2018 CSRR "The Corporate Social Responsibility Report" and "Materiality Analysis" of the Annexes of the CSRR 2018, in accordance with standard AA1000 APS 2008, being these:
  - Inclusiveness: Indra has developed a process of stakeholder participation that allows for their consideration in the development of a responsible approach.
  - Materiality: the materiality determination process is aimed at identifying and understanding material or relevant issues for Indra and its stakeholders.
  - Responsiveness: Indra responds with specific actions and commitments to the material aspects identified.

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## Other information

Pursuant to the provisions of the AA1000AS 2008 standard, we have presented Indra our recommendations regarding aspects of improvement in management and non-financial information and, specifically, the application of the principles of inclusiveness, materiality and responsiveness. The following is a summary of the most significant observations and recommendations, which do not modify the conclusion expressed in this report.

### Inclusiveness and Materiality:

As indicated in the 2018 CSRR Annex, "Materiality Analysis", Indra has identified the material aspects of Corporate Social Responsibility based on various analyses and consultations with specific stakeholders. In order to improve Indra's management's vision of stakeholder expectations at a local level, it would be advisable to extend the consultations to the main countries in which Indra has a significant and stable presence.

### Responsiveness

Indra is preparing the CSR Master Plan 2019-2020, which should consider a periodic monitoring system to measure the contribution of the Master Plan to Indra's Strategic Plan 2018-2020, risk management and the use of opportunities in Sustainability.

On the other hand, the incorporation of new companies to the Group's perimeter and the new regulation on non-financial information have made it necessary to update the non-financial information system. In 2019, Indra will have to continue improving and strengthening the information gathering system in order to be able to have punctually, and with the required quality, the information necessary to respond to the legal requirements, the reporting standards applied and the expectations of its stakeholders.

Indra has calculated in 2018 the CO2 emissions derived from the business trips of employees by plane, car and train, which are included in scope 3 of Greenhouse Gas (GHG) emissions, in other words, indirect emissions produced in the value chain of an organization as a result of activities that occur in sources that are not owned by the organization nor is there any direct control on the part of the organization. In order to make further progress along these lines, Indra should identify and measure the remaining GHG emissions in its value chain, especially those derived from its purchases and investments.

DELOITTE, S.L.



Helena Redondo  
March 22, 2019



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**indra**