



Sustainability Report 2019

Non-Financial Reporting Statement

At the core

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1 Letter from the Chairman and CEO



Fernando Abril-Martorell
Chairman and CEO

It is my pleasure to bring you our Sustainability Report and Non-Financial Information Statement for 2019. This annual report contains an overview of Indra's financial, social, environmental and corporate governance performance throughout 2019.

The company's results for the 2019 financial year were particularly notable in terms of sales, as reflected in the strong growth seen in the order book, order intake and revenues, along with the company's improved profitability (EBIT). In this regard it is important to note that in 2019 Indra met all of its financial market targets.

The main objective of the 2018-2020 Strategic Plan was to establish the bases for a business management model that would allow the company to achieve sustained and profitable growth. Over this period, we have gained focus, speed and flexibility, thanks to the increased specialisation of our corporate model following the creation of Minsait. We have also made great strides in achieving a supply portfolio mix that offers higher added value, in improving our commercial processes and in introducing initiatives for structural improvements in productivity and efficiency.

Thanks to the actions and initiatives we have implemented, we are well-placed to continue taking advantage of the opportunities offered by digital transformation across the various sectors in which we operate, both in our Transport and Defence business and at Minsait. Despite current global financial and political uncertainty, our growth forecasts in the Defence, Transport and Information Technologies sectors remain positive. Our strong growth in sales and operations, a portfolio of solutions and services that will continue to evolve, and our continued commitment to digital innovation and investment in R&D should allow us to continue to see profitable growth, as reflected in the challenging targets we have set for 2020.

“Maximising the social impact of our business and making a positive contribution to the sustainability of the planet via responsible management and technology form an essential part of our mission as a company.”

Corporate responsibility, along with the areas of management that ensure the business grows sustainably, have played an important role in the Board's agenda and the company's priorities.

Maximising the social impact of our business and making a positive contribution to the sustainability of the planet via responsible management form an essential part of our mission as a company. At Indra we have set ourselves the task of designing and implementing technologies that will help to resolve the social and environmental challenges that our society faces: putting people first, respecting their rights and creating inclusive, quality jobs, minimising the environmental impact associated with our business and generating a positive impact both for people and the environment.

Indra has achieved notable recognition for its positive sustainability performance, such as being listed on the DJSI index every year since 2006 – the only company in our sector to achieve this. This is an area that we have further strengthened in various different ways. In 2019, work on introducing a new Sustainability Policy began, additional recognition was received such as our inclusion in the FTSE4Good Index, the launch of the *Change From The Core* cultural transformation programme which includes specific Sustainability initiatives and, most importantly, the Board of Directors' decision in 2019 to create a Sustainability Committee to assume responsibility for this area.

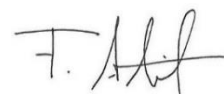
All of these initiatives are designed to respond to the increasingly strict demands coming from the markets, investors and society as a whole. Shareholders and investors are taking an ever-greater interest in how we manage sustainability, to the extent that this constitutes a tool to minimise risk and serves to protect and enhance the company's long-term value. In the jobs market, staff now place great value in companies that not only comply with their business targets, but also work to meet social goals, and as the EU's recent Green Deal and the priorities set out by the new Spanish government have shown, sustainability is playing an increasingly important role in the agendas of public authorities and regulatory bodies. In short, responsible management based on sustainability criteria will be key to strengthening the company's relations with and commitment to the stakeholders who are vital for its business.

"We have both the responsibility and the opportunity to help our customers take a long-term view to becoming more sustainable and competitive in their businesses and thereby contribute to the sustainable development of our local communities"

The most urgent challenges facing our society, as set out in the United Nations Sustainable Development Goals (SDGs), centre on issues such as climate change, infrastructure development and personal health, and thanks to technology we may be able to provide the appropriate response. We have both the responsibility and the opportunity to help our customers take a long-term view to becoming more sustainable and competitive in their businesses and thereby contribute to the sustainable development of our local communities.

In terms of ethics and compliance, in recent years Indra has updated and substantially strengthened its system to prevent illegal activity among its directors and employees. Since 2015, the company has taken many actions, including: a review aimed at strengthening the Code of Ethics and Compliance and the Crime Prevention Model; the Compliance Unit and the Internal Auditing Department have both been made completely independent and given additional resources; penalties have been imposed and disciplinary measures adopted when irregular activity has been detected; and both the Audit and Compliance Committee and the Board of Directors continually monitor this issue. This report offers a detailed account of the measures taken by the company in the areas of ethics and compliance.

With our sights firmly set on the future, we continue to work to improve our company, overcome the challenges we encounter in today's demanding and competitive environment and generate a positive contribution through all aspects of our business. We are extremely proud of everything we have achieved and are committed to continuing to move in the same direction. I would like to congratulate all of Indra's employees, as everything we have achieved is thanks to your hard work and dedication. I would also like to take the opportunity to thank our customers for their ongoing support and loyalty. And lastly, both I and the Board of Directors would like to extend a special thanks to our shareholders for placing their continued trust in us.



Fernando Abril-Martorell
Chairman and CEO of Indra

2 Our commitment

As a technology company, Indra is constantly looking to the future and anticipating the needs of the communities in which it operates.

One of the greatest challenges currently facing humanity is to ensure sustainable, fair and inclusive development. In order to achieve this, we must combat climate change, ease the pressure on natural resources, make advances in the circular economy, reduce social inequality in all its forms and improve people's health. Now more than ever, making the world a better place means making it more sustainable.

The European Green Deal recognises the capacity of Technology and Digital Transformation to act as “enablers” in the ecological and sustainable transition that society must overcome. Technology and Digital Transformation are therefore intrinsically linked to Indra’s business and have become key to achieving the United Nations Sustainable Development Goals (SDGs).

Indra is aware of the responsibility that this entails and the importance of sustainably managing its business and creating value in the short, medium and long term. The company has therefore taken on the task of designing and implementing technologies that will help to resolve the social and environmental challenges currently faced by society.

The company has also identified the Sustainable Development Goals to which it can most effectively contribute, both via its various solutions and services and via its corporate policies and undertakings.

Contribution via solutions and services

Transport and Defence

Air traffic management: guaranteeing security and efficiency for flights and reducing CO2 emissions, fuel consumption and noise pollution by optimising flight paths

Smart, collaborative, sustainable mobility that is user-focused and guarantees security

Simulation: improving security and efficiency and reducing accidents and environmental impact

Space: monitoring climate change, preventing and mitigating natural disasters, managing emergencies, assisting with decision-making within social and environmental parameters

Surveillance and security: contributing to personal stability and security. Protecting critical infrastructure and anticipating all forms of threats.

Minsait

Energy and utilities: managing and ensuring an efficient use of energy. Implementing renewable energies. Efficiently managing water (leak detection) and hydraulic footprint studies. Reducing the environmental impact of the use of fossil fuels (detection of spills and fires)

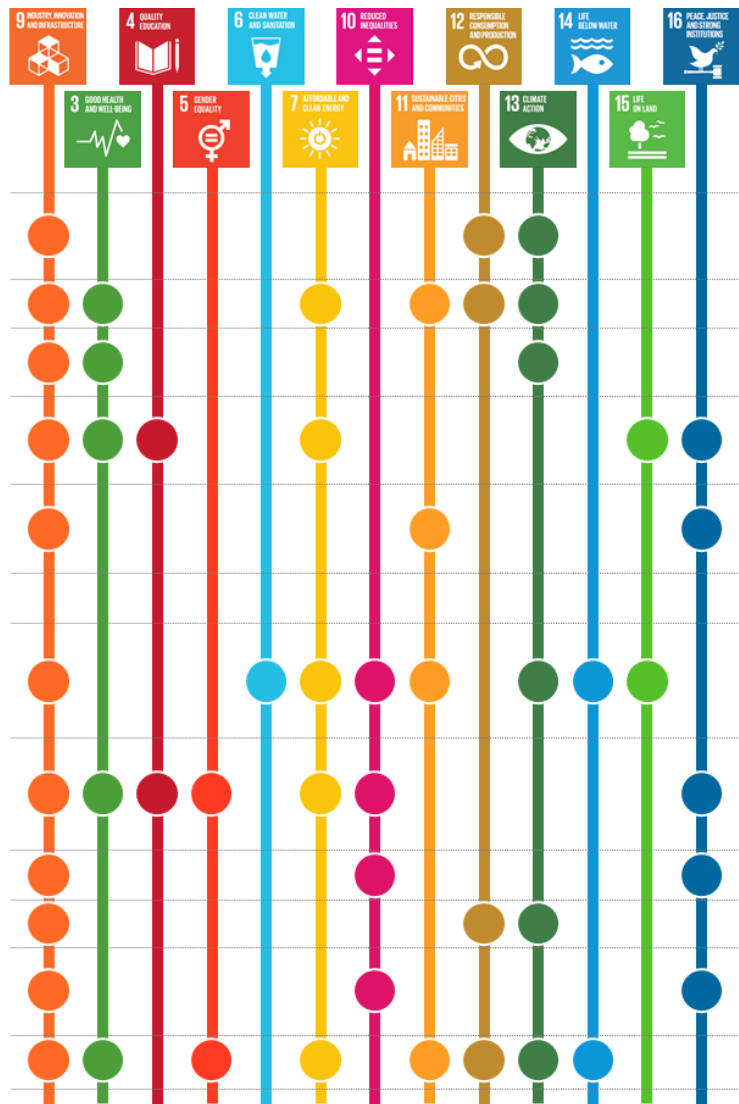
The public sector: ensuring the efficiency of public services in areas such as health, education, justice, employment and taxes, streamlining processes and increasing procedural transparency and security

Electoral processes: ensuring digital democracy, open government and a legal identity for all

Industry and consumption: increasing the efficiency of processes in order to consume fewer resources

Financial services: transforming the sector to ensure sustainable economic growth. Developing banking services (reducing financial crime and fraud) and increasing access to credit

Smart cities: improving efficiency and quality of life in cities through digital transformation



Indra's products and solutions extend right across the Sustainable Development Goals and offer a response to the challenges raised in a range of areas, placing technology and innovation at the service of the priorities identified by the United Nations. Thus, for example, the technology developed by Indra helps to protect people and manage critical infrastructure – it facilitates individual mobility, speeds up the way in which public authorities operate and contributes to the development of sustainable cities. Although its business cuts across many areas and contributes to the majority of the SDGs, given the particular solutions and services that the company offers, Indra is especially committed to the following Goals:

- **SDG 3 – Health and well-being.** With the aim of promoting a more versatile health model that is better suited to individual patients, the health system and society in general, Indra's solution for the health sector covers every area of healthcare and health management. The company also develops projects to provide remote medical services to facilitate early diagnosis and improve patient treatment times.
- **SDG 6 – Clean water and sanitation.** Indra supports the responsible and optimal management of water resources with a range of applications and systems, making a difference in the digital transformation of the water supply sector.
- **SDG 7 – Affordable and clean energy.** Through the development of new technologies and solutions in the area of energy efficiency, the company contributes to a more rational use of energy and resources, both in the area of energy generation, transmission and distribution, and in relation to industrial, residential and transport consumption as well as the intelligent management of energy for buildings and infrastructure.
- **SDG 9 – Industry, innovation and infrastructure.** The company's technological solutions allow industry and its related infrastructure to be efficiently and sustainably managed. For example, by combining satellite observation systems, geointelligence, sensors, Big Data and Artificial Intelligence, the performance and strength of critical infrastructure can be optimised and increased.
- **SDG 11 – Sustainable cities and communities.** In terms of urban mobility, the company is committed to increasing the efficiency of transport infrastructure and systems. For example, using Big Data to develop predictive models that help understand and better manage transport systems. Minsait's solutions for Smart Cities improve efficiency in the management of services such as irrigation, lighting and waste management, reducing the negative environmental impact of cities via the integration of a circular economy model.
- **SDG 13 – Climate action.** Indra's services include cutting-edge technologies that help monitor and mitigate the impacts of climate change. Using its space technology, the company develops projects that monitor climate change and make it possible to combat some of its effects, such as extreme weather phenomena. These solutions also assist governments, especially in more vulnerable countries, in decision-making processes when defining response strategies.
- **SDG 16 – Peace, justice and strong institutions.** The company collaborates with Public Authorities to create value solutions and services for citizens and encourage their participation, both by developing transparent and secure electoral processes and by improving access to the Authorities and the day-to-day work carried out by public sector workers. Minsait technology is used to optimise the management of tax revenues, reduce fraud and anticipate its detection, and streamline legal processes.

Contribution via corporate policies and commitments



Indra also contributes to the aims set out in the Sustainable Development Goals via the voluntary policies that it has implemented and the commitments it has made to help people, the environment and the communities in which it operates. The following sections of this report contain detailed information on compliance with these commitments and the main milestones reached in the area of sustainability during 2019.

2.1 Sustainability model

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

Up until December 2019, the powers of the Board of Directors' Appointments, Remuneration and Corporate Governance Committee included regular analysis of the company's policy, internal regulations, procedures and practices regarding Sustainability, as well as their compliance with the standards, recommendations and best national and international practices in these areas. This Committee then proposed the modifications it deemed appropriate in this regard to the Board, justifying its reasons. Prior to approval, the Committee also informed the Board of the Sustainability information published by the company.

As explained in section 5, in December 2019 Indra created a new Sustainability Committee which reports to the Board of Directors. As a result of the creation of this new Committee, the company has agreed to amend the Board of Directors' Regulations, with the aim, among other things, of regulating the Sustainability Committee, in such a way that it assumes some of the powers that until now have been the responsibility of the Appointments, Remuneration and Corporate Governance Committee.

The Sustainability Master Plan forms the basis for sustainability management within the company. This plan is structured in line with the company's Strategic Plan and is reviewed on an annual basis with the involvement of the teams responsible for relations with each of Indra's stakeholders. Material topics on matters of Sustainability are also updated annually.

This report is structured for these groups of people and around the topics that have been identified as relevant to them following an analysis of their importance.

The appendices to the report contain a more detailed description of the model for relationships between stakeholders, which sets out the undertakings made by the company in respect of each of these stakeholders and the communication and dialogue channels that have been established. In turn, sections 8, 9, 10 and 11 contain a broad description of the range of policies, management systems, strategies and objectives that the company has established for each stakeholder group and the targets and performance levels achieved by Indra.

3 Key figures

Annual revenue growth (euros)	EBIT Margin 2019	Free Cash-Flow 2019	Net debt / EBITDA ratio
+3.2%	6.9%	€8 million	1.8 x
Independent board members	Female board members	Employees trained in the code of ethics (%)	
54%	31%	98%	
Final workforce (no. of employees at 31/12/2019, excluding SIA)	Women in the workforce	Training hours per employee	
49,607	35%	18	
R&D / Revenue ratio 2019	Scope 1 and 2 emissions levels (CO ₂ equivalent tonnes per employee)	Local suppliers (as a percentage of total suppliers)	
7%	0.227* *-15% vs. 2018	82%	

4 Market climate, business model and strategy

4.1 Market climate and trends

The technology industry is currently benefitting from a favourable market climate that is being driven by digital transformation. A transformation which is in turn prompting structural and disruptive changes across all businesses and opening up major opportunities for value creation. Technology providers, including Indra, are leading and driving this global digitalisation process forwards, and are therefore ideally placed to take advantage of this wave of growth and transformation.

A series of cross-cutting trends that affect the whole company have been identified:

- **The significance of digital capabilities**

Digitalisation has given rise to new and increasingly important technologies (e.g. Artificial Intelligence, the Internet of Things, etc.), new niche digitally native businesses and new business models (e.g. predictive maintenance as a Service, core banking as a Service, infrastructure as a Service, etc.).

Such a climate has caused traditional value chains and customer-competitor-supplier roles to become blurred and increased the value of data analysis. Traditional business models are being threatened by the appearance of new digital ecosystems, in which technology is increasingly becoming key for any business that wants to continue to compete in the long term.

In this regard, companies with high levels of digitalisation and a competitive technological advantage that can be sustained over time generally share three distinctive common traits:

- Greater investment in digital projects.
- A broad digital talent base.
- A digital corporate culture.

- **The importance of scale and how it is driving consolidation**

Multiple factors are making scale an increasingly important factor in determining how competitive technology companies are:

- Upward trend in the number and size of large contracts.
- Need for significant investment in R&D, directed towards the industrialisation and productisation of the portfolio.
- Sustained pressure on prices, which requires companies to continually improve efficiency.
- Rapid erosion of added value, resulting from the acceleration of change and investment cycles.

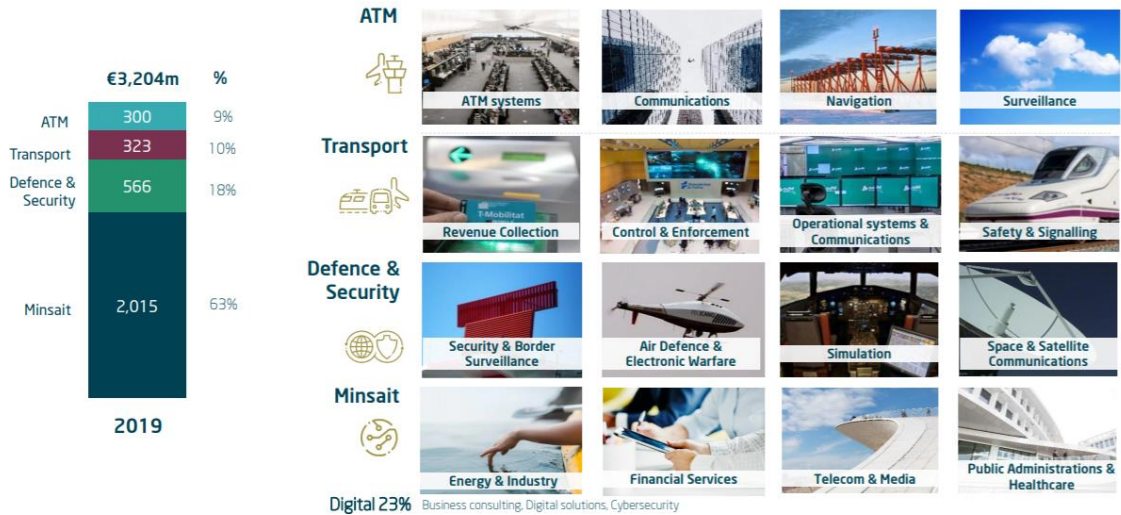
The growing importance of scale is also speeding up the consolidation of the sector via the creation of major industrial operators as a way to improve competitiveness. As such, there is a rising amount of M&A activity among firms aiming to supplement and strengthen the portfolio.

- **The geographical footprint of innovation and value creation**

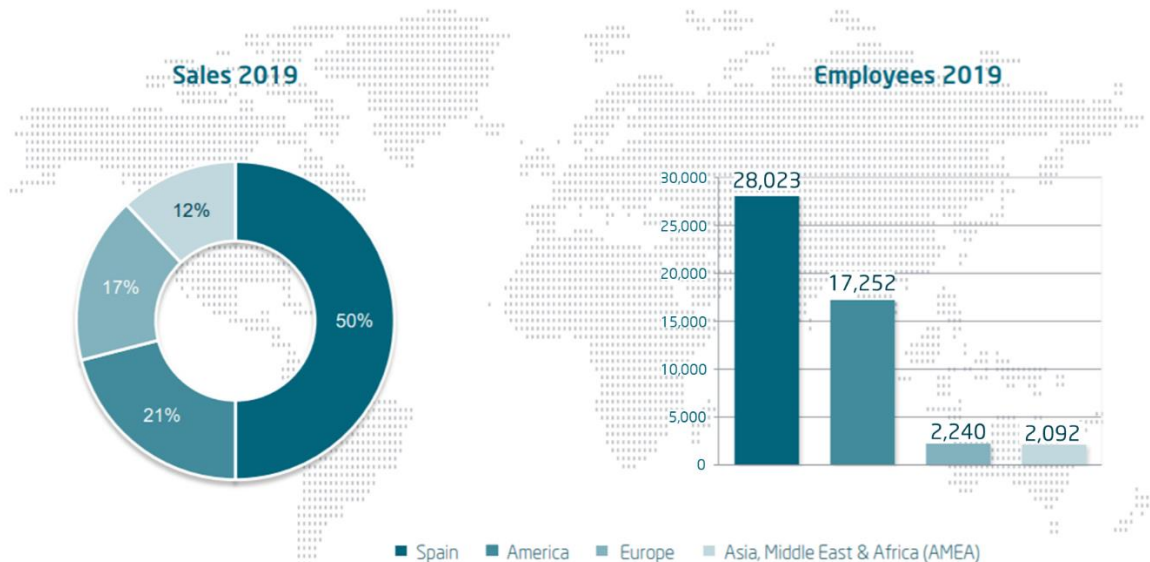
While North America (and the US in particular) remains the benchmark for innovation – leading value creation on a global scale – the Asia-Pacific region is catching up with increasing levels of growth. Europe and Latin America, however, show lower levels of growth in these areas.

4.2 Business Model

The Indra business model is based on offering a full suite of end-to-end proprietary solutions that ensure both significant added-value and a notable innovation component. The company therefore works to develop value-add proposals and offer the most innovative products that are capable of having a significant impact on customers' businesses and their returns. A model that is made possible thanks to our team of professionals that boast not only exceptional skills and capabilities, but also a sound knowledge of technologies, markets and customer needs.



The company has a far-reaching international presence and conducts commercial operations in more than 140 countries.



NB: employees at YE 2019, excluding SIA

4.3 2018-2020 Strategic Plan

Indra continues to successfully implement the 2018-2020 Strategic Plan, which was presented on 30 November 2017 at the company's Second Investor Day. This Plan seeks to complete the company's transformation and facilitate its profitable growth.

The 2018-2020 Strategic Plan is based on four core aspects:

- **A greater specialisation of the operational model.**
 This principle brings together initiatives aimed at improving the company's focus on results and its strategic agility and flexibility. Particularly notable to begin with was the grouping and subsidiarisation of its IT business under the Minsait brand in 2018. Also forming part of this first principle is the *Change from the Core* initiative, Indra's cultural transformation programme.
- **Development of the product portfolio** to provide greater added value.

 - Investment aimed at strengthening the company's market-leading products.
 - Digitalisation of the offering to position it within the smart ecosystem.
 - Selectively supplementing the proprietary products portfolio, seeking to market end-to-end solutions.

- Ramping up **sales activity** to drive growth.
 - Boosting sales activity via incentive schemes, sales systems and tools.
 - Implementing a segmented sales-marketing approach based on specialist profiles.
 - Developing alliances and joint ventures aimed at driving sales in selected territories.
- **Continued improvement in productivity** to increase the company's competitiveness and profitability.
 - Application of lean manufacturing, lean IT and automation methodologies.
 - Extension of the Global Business Services model and rationalisation of the indirect costs base.
 - Boosting pyramid management and delayering.
 - Optimising procurement.

Some of the progress made towards achieving the goals set out in the Strategic Plan in 2019 included:

- Via its Change from the Core programme, Indra continues to roll out its cultural transformation process, which involves 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.
- The company has moved forward in implementing its 2018-2020 investment plan, aimed at strengthening and developing its market-leading products, digitalising the supply portfolio and supplementing it with new developments that will offer end-to-end solutions.
- The company also continues to bolster its portfolio by making selective acquisitions in attractive, high-growth segments. At the end of 2019 it completed the acquisition of SIA, a specialist cybersecurity services company - the merger has now made the company the leading cybersecurity services provider in Spain and Portugal.
- Improvements have been made to marketing tools and methodologies, driving up order intake and sales, and in turn the rate of growth.
- Advances in the transformation of the Minsait operational model through initiatives for continuous improvement, such as the implementation of lean projects, are allowing significant improvements to be made in efficiency and competitiveness.
- Similarly, notable operational improvements are being seen in Transport and Defence (T&D), driven by the creation of the new T&D Operations Department and the re-engineering and standardisation of processes that has been implemented.

4.4 Main brands

In a firm commitment to specialisation, the company supplements its corporate brand with its own identifying brands in each market sector.

In the Transport and Defence markets, the company operates under the Indra brand.

It groups all its Information Technology businesses under the Minsait brand, which trades as “An Indra Company”. Minsait is known for creating high-impact solutions aimed at reinventing its customers’ businesses – following its slogan “Mark Making the way forward”. Minsait’s new sales-marketing approach provides greater clarity and simplifies its offering, bringing all its products under one single product sub-brand – Onesait.



This graphic provides an overview of the company's business segments. It is divided into two main sections: 'Transport & Defence' and 'Digital & Information Technologies'. The 'Transport & Defence' section is further divided into three sub-segments: 'Defence and Security', 'Air Traffic', and 'Transport'. Each segment includes a brief description and a tagline.

- Transport & Defence:** World-leader in providing proprietary solutions in specific segments in Transport and Defence markets.
 - Defence and Security:** Envisioning a safer tomorrow.
 - Air Traffic:** Creating skies together.
 - Transport:** Unlocking life in motion.
- Digital & Information Technologies:** Leading firm in Digital Transformation and IT in Spain and Latin America, through its affiliate Minsait.
 - minsait:** An Indra company. Mark making the way forward.

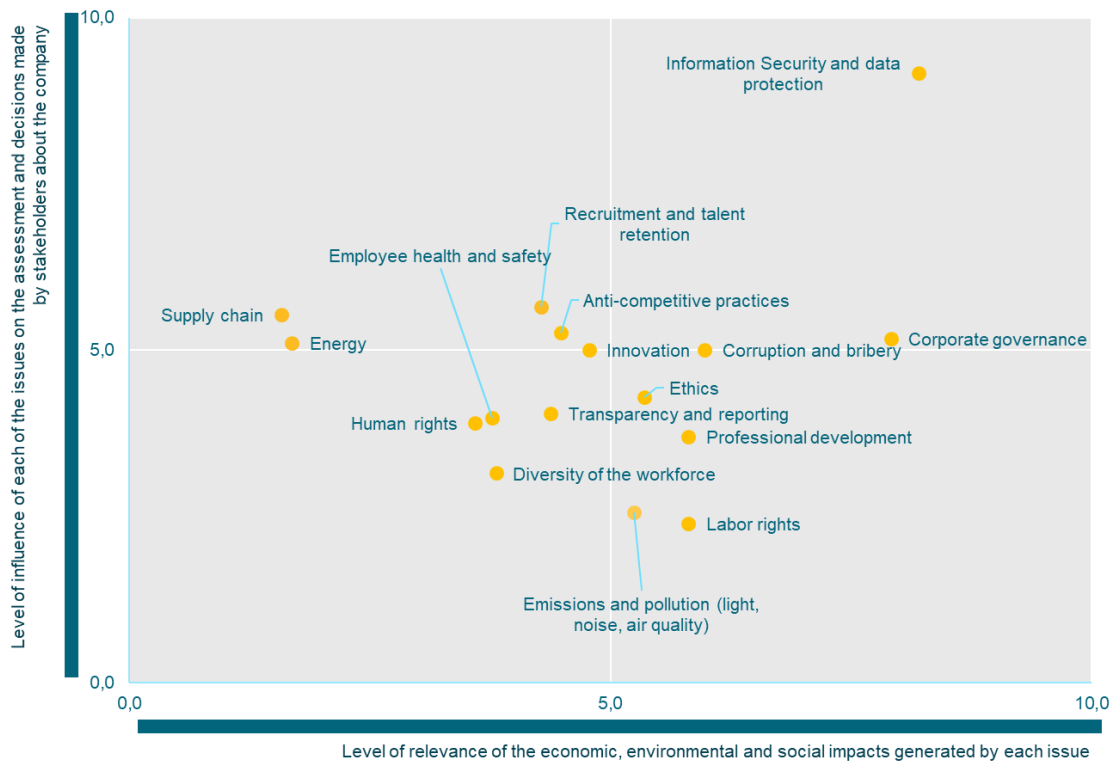
4.5 Materiality Assessment

Prior to preparing this report, Indra updated its corporate materiality assessment in order to define the content that would be relevant to the company’s stakeholders, who have an influence on its decision-making processes and thus define the way this report is structured.

In line with the requirements of Spanish Act 11/2018, which governs non-financial information and diversity, this materiality assessment included an overview of risk in order to assess the main impacts caused by the company’s activities.

The group’s materiality matrix, obtained as a result of its materiality assessment, classes the most important issues on the basis of the risk that they could involve for the company’s business. This is done according to the weighting assigned to them by the ESG analysts, company manager considerations and their importance in the decision-making process, calculated via with the weight they carry in the reporting standards and the managers’ opinions on the issues that have the highest impact on relations with stakeholders. A detailed description of the process adopted to compile the materiality assessment is provided in the appendices of this report.

As a result of its materiality assessment, Indra identified the following issues as important.



The different sections of the report contain a description of the company’s main policies and rules, the challenges faced and milestones reached during the year and the indicators and results relating to each of the material issues:

- **Information Security and data protection;** some of Indra’s solutions are directed towards the management of critical infrastructure (Transport, Energy, Defence, etc.), or involve the management of key personal data (health, finance, election processes, etc.). Indra’s ISO 27001 certified Information Security Management System is responsible for defining, implementing and improving highly effective controls and procedures to minimise and manage the risks in the company’s internal processes, in its daily operations, in the development and execution of projects, programmes and services and in customer management. For more information, see section 4.
- **Corporate governance;** Indra is listed on the Stock Market and has formed part of the select IBEX 35 group of companies since 1999. Its compliance therefore with the requirements of the Spanish Capital Companies Act, the Spanish Commercial Code and the CNMV’s Good Governance Recommendations is mandatory, and it must also comply with its obligations in respect of the good governance of investors, analysts and proxy advisors. Hence its internal regulations (Articles of Association, Shareholders’ Meeting Regulations, Board of Directors’ Regulations, Internal Code of Conduct in Matters Relating to the Securities Markets) governs issues such as the composition of the board and the individual profiles of board members, the duties of the different committees and the remuneration of directors and senior management. For more information, see section 5.
- **Corruption and bribery;** in the normal course of its business, Indra forms relationships with a large number of stakeholders in their capacity as customers, suppliers and shareholders. With regards to these relationships, 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 understood by corruption and bribery, and also includes the basis of the anti-corruption policy. For more information, see section 6
- **Recruitment and talent retention;** as a technology company, Indra’s employees are renowned for their high level of professional expertise and STEM qualifications (Science, Technology, Engineering and Mathematics). The job market often experiences a shortage of people with this kind of professional profile, which means that companies can encounter problems when it comes to attracting and retaining talent. Indra therefore places great emphasis on managing culture and diversity to improve the commitment and retention of its employees. For more information, see section 10.
- **Innovation;** the key to the unique solutions and services offered by Indra lies in innovation. Indra has an open, versatile and flexible Innovation Model which is aimed at strategically broadening and accelerating the company’s capacity to generate and capture potentially attractive ideas in order to expand the company’s future services. For more information, see section 4.

- **Anti-competitive practices;** the technological sector may give rise to risks in the area of anti-competitive practices as the result of the restriction of free competition, unfair competition or access to third party information. However, Indra is committed to complying with the regulations governing the defence of competition via its Code of Ethics and Legal Compliance, which provides for and regulates all types of situations that may harm the rights of customers and users or the operation of the markets. For more information, see section 6.
- **Ethics;** the Board of Directors, Senior Management and each and every one of Indra's employees and partners assume the responsibility and commitment to establish a solid culture of compliance. Consequently, all employees and partners are required to apply the principles of integrity, professionalism and respect to all aspects of their work, complying with the current legislation and regulations, the Code of Ethics and Legal Compliance and the policies and procedures set out by the company. For more information, see section 6.
- **Professional development;** the capacity to innovate, create solutions and offer customers the best service lies with the company's employees. Having the talent that makes this possible depends on both the capacity to attract the best professionals in the marketplace and the ability to fully develop their potential within the company. Indra's assessment model, Performance Experience, is an integrated and personalised model aimed at ensuring professional growth and development. Indra also offers a 360° learning environment in which each person can receive training, however and whenever they wish, using the tools provided by Open University, Indra's own corporate university. For more information, see section 10.
- **Transparency and reporting;** communications and reporting are key tools for building relationships based on trust and commitment with stakeholders. Indra provides its stakeholders with various communication, participation and dialogue channels which are continuously reviewed and updated. For more information, see section 13.
- **Labour rights;** as a technology-based service company, Indra is a staff intensive company, and safeguarding its employees' fundamental employment rights is of paramount importance to the company. Indra complies with the regulatory content of the International Labour Organization's (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 channel for dialogue and the adoption of agreements. For more information, see section 10.
- **Emissions and pollution (light, noise, air quality);** some of Indra's processes are energy intensive and generate high levels of greenhouse gas emissions. The company therefore has an environmental management system aimed at minimising its energy consumption (among other environmental aspects), combined with a range of initiatives designed to promote more rational mobility. For more information, see section 12.
- **Employee health and safety;** the risk profile of Indra's employees mainly arises from the sedentary lifestyle associated with office working, added to the potential risk associated with the stress that is traditionally attached to professional services, given the demand to comply with customer deadlines and high quality standards. Therefore, Indra goes beyond promoting a prevention culture across the company's activities, and places particular emphasis on aspects such as physical exercise, healthy eating, beneficial lifestyle habits, a good working environment and proper stress management. For more information, see section 10.
- **Human rights;** as a benchmark, the company acts in accordance with the international frameworks in matters of Human Rights, including the International Bill of Human Rights, the principles relating to rights set forth in the Declaration of the International Labour 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 does not infringe the rights of third parties and that it addresses the potential adverse impacts which may arise from its activity. For more information, see section 6.
- **Supply chain;** the supplier management process aims to secure the best suppliers via business procedures designed to ensure transparency and equality of conditions for the various bidders. Indra's relationship with its supply chain is based on a commitment to independence, transparency and compliance and the creation of value over the long term. For more information, see section 11.
- **Diversity of the workforce;** Indra operates in certain sectors, such as those relating to digital transformation or the development of new products and high-tech solutions (the Internet of Things, the Cloud, Big Data, Analytics, etc.) which suffer from a shortage of professionals with STEM qualifications (Sciences, Technology, Engineering and Mathematics). This shortage is even greater in terms of women, who are very poorly represented in these areas. Faced with this challenge, Indra has made a firm commitment to manage diversity and, more specifically, to recruit and retain women, championing the eradication of gender stereotypes and encouraging young people to pursue careers in technology. For more information, see section 10.
- **Energy;** through its operations and the energy efficiency initiatives in place in its workplaces, the company optimises the use of energy and other resources necessary to carry out its activities, thereby strengthening the eco-efficiency of its operations and continuously improving its environmental management. For more information, see section 12.

Two of the issues that are most important for Indra's business model are those related to Information Security management and the protection of customer data, and those associated with innovation as a strategic tool to provide cutting-edge solutions. These are detailed in the next section.

4.5.1 Material issue: Information Security

Information Security Management System

Information Security seeks to preserve the confidentiality, integrity and availability of information – ensuring that risks are identified and evaluated – and to assess the impact they have on the organisation 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. As such, measures to ensure its protection must be established.

Indra has developed an Information Security Management System – certified under ISO 27001 and covering Indra Sistemas, S.A., Indra Soluciones Tecnologías de la Información, S.L. and Air Traffic Management activities among others. The system is responsible for defining, implementing and improving more effective controls and procedures to minimise and manage the risks in the company's internal processes, in its daily operations, in the development and execution of projects, programmes 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 evolving requirements of the information and technology society and their accompanying risks. This model is based on the importance of the attitude and aptitude of each person that forms part of the company. Information Security is thus integrated as an added value and a symbol of all the services and operations that the company provides to its customers.

The objectives of the Information Security System are as follows:

- Guarantee confidentiality, ensuring information can only be accessed by authorised persons.
- Guarantee integrity, ensuring information and the methods used to process it are accurate and complete, avoiding any unauthorised modifications.
- Guarantee availability, ensuring authorised users have access to information and its associated assets when required.

The Information Security Strategy is based on five fundamental principles:

- Governance of Information Security, ensuring the proper coordination and organisation of information security at all levels.
- The Regulatory Framework on Information Security, applicable to all the company's markets and departments – as well as to all Indra's companies, branches and subsidiaries – and of mandatory compliance for the entire Indra collective. The Information Security Policy establishes the core principles for achieving the objectives.
- Awareness-raising and continued training on Information Security throughout all phases of employment.
- Technology and security controls designed to preserve the confidentiality, integrity and availability of information and resources for its processing.
- Audits and monitoring of compliance. On one hand, completing internal audits by using security and network control processes, procedures to audit the technical vulnerabilities of platforms and applications, and processes to validate the security architecture prior to the connection of platforms to Indra's network, as well as continuous monitoring processes. And, on the other, carrying out external audits to verify compliance with the relevant international standards and the regulations that apply, along with the requirements that are established in this regard by customers.

Data protection

Following the implementation of the European Data Protection Regulation over previous years, in 2019, as a consequence of the greater detail provided by Act 3/2018, on the Protection of Personal Data and Guarantees for Digital Rights, Indra's Information Technologies Auditing Department started to review the various sections of the regulations. This review is aimed at ensuring that corporate divisions have not strayed from the objectives and lines of action laid down by the Privacy and Data Protection Office, as defined in the Privacy and Data Protection Policy. The review serves as an additional control that will strengthen those carried out by independent third parties during the audits completed by the company when renewing its certification under international Information Security and Privacy standards.

This consolidates a model that will ensure that Indra's management systems and policies remain permanently in line with the main regulatory and legislative developments, both in Spain and internationally, in the areas of privacy and data protection. The aim is to ensure the correct processing of the personal data for which the company is responsible, guarantee maximum transparency in the use of information and the exercise of data subjects' rights, and avoid the use of data for secondary or unauthorised purposes. The transparency of the system makes it possible to attend to any requests for information that the monitoring authorities may formally submit in relation to users.

In terms of its operations, Indra has seen a 183% increase in demand for advisory services from the Group's Privacy and Data Protection Office, which provides a good indication of the concern shown by the company's production divisions as regards the processing of personal data on behalf of their customers. Thanks to this growth, the Office has achieved a high level of capillarity and has helped achieve the dual aim of advising both project managers and the company's customers when they themselves do not have expert knowledge of the best privacy practices proposed in Privacy by Design. These customer services are complementary to the independent advice services offered by the Spanish Data Protection Agency, when processing involves a high risk to privacy for groups that may be affected in this regard as a consequence of the provision of the services requested by customers.

Governance of Information Security and data protection

Indra has defined a Global Security Governance Model, which is intended to ensure correct coordination and organisation in matters of Information Security between the representatives of the company's different country offices and business units. With reference to this model, particular mention should be made of Indra's Security Committee, the body that is charged with managing Information Security for the organisation and whose main duty is to promote information security at Indra's companies both domestically and internationally and to defend strategic security objectives, depending on the company's needs, aims and business processes.

Within this model, three indispensable positions are defined:

- Indra's Chief Information Security Officer (CISO), who is responsible for coordinating information security at the company and whose main role is to develop Indra's information security strategy, objectives and plans, in coordination with all of the Management Units.
- The Local Information Security Officers (LISOs) for Security and the LISOs for the markets, whose main duty is to ensure information security in the Markets of the subsidiaries for which they are responsible, in accordance with the rules, policies and directives issued by the Information Security Department.
- The Information Security Department is responsible for overseeing the implementation of the most effective controls and procedures that will help minimise the privacy and information security risk to which the company is exposed. On a regular basis, and at least once a year, the CISO and the DPO (Data Protection Officer) prepare reports, independently of the Auditing and Compliance Committee and the Risk Coordination Unit. Half-yearly meetings have also been held this year with the General Managers of the Vertical Markets in order to inform them about information security risk.

Raising awareness of Information Security

During 2019 Indra has continued to execute its Information Security Awareness Plan launched in 2018, focusing on increasing levels of awareness within the company and enhancing the critical aspects of security training.

Among the activities carried out by the Information Security Mentorship Initiative, we would highlight the following:

- Coaching key personnel (Steering Committee, Management of General Markets and Corporate Divisions, among others), to provide these people with the knowledge and tools necessary to deal with the information security risks that they face in their daily duties.
- Cybersecurity workshops included in the family days held at the company's various branches, to raise awareness of information security in relation to personal habits.
- Training sessions on privacy and security, to increase levels of training and awareness regarding the importance of information security.
- Monthly email campaign setting out the standards for information security, in order to ensure that Indra's internal regulations are widely known.
- Development of e-learning initiatives to train the different groups in specific issues relating to security.

Initiatives to improve Information Security promoted in 2019

Operational security

- Various initiatives rolled out to improve operational and product security, such as risk assessment throughout the life cycle of the operations starting from the sales-marketing phase, through to the execution phase, incorporating security as an essential element in the design of new products.
- Receipt of international ISO/IEC 27001 certification, which guarantees that the air traffic systems that the company develops meet the strictest cybersecurity requirements. This means that the company is one of the first in the world in this sector to meet all the requirements set out in this international standard.

Technological improvement and improving the management and service model

- Securing cloud environments: A number of measures have been established to improve protection of information in the cloud, activating policies and specific alerts and implementing additional tools.
- Integrated protection for mobile devices via the EMM (Enterprise Mobile Management) platform and the improvement of anti-malware protection.

Governance and organisation
<ul style="list-style-type: none"> Implementation of a responsibility model in the Markets to ensure that appropriate decisions are taken and a control baseline is applied at an operational level, as well as facilitating the use of the security tools available at the corporate level in each market.
Responsible attitude and use
<ul style="list-style-type: none"> Increasing the security culture via the measures taken by Indra's Security Mentorship Initiative. Improving processes for managing and responding to incidents in order to minimise potential impacts and optimise the capacity for response and mitigation.
Securing key processes
<ul style="list-style-type: none"> Identifying and providing specific protection for processes that are key to Indra's business.

Improvements were internally incorporated into the management and security of mobile devices; the design and implementation of the classified information management ecosystem; the management of identity and multi-factor authentication, the predictive detection of targeted attacks and the security of the services provided and consumed in Cloud environments.

Cybersecurity indicators (*)	2017	2018	2019
No. of critical cybersecurity incidents	0	0	0
No. of substantiated complaints related to breaches of customer privacy and loss of customer data	0	0	0

(*) According to the rules established by the company in the relevant policies and the reports contained in the database of such incidents.

4.5.2 Material issue: open and targeted innovation

Indra has an open, versatile and flexible Innovation Model, which is aimed at strategically broadening and accelerating the company's capacity to generate and capture potentially attractive ideas in order to expand its future services.

The model includes an Innovation Committee, which acts as its governing body and is responsible for defining and supporting all key lines of action. The company's R&D Division offers support and collaboration throughout the innovation life cycle, promoting and monitoring innovation at Indra and providing support for the pursuit of external financing for its R&D&i projects globally. It does this by operating via Indraventures, a specific vehicle with the capacity to invest in, support and incubate multiple options for flexibly developing supply.

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.
- Being a benchmark in innovation and attracting startups.
- Capitalising on in-house talent to create innovative, stand-out initiatives.

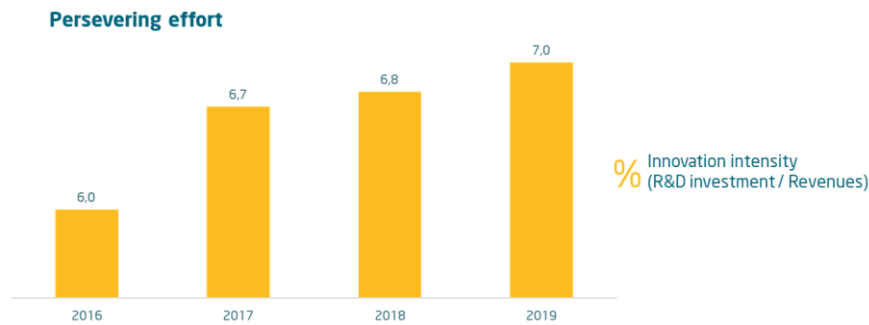
All the details concerning the [Innovation Model](#) are available on the company website and its objectives are detailed in the company's [R&D&i Policy](#).

R&D Activity

Indra maintains an outstanding position in terms of its corporate initiatives and ranking in the global innovation ecosystem:

- The company participates in some of the main domestic and international R&D&i initiatives for the design of new generation technologies across various sectors. It carries out research in areas such as Big Data, analytics, the Internet of Things and cybersecurity, and develops digital solutions for smart cities, transport, air traffic, energy, e-Health, financial services, industry, security, defence, space and simulation.
- Indra is one of Spain's leading companies within Horizon 2020, the most ambitious programme created by the European Union (EU) and the main financing instrument for research, technological development, demonstration and innovation activities in Europe. According to the latest data available, it is the number one company in Spain in terms of financial return in the Transport sector (SESAR, Shift2Rail, Clean Sky, etc.) and number two worldwide.
- Indra is also one of the companies that invests most in R&D&i in Spain and within its industry in Europe, according to the latest [EU Industrial R&D Investment Scoreboard](#), published by the European Commission.

Its commitment to this principal strategy can be seen from the intensity and duration of the company's innovation activities. In 2019, a total of €225,315,000 was assigned to R&D&i activities, equivalent to 7% of the Group's total sales, compared to the €210,045,000 assigned in 2018. The percentage of sales assigned to these activities has ranged between 5% and 8% over the past decade.



Indra's innovation model represents a new paradigm in the R&D&i process, one that is more versatile and flexible and expands and strengthens the company's capabilities through its relations with the innovation ecosystem. As a result, within the framework of Indra's open innovation ecosystem, collaboration with other players is key. During 2019, Indra completed more than 100 projects in collaboration with partners in the area of R&D&i and continued to work with knowledge institutions via more than 320 collaborative agreements.

This innovation model offers the company advantages in terms of efficiency (a potential reduction in time-to-market for solutions) and broadening its capacity to identify, generate and incorporate a wide variety of high-potential, innovative and disruptive commercial solutions.

As well as investing significant resources, Indra seeks excellence and continuous improvement in the area of R&D&i. In this regard, its R&D division also strives to maintain AENOR Certification for its R&D&i Model, through Spanish UNE 166002:2014 certification and European standard CEN/TS 16555. The company maintained these certifications in 2019, extending their scope and the number of companies covered to include Indra Sistemas, Minsait and Prointec by year-end. These three companies accounted for 99% of the company's financial investments in innovation during 2019.

Indraventures

Indraventures is Indra's channel for driving corporate innovation. Indraventures promotes and supports innovation, both within and outside Indra, based on an Innovation Model that looks for the collaborative development of initiatives in an open ecosystem that maximises the impact of these initiatives. Indraventures has provided support for the following initiatives:

- Collaboration with external players, which with its help find themselves at the cutting edge of Innovation, such as: startups, universities, technology centres, spin-offs and accelerators. Indra remains in very close contact with the ecosystem, which in 2019 alone allowed it to analyse more than 500 startups, sign collaborative agreements and invest capital in startups that were aligned with the company's strategy, focusing particularly on their early stages and their medium- and long-term development phases.
- Employee participation in innovation initiatives to promote intrapreneurship. Innovators is the intrapreneurship programme designed and developed to champion the talent of all Indra employees. The programme's third edition in 2019 saw more than 14,000 employees take part and provide a total of 626 innovative ideas.

Any suggestions for the Innovation programmes should be sent to the dedicated email address: indraventures@indra.es. All of these suggestions are processed by the Indraventures unit. For more information on Indraventures, please see the [Indra website](#).

Innovative technology for sustainable development

The fact that Indra's main innovation channels align perfectly with the United Nations Sustainable Development Goals (SDGs) and the EU's Horizon 2020 programme demonstrates the company's commitment to sustainable development and the creation of value through its service offering.

A success story - open solutions

Development of open code digital solutions

Onesait is an open code platform that enables a faster development of digital solutions. The platform allows information to be securely exchanged in real time, and large volumes of information to be stored and analysed using machine learning and algorithmic techniques. The platform has its own community of developers, who work on constantly updating and integrating the most recent advances in digital technologies, such as the Internet of Things (IoT), Big Data, Advanced Analytics and Blockchain. Thanks to the commitment to the open code approach and to successful experiences in sectors such as industry, health, transport and banking, the platform can be adapted to the specific needs of different sectors and countries.

In 2019, the collaborative cross-sectorial approach of this platform led to the implementation of 14 projects in the areas of sustainability, democracy, mobility, cities, manufacturing and networks.

One specific and notable example of a Onesait platform is the implementation of an inter-operable framework for the railroad environment developed as part of the Shift2Rail programme. This development allows for interaction between systems that until now have operated in isolation, in order to improve passenger services, information, traveller experience and the dynamic configuration of travel plans on demand.

Indra is a socially responsible company that is committed to sustainable development, but its role in combatting climate change extends well beyond its corporate policies. As one of the world's leading technology and consulting companies, it provides solutions that are already playing a key role in global climate-related action. Indra technologies assist in the battle to combat climate change from space; they contribute to the development of a more environmentally-friendly transport model and air, sea, road and rail infrastructure; they offer solutions for the intelligent, efficient and green management of energy, cities and mobility; and they facilitate digital transformation in order to ensure a better use of resources.

Particularly notable in the context of the development of "green" and social technologies are solutions to promote sustainable mobility, efficient energy management and the use of renewable energies, the mitigation of the effects of climate change and the sustainable management of cities, with the reduction of their negative environmental impact.

A success story - sustainable mobility

Air Traffic, Transport and Simulation solutions to promote sustainable mobility, reducing emissions and promoting an efficient use of resources

85% of the world's air passengers travel using Indra's technology at some point in their flight. The company is a key partner in the SESAR programme for the creation of the Single European Sky. One of the main aims of SESAR is to reduce flight emissions by 10% between 2012 and 2035, thanks to improvements in air traffic management systems. By the end of 2019, a reduction in emissions amounting to around 150 kg of CO₂ per flight had been achieved in projects that had reached industrial maturity, with an added reduction of around 317 kg of CO₂ emissions per flight in projects approaching industrial maturity.

Indra's advanced flight simulators offer huge savings in terms of emissions, allowing pilots and drivers to train with hardly any negative impact on the environment. These simulators are so realistic that the hours of flight time spent in Indra's most advanced simulators (Full Flight Simulators, FFS) are counted as hours flying a real aircraft. The use of these FFS simulators benefits the environment to the tune of more than 500,000 tonnes of CO₂ per year. In terms of driving simulators, for example, the four bus driving simulators developed by Indra for Madrid's EMT, represent a saving of more than 100 tonnes of CO₂ per year in the emissions released into the capital's atmosphere.

Indra's solutions have already helped reduce the monthly emission of pollutants on railways by between 15% and 25% thanks to the application of artificial intelligence and Big Data. A punctuality rate of 98% has been achieved in the regular train and bus routes in projects that have been implemented to encourage the use of public transport.

In addition, Indra has successfully reduced the amount of paper used in port-related transactions by almost 100%, thanks to its Port Community System digital technology.

The ticketing systems that the company has implemented in more than 50 cities and that manage more than 15 million transactions a day have increased the number of payments made by mobile phone. This will help reduce the use of plastic and paper over the coming years by as much as 70%.

A success story - energy efficiency

Technology for a more efficient, intelligent and rational use of energy

Minsait forms part of the SENSIBLE consortium (*Storage ENabled Sustainable Energy for BuILdings and communities*), a European innovation project aimed at integrating different energy storage technologies both in the transmission network and in homes and buildings in order to increase self-sufficiency, quality of supply and stability in the networks. The ultimate aim is to then help create sustainable business models for the generation, distribution and storage of energy.

Minsait is also a benchmark technological partner in the "Net Zero Initiative", a project developed by Monash University, one of Australia's largest universities, which was recognised by the United Nations Secretariat for Climate Change (UNFCCC) with the UN Momentum for Change Award at COP24 (the climate change summit held at Katowice, Poland). This entailed a complete transformation in the use of energy at its campus in Clayton (Melbourne), with the aim of ending polluting emissions by 2030.

In addition, Onesait Oil&Gas Sensing, the optical fibre-based system for the automatic detection of threats and leaks in Minsait's hydrocarbon and water distribution networks, has received the enerTIC 2019 award in the "Smart Product" category.

The results of the pilot project carried out by Minsait at its testing centre in Guadalajara have demonstrated this system's capacity to notably reduce the time required to detect and classify threats and leaks in gas, oil and water

pipelines. This is a fully automatic system, which is available 24x7 and does not require the deployment of people to oversee equipment, thus eliminating human error and false alarms.

This system for monitoring gas, oil and water pipelines is able to reduce losses resulting from non-intentional incidents, leaks and intrusions by up to 90%. Its ability to provide early warnings and its automated operation reduce the minimum response time and make it possible to control and prevent future operational costs.

Another important benefit is the 75% reduction in atmospheric CO₂ emissions associated with the conventional surveillance work carried out by aerial and land-based patrols.

A success story - the fight against Climate Change

Space technology to mitigate the effects of Climate Change and protection against adverse and extreme natural phenomena

Indra is working with the European Space Agency (ESA) to develop the next generation of Earth observation solutions. The solutions are designed to help cities reduce, as much as possible, the damage caused by tsunamis or other major disasters such as earthquakes, floods and volcanic eruptions, etc.

The Disaster Risk Reduction project led by Indra forms part of the ESA's most extensive initiative for Earth Observation for Sustainable Development (EO4SD). Satellite imaging is a powerful tool for assisting development, and it has been conceived as a way to support the work carried out by international agencies, development banks and individual countries. Earth observation makes it possible to identify:

- Regions that will be vulnerable in the event of floods, seismic movements or volcanic eruptions
- Areas at risk of suffering landslides
- Levels of land stability and risks to buildings and facilities
- Buildings that are already damaged or are susceptible to damage in the event of an earthquake
- Safe evacuation routes in the event of a disaster
- Population movements and densities in each area. This information can be used to generate precise population numbers in order to prepare emergency response plans
- Level of vulnerability of industrial areas, infrastructure and crops. It can identify safe areas where strategic facilities can be located (hospitals, food stores, etc.)

Under a contract with the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT), Indra is developing an innovative system that will strengthen protection for ordinary people and the European economy against adverse climate phenomena, which are becoming ever more frequent and increasingly devastating due to advancing climate change.

This system precisely calibrates the instrument used by MetOp satellites (the meteorological satellites developed by the European Space Agency) to measure wind speed over ocean surfaces (an instrument known as ASCAT or Advanced SCATterometer Transponder).

This information is key to the creation of more precise meteorological models, which are offering ever longer timelines and which help to combat these adverse phenomena. For example, the increasingly devastating fires being seen each summer as a result of rising temperatures, as well as the serious floods, droughts and heatwaves. The Spanish company Advanced Radar Technologies (ART) is also involved in developing this system.

The MetOp satellites collect data on humidity, temperature, wind speed and direction and ozone levels across the entire planet. These data are used in complex mathematical models that simulate climate behaviour and make preparing extremely high-quality meteorological predictions possible.

A success story - sustainable cities

Technology to reduce the negative environmental impact of cities

Minsait currently has one of the most advanced Smart City management platforms in the marketplace, Onesait Government Cities. Thanks to its analytical capacity and its use of artificial intelligence and Big Data, it has succeeded in reducing water consumption for irrigation by more than 35%, and energy consumption for lighting and public buildings in cities by 45%.

Within the framework of "Select for Cities", an important European competitive Pre-Commercial Procurement (PCP) process, Minsait has developed this platform with pilot projects in order to help tackle challenges such as the

reduction of polluting emissions and the improvement of air quality in Helsinki, or to measure the comfort index in Antwerp in order to boost local business activity.

The Circular Economy, which advocates reusing goods and resources, forms the basis for one of Minsait's most innovative projects, Smart Waste. This project has been developed in Spain in collaboration with Ecoembes (a not-for-profit organisation that protects the environment through recycling and the eco-design of packaging in Spain) and aims to become a European benchmark in the area of intelligent waste management.

5 Identity and good governance

5.1 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 via sustainable and orderly growth.

The Governance Model is solidly structured upon its principles, internal regulations, codes and corporate policies. Together, this 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 most suitable composition of the administrative body and apply measures that allow it to act with purpose and independence in the interests of social welfare, the shareholders and Indra's sustainability.
- Fairness; to encourage dialogue with shareholders, investors and other stakeholders and equal treatment of all parties.
- Respect for rights; to implement measures to promote informed shareholder participation and the exercise of their rights.
- Responsible compliance by management; active supervision with specific and non-delegable responsibilities.
- Transparency; both in informative terms and regarding the commitment to dialogue with all stakeholders.

Internal regulations, codes and corporate policies

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

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

Governing Bodies

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

Independence of the Board of Directors and its committees

Board of Directors		
Executive Directors: 3 23%	External Directors: 10 77%	
	Nominee Directors: 3 23%	Independent Directors: 7 54%
<ul style="list-style-type: none"> ▪ Fernando Abril-Martorell (Chairman and CEO) ▪ Ignacio Mataix (Executive Director of Transport and Defence) ▪ Cristina Ruiz (Executive Director of IT) 	<ul style="list-style-type: none"> ▪ Antonio Cuevas ▪ Santos Martínez-Conde ▪ Miguel Sebastián 	<ul style="list-style-type: none"> ▪ Alberto Terol (Vice-Chairman and Lead Independent Director) ▪ Silvia Iranzo ▪ Enrique de Leyva ▪ Ignacio Martín ▪ María Rotondo ▪ Ignacio Santillana ▪ Isabel Torremocha

Audit and Compliance Committee		
Executive Directors: 0 0%	External Directors: 6 100%	
	Nominee Directors: 2 33%	Independent Directors: 4 66%
	<ul style="list-style-type: none"> ▪ Santos Martínez-Conde ▪ Miguel Sebastián 	<ul style="list-style-type: none"> ▪ Enrique de Leyva (Committee Chairman) ▪ María Rotondo ▪ Ignacio Santillana ▪ Isabel Torremocha
Appointments, Remuneration and Corporate Governance Committee		
Executive Directors: 0 0%	External Directors: 5 100%	
	Nominee Directors: 2 40%	Independent Directors: 3 60%
	<ul style="list-style-type: none"> ▪ Antonio Cuevas ▪ Santos Martínez-Conde 	<ul style="list-style-type: none"> ▪ Alberto Terol (Committee Chairman) ▪ Silvia Iranzo ▪ Ignacio Martín
Sustainability Committee		
Executive Directors: 0 0%	External Directors: 5 100%	
	Nominee Directors: 1 20%	Independent Directors: 4 80%
	<ul style="list-style-type: none"> ▪ Antonio Cuevas 	<ul style="list-style-type: none"> ▪ Silvia Iranzo (Committee Chairwoman) ▪ Ignacio Martín ▪ Enrique de Leyva ▪ Alberto Terol

Following a favourable report from the Appointments, Remuneration and Corporate Governance Committee and given the growing importance of Sustainability related issues, Indra's Board of Directors agreed to create a dedicated Sustainability Committee in November 2019.

Indra's Corporate Governance system has the following counterweights in place so that decision-making powers do not fall solely on the Chairman and CEO and to guarantee that the interests of shareholders and stakeholders are properly safeguarded:

- A coordinating board member with wide-ranging powers to preserve the proper independence of the Board of Directors.
- Two executive directors, who have been granted sufficient management powers over their business units.
- A broad majority of independent directors, both on the Board of Directors and on its committees, which are also chaired by independent directors.

The current policy for appointing directors establishes the length of time that independent directors are allowed to serve. The criteria applied are stricter than those set out in current legislation, meaning that directors who have spent three statutory terms in the position may not be proposed for re-election. Their time on the board is therefore limited to 9 years.

Director profile and skills

The Policy for the Appointment of Directors establishes that the Appointments, Remuneration and Corporate Governance Committee and the Board endeavours to ensure that the Board's composition displays diversity in terms of gender, skills, training, professional experience and age and avoids any kind of discrimination based on gender, religion, ideology, nationality or disability.

The Board's skills matrix, which is regularly updated, reflects the skills, experience, knowledge, professionalism and abilities that must be displayed by the Board of Directors. It facilitates an overview of the diversity of the Board's composition as a whole and serves as a tool when making decisions on the planning and renewal of the Board's membership.

Board of Directors and its Committees

The Board focuses its activities on supervising and controlling the executive bodies and the Steering Committee, to which it delegates the company's day-to-day management, verifying that they act in accordance with the approved strategies and the established objectives.

In particular, Article 26 of the Articles of Association confers the Board with 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 equal treatment of the shareholders.

Articles 21, 22 and 26 of the Articles of Association and sections II, III and X of the Board Regulations govern the Board of Directors' functions, the remit within which it can act, its qualitative and quantitative composition, and the various director roles and their duties.

The structure, composition, duties and rules of operation of the Board and its Committees are also outlined in sections C.1 and C.2 of the [Annual Corporate Governance Report](#).

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

Work undertaken by governing bodies in 2019

The Annual Corporate Governance Report, the [Auditing and Compliance Committee report](#) and the [Appointments, Remuneration and Corporate Governance Committee Report](#), which are published when the General Shareholders' Meeting is called, contain extensive information regarding the work undertaken by Indra's governing bodies during the year, along with information on the degree to which the Company has complied with the recommendations in force regarding Corporate Governance.

In terms of Directors' participation in meetings of the Board and its Committees, we would highlight their high level of attendance in 2019, with only one Director missing one meeting for medical reasons.

Board member training

A number of initiatives have been completed over the course of this year in relation to the programme for the induction of new board members (meetings with the managing directors of IT and T&D; meetings with the Board Secretary; a session on the Strategic Plan with the Director of Strategy, Innovation and Head of Cabinet; meeting with the Director of Monitoring for a detailed analysis of financial information and results; visits to Expo Indra and various work centres).

Training was also given in the area of Regulatory Compliance and the new legal requirements relating to non-financial reporting.

Board members are regularly informed about the main changes to accounting regulations, risk management and the Company's position on issues relating to Information Security.

Assessment of the Board

In accordance with Article 13 of the Regulations, based on the report drawn up by the Appointments, Remuneration and Corporate Governance Committee, the Board carries out an annual assessment of its own operations and the quality of its work, as well as that of each of its Committees. Information related to the assessments carried out in 2019 is included in section C.1.17 of the [Annual Corporate Governance Report](#).

Every two or three years, the assessment of the Board is carried out with the assistance of an independent external adviser. The last external assessment of the Board was completed in 2018, in relation to 2017.

The Board also carries out an annual assessment of the work of the Chairman of the Board and, separately, in his role as chief executive, which is also included in the [Annual Corporate Governance Report](#).

CEO and executive director remuneration

Executive directors receive the remuneration due to them for the performance of the executive duties entrusted to them under the terms of their contractual relationship with the Company.

This remuneration is determined individually for each executive director by the Board of Directors, following a proposal from the Appointments, Remuneration and Corporate Governance Committee.

It is the Company's established practice to set the payment framework for executive directors for three-year periods. The current Remuneration Policy was approved by the General Shareholders' Meeting on 28 June 2018 for the period from 2018 to 2020. It is public and can be found on the [company website](#).

In addition, section B of the Annual Report on the Remuneration of Directors includes all the information on the application of the policy during 2019, while section C of the Report contains a breakdown of the individual amounts paid to each executive director.

The Annual Report on the Remuneration of Directors can be found on the CNMV website and on the [company website](#)

Board diversity

Indra's policy for the appointment of directors establishes that the Board of Directors and the Appointments, Remuneration and Corporate Governance Committee must ensure that certain criteria and policies are applied when selecting 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.

As far as gender is concerned, in 2019 the Company met the target set out in its policy for 2020, which established that the number of female directors should account for at least 30% of all the members of the Board of Directors. The General Shareholders' Meeting held in 2019 appointed Isabel Torremocha as director, and women currently make up 30.8% of all board members.

The application of this policy during 2019 is outlined in sections C.1.4 to C.1.7 of the [Annual Corporate Governance Report](#), available on the company website.

5.2 Risk management

Indra is a global company that is exposed to various risk factors. These depend on the countries and the nature of the sectors in which it operates. The company therefore seeks to identify and assess these risks, enabling it to implement appropriate management measures far enough in advance 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:

- Identifying the internal and external events that affect the company's objectives.
- Risk assessment, pinpointing the potential causes and effects in terms of the likelihood of their occurrence and impact.
- Handling of the risks by management, who select the potential responses by implementing measures in accordance with the accepted risk and the company's risk tolerances.
- Continuously monitoring the identified risks via tools that track their development.
- Communicating the risks to ensure that stakeholders are aware of the key issues, to ensure the appropriate decisions are made in line with their expectations.

The main risks that affect the development of Indra's strategy are outlined in section 8 of the Management Report. The company also performs regular updates of risk identification via the different business units.

Risk management policies and procedures

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

Indra's Risk Management and Control Policy was approved by the Board of Directors in March 2016 and is regularly updated. The latest update was in March 2019.

The Risk Management and Control Policy is complemented by policies and procedures designed for Indra's main processes. These are also reviewed and regularly updated to ensure compliance with the legislation in force and the best practices for risk management.

Indra's Global Risks Unit has a Risk Management Manual which outlines the processes for the company's risk identification and management. The Three Lines of Defence Model which the company currently has in place has helped to increase the efficiency of the Internal Risk Management and Control processes.

The main procedures for Indra's Risk Management include:

- Risk Management and Control Policy
- Risk Management Manual and procedures
- Risk management criteria
- Code of Ethics and Legal Compliance
- Criminal Risk Prevention Programme
- Policies and procedures for Business Continuity and Information Security
- Occupational Risk Management System Prevention Programme
- Human Resource Policies
- Tax Policy
- Indra Project Management and Project Risk Management Method
- Procurement Policies and Procedures
- Sustainability Policy
- Human Rights Policy
- Diversity Policy
- Director Remuneration Policy
- Environmental Policy
- Position on Climate Change
- Energy Policy
- Statement on "Conflict Minerals"

For further information on the description of the risks and the risk management and control system, go to section 8 of the Management Report and section E of the Annual Corporate Governance Report, both of which are available on the company website.

Three lines of defence

The company has defined its Risk Management System in line with best international practice.

The Three Lines of Defence Model that Indra has in place has helped to increase the efficiency of the Internal Risk Management and Control processes. The model is structured as follows:

- The First Line of Defence is Operational Management, which comprises the management team and all other staff members who directly manage risk and are responsible for identifying, evaluating, managing and reporting any risk in the processes under their responsibility.
- The Second Line of Defence comprises the departments to which Indra's Internal Monitoring and Risk Management Systems are entrusted. These departments facilitate and oversee the application of effective risk management practices by the Operational Management units and help them to report information on risk. As part of this Second Line of Defence, the Global Risk Unit is responsible for creating the correct framework to allow Indra to anticipate, prioritise, manage and follow up the portfolio of risks that it may be impacted by. The Global Risk Unit reports directly to the Auditing and Compliance Committee and the Board of Directors.
- The Third Line of Defence is the Internal Auditing Department, which is responsible for ensuring a reasonable level of security regarding the operation of the Internal Monitoring and Risk Management Systems and for systematically auditing the First and Second Lines of Defence and the Compliance Unit.



Milestone in 2019: Internal Regulations of Indra's Tendering Committee updated to bolster the management of financial and non-financial risk in the first line of defence

Since 2017, Indra has had a Tendering Committee which is responsible for ensuring that the competitive bids submitted by the company are in line with the aims set out in its strategic plan, meet financial terms and conditions that will guarantee both a sufficient return and comply with the Code of Ethics and Legal Compliance, and with a manageable risk profile.

In order to perform these duties, the Committee must review and, where applicable, approve all the bids that may be considered critical in terms of price or volume, country of delivery, provision or execution, type of project or service and their risk profile, or in terms of the specific risk that applies to the Minsait or Transport and Defence markets.

Where non-financial risk is concerned, the Committee, which comprises representatives from both operational and corporate units, is required to ensure compliance with all the provisions set out in Indra's Code of Ethics and Legal Compliance, including issues relating to human and employment rights, Information Security and data protection, as well as trading in dual-use items, among other matters.

Since the Tendering Committee was created, approximately 50% of all bids tendered every year have been submitted for its approval.

Integration of risk management culture

In line with the framework principles set out in the COSO Report entitled Enterprise Risk Management, Integrating with Strategy and Performance (ERM 2017), the integration of risk management within the Indra culture is based on the following principles:

- **Definition of the desired culture:** Indra has established the basic principles and guidelines for action in order to ensure that all risk of any kind that could negatively affect the achievement of the Indra Group's objectives is identified, analysed, evaluated, managed and controlled in a systematic way, based on uniform criteria that fall within established thresholds or tolerance levels, all of which are set out in the company's Risk Monitoring and Management Policy and its criteria for the management of specific risks.

In addition, in its Code of Ethics and Legal Compliance the company sets out its principles for action by employees, and it also publishes an internal blog that offers guidelines and advice for the practical application of the Code of Ethics and Legal Compliance. As described in section 10, Indra is also pursuing a programme of cultural transformation with the aim of ensuring that the company's corporate culture supports the implementation of its strategy.

Finally, the organic dependence of the Global Risk Unit on the Auditing and Compliance Committee ensures the independence of the Indra Group's Risk Monitoring and Management System. Each year, the Board of Directors approves the Global Risk Map, which includes mitigation measures for all the main types of risk. The people responsible for risk regularly inform the Auditing and Compliance Committee of the degree to which these measures have been met.

- **Commitment to key values:** the company's key values (set out in the definition of its culture) are actively communicated to all Indra employees via the various channels at the company's disposal, including the onboarding courses for new recruits and the corporate Intranet. In addition, professional job profiles (particularly in the case of the management team) and annual performance assessments (Talent) are based around these key values. As part of the annual process for the preparation of Indra's Training Plan, the company identifies training requirements, including those that may be associated with risk management. In 2019, Indra used its Training Plan to develop specific training in important areas such as people management, project management and the management of tenders, ethics and compliance. Using these resources, the company controls risk such talent retention, compliance with project milestones and corruption and bribery. The variable remuneration paid to the heads of departments that manage company risk (e.g. the departments of compliance, prevention of occupational risk, Information Security, etc.) is dependent upon the proper management, disclosure and integration of such risk as part of the company's management duties.
- **Attraction, development and retention of skilled professionals:** this includes the identification of key professionals or groups and the preparation of specific plans. The cultural transformation programme is also aimed at increasing the commitment of Indra's workforce and the company's capacity to increase levels of employee retention.

Emerging risks

As part of the risk management cycle described above, Indra includes a timeline that allows it to identify, assess and manage any risk that may have an impact on the business over the medium or long term and that may require specific measures regarding mitigation or response.

The following are particularly notable examples of the emerging risk identified by the company:

- **Infectious diseases:** the appearance of the Coronavirus Covid-19 in China in January 2020 and its recent spread to a number of countries around the globe led to the outbreak being classified as a pandemic by the World Health Organization on 11 March 2020.

Bearing in mind the complexity of the markets in the wake of globalisation and the absence, for the moment, of any effective medical treatment against the virus, the consequences for the economy in general and for the Group's operations in particular are uncertain. They will depend in great measure on the way in which the pandemic evolves and spreads over the coming months, and on the capacity of all the economic players that are affected to react and adjust.

The Group's Directors and Managers are closely monitoring how events are unfolding and the impact that this is having on the company's operations and on its employees, customers and suppliers. Based on this, they are applying a series of intervention protocols that are in line with the recommendations and instructions received from the relevant health authorities and government institutions.

As part of these protocols, Indra has created a multidisciplinary team of senior executives who are constantly evaluating the measures to be taken. Among others, these measures include a specific analysis of people believed to belong to a particular risk group, the roll-out of measures such as offering employees the possibility of working from home or remotely, an analysis of specific measures for employees who are unable to perform their duties in this way and the establishment of working shifts at production plants. All of this is aimed at maintaining reasonable levels of production within the current context, while safeguarding the well-being of customers, employees and suppliers.

The Group's Directors and Management are continuously monitoring how events develop, with the aim of successfully overcoming any potential impact that may arise, whether financial or non-financial.

Given the considerations detailed above, it would be premature on the date on which this Report is being prepared to make a detailed assessment or calculation regarding the impact that COVID-19 will have on the Group, given the uncertainty of its consequences in the short, medium and long term.

More information about this risk can be found in the sections headed "Significant events after the reporting period" in the Management Report, and "Events after the reporting date" in the company's Notes to the Accounts.

- **Talent management and diversity:** Indra operates in certain sectors, such as those relating to digital transformation or the development of new products and high-tech solutions (the Internet of Things, the Cloud, Big Data, Analytics, etc.) which suffer from a shortage of professionals with STEM qualifications (Sciences, Technology, Engineering and Mathematics). This shortage is even greater in terms of women, who are very poorly represented in these areas. As a consequence, companies in the sector encounter risk when it comes to attracting and retaining key talent, if they are to maintain their technological leadership and position themselves at the forefront of the disruptive changes currently taking place.

Faced with this challenge, Indra has made a firm commitment to manage diversity and, more specifically, to recruit women, championing the eradication of gender stereotypes and encouraging young people to pursue careers in technology through a range of initiatives such as Indra HackDay. At a corporate level, Indra has an Equality Plan, a Code of Ethics and Legal Compliance, a Gender Diversity Programme and Gender Protocols that reflect the company's commitment to respect for the diversity of its employees (particularly as regards gender) and are aimed at consolidating an inclusive culture of equal opportunities for its entire workforce. In addition, in 2018 Indra launched its cultural transformation programme "Change from the Core", which seeks to improve its employees' levels of satisfaction, commitment and the pride they feel in belonging to the company. It also seeks to improve their working experience through the use of innovative strategic talent management measures based on diversity, the recruitment of young people, training, intrapreneurship and the flexible management of working models. For more information on talent management at Indra, see section 10 of this report.

- **Climate Change:** the physical risk that results from climate change and the adjustments that this requires, along with the company's adequate management and communication of this risk, may have a direct and indirect impact on Indra from an economic and reputational point of view, and this may be both positive (opportunity) and negative (risk).

As described in more detail in the following section entitled "Climate change risk and opportunity analysis", the transitional risks for Indra are associated with the investments that the company would potentially be required to make in order to adjust to increasingly strict legislation in the area of energy efficiency or the use of renewable energies, combined with a greater sensitivity and preference in the marketplace for less polluting solutions. The physical risk, on the other hand, comes from damage to infrastructure belonging to Indra, its customers or its suppliers as the result of an increase in the intensity and frequency of extreme meteorological phenomena.

As measures for mitigation or response, Indra set the target of reducing its CO₂ emissions by 75% per employee, based on scope 1 and 2 emissions, between 2013 and 2030. It also committed to developing technologies that would assist in the fight against climate change thanks to increased energy efficiency in its customers' operations, improvements in the prediction of climate events and the facilitation of the monitoring and reporting of carbon emissions. For more information on the technologies developed to combat Climate Change, see sections 2 and 12 of this Report.

Climate change risk and opportunity analysis

The risks and opportunities of Climate Change have been analysed by the Environment Unit following the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD), and they have been incorporated as part of the corporate Risk Management and Control System.

Indra has analysed the physical and transitional risks and opportunities relating to the company's business for a scenario involving a rise in global temperatures of 2°C from the pre-industrial era, setting the following objectives:

- A transitional analysis, in order to assess how Indra could advance towards a low carbon economy, identifying the strategy to be followed regarding compliance with the environmental requirements set out in law, the reduction of emissions and energy efficiency, among other issues. We take into consideration the risks and opportunities that could result from economic and legislative changes, and those that may be associated with investors, markets and reputational aspects.
- A physical analysis, in order to identify the impacts that gradual changes in climate (temperature, rainfall, sea levels) and potentially extreme climate events could have on the company's facilities and operations.

The company has identified and assessed the climate change risks that may affect its main facilities, with the aim of progressively minimising their impact via 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 on climate change management at Indra, see section 12.

Situation analysis		Risks	Opportunities	Possible responses
Transition	Economic	Increased taxes and duties in the energy and transport sectors that drive up production costs.	Promote sustainable energy and mobility management in the company.	Implement measures to improve energy efficiency Flexible working and car sharing initiatives.
	Regulatory	Entry into force of regulations that impose charges on or force a reduction in emissions, including greater regulation of energy efficiency at Data Processing Centres.	Improve competitiveness through the application of environmental requirements in more efficient production processes.	Analyse new legislative trends in order to get ahead of new legal requirements. Monitor future Climate Change legislation in different countries, which could include penalties for companies as the result of increased emissions, increased energy consumption, etc.
	Reputational	Negative publicity due to failing to meet commitments or regulation on the issue of Climate Change.	Transparency in the release of news and positive aspects relating to the environmental conduct of the company.	Set emission reduction targets. Indra has established a reduction target for between 2018 and 2030.
	The Market	Loss of business opportunities in the area of Clean Technologies and in the manufacturing of more sustainable and efficient products and services. Risk of losing contracts in public tendering processes.	Develop products and services aimed at improving energy efficiency of customer operations in relation to reducing emissions. Develop technologies that contribute to combatting Climate Change (e.g. improving the prediction and early warning capabilities related to climatic events).	Include environmental criteria when designing products and solutions.
	Investors	Loss of investors or negative analyst reports due to not meeting their criteria on Climate Change issues.	Approach new investors who are aware of the fight against Climate Change.	Consider Climate Change as part of the company's strategy and equity story and communicate this to investors.

Situation analysis		Risks	Opportunities	Possible responses
Physical	Critical	Rising temperatures mean increased energy consumption for cooling and air conditioning at work centres.	Improve the energy efficiency of company work centres and data processing centres (DPC) in order to reduce energy consumption and operating costs.	Establish a strategy for buying green energy in Spain, which can then be extended in a second phase to the countries in which more energy is consumed.
	Occasional	<p>Damage to workplaces as the result of incidents caused by climate events, including impact on Data Processing Centres from interruptions to the energy supply.</p> <p>There is risk to Indra offices located in regions that are more liable to suffer extreme climate disasters. For example, the Philippines and other areas of Asia.</p>	<p>Develop technology that assists in detecting and mitigating Climate Change risks.</p> <p>Anticipate risk of climate change incidents when choosing the location of work centres.</p>	<p>Consider Climate Change as part of Strategy and communicate this to investors.</p> <p>Indra is developing projects to mitigate Climate Change.</p>

6 Ethics and compliance

6.1 Compliance culture

The Board of Directors, Senior Management and each and every one of Indra's employees and partners assume the responsibility and commitment to establish a solid culture of compliance. Consequently, all employees and partners are required to apply the principles of integrity, professionalism and respect to all aspects of their work, complying with the current legislation and regulations, the Code of Ethics and Legal Compliance and the policies and procedures established by the company.

The Code of Ethics and Legal Compliance extends to the entire workforce at Indra and its subsidiaries, and also applies to and is mandatory for all the directors, representatives, suppliers and other third parties who provide their services to Indra or who act on behalf of Indra in any other way, such as agents, intermediaries and subcontracted companies, regardless of the territory in which they operate. In companies in which Indra has a minority holding or does not have operational control, the company ensures that the Code of Ethics and/or management principles applied by these companies are aligned with Indra's own Code of Ethics and Legal Compliance.

Indra Compliance Model

Indra's Criminal Risk Prevention Model (the "Model") was created, strictly speaking, in 2009, with the approval of the Code of Ethics and Professional Conduct, which set out the principles for professional conduct that all employees must apply when performing their duties. 2009 also saw the creation of: i) the Code of Ethics Monitoring Committee, which oversees application of the Code; and ii) the Direct Channel, as a confidential way of reporting issues relating to application of the Code.

Spanish Act 5/2010, which came into force on 23 December 2010, amended the Criminal Code and introduced the idea of the criminal liability of bodies corporate for the first time in Spain. As a result of this amendment, Indra adopted the following measures:

- Creation of a Compliance Unit (the "CU"), charged with establishing a set of measures and procedures for the detection and prevention of criminal conduct and other legal risks.
- Approval of the 2011 Compliance Programme, which contained the policies and procedures for action and defined the values and principles of the Code of Ethics, with the inclusion of the following general policies: i) anti-corruption and bribery (comprising a procedure for the contracting of commercial consultants, a procedure for requesting donations and sponsorship, and rules applicable to business gifts); ii) conflicts of interest; iii) moral harassment; and iv) subsidies and public grants.

It should be stressed that, according to a Report by Emisores Españoles, in 2011 only two of the organisation's 38 member companies had a Crime Prevention Model, one of these being Indra.

During 2015, the Company updated and made significant changes to its Criminal Risk Prevention Model.

Spanish Act 1/2015, which came into force on 1 July 2015, made further amendments to the Spanish Criminal Code regarding the liability of corporations, establishing that the adoption and effective implementation of adequate "organisational and management models" to prevent crime or significantly reduce the risk of crime would represent grounds for exemption from such liability. The Spanish Criminal Code also described how these models should be structured.

In line with the above, Indra took the following actions:

- 1) The Board of Directors approved a measure to make the CU depend on and report directly and exclusively to the Auditing and Compliance Committee (ACC). In this way, the CU became independent of all other areas within the Company, assuming responsibility for overseeing compliance with the rules set out in the Model and for enforcing the decisions of the Auditing and Compliance Committee.
- 2) As a result, the Code of Ethics Monitoring Committee was disbanded to avoid any overlap or duplication between the duties of this Committee and those of the CU.
- 3) In addition, an in-depth review was carried out on the Criminal Risk Prevention Model, which up to that point had been formed from the 2009 Code of Ethics and Professional Conduct and the 2011 Compliance Programme. These were now replaced by: i) a new Code of Ethics and Legal Compliance; and ii) a Manual for the Prevention of Criminal Risk in Spain and at the company's international subsidiaries. The Manual set out the model for the organisation, prevention, management and monitoring of criminal risk, following the guidelines set out in the aforementioned reform of the Spanish Criminal Code. This involved compiling existing procedures and controls for effective risk prevention and mitigation and making a detailed analysis of the risk that could hypothetically or potentially arise at Indra. The Manual was therefore based both on existing control systems and on systems that had been strengthened or introduced following the review made as a result of the criminal reforms, in order to comply with the aim of preventing and mitigating commission of criminal acts at Indra. The Manual included the design and structuring of: (i) a supervision, follow-up and verification model; (ii) control bodies; (iii) a financial resources management system; (iv) a disciplinary system; (v) a complaints channel; (vi) training; and (vii) controls to prevent the commission of crime. This Model is dynamic in nature, meaning that it is regularly reviewed, both in accordance

with the regulatory changes that arise and have an impact on it, and in view of the experience accumulated as incidents are processed. The Model was therefore reviewed in 2017, with amendments introduced to both the Code of Ethics and Legal Compliance and the Criminal Risk Prevention Manual in Spain. In 2019 Indra carried out a further review of the Model, incorporating among other changes: i) a new Protocol for fraud prevention, in line with the recommendation from COSO ERM; ii) the possibility of submitting anonymous complaints in Spain; and iii) the obligation for all employees to receive training in Ethics and Compliance. Indra also obtained AENOR UNE 19601 Certification for its Criminal Compliance System, details of which are given in the following sections.

Prevention of criminal risks

Indra's Criminal Risk Prevention Model includes the company's system for the organisation, prevention, management and control of criminal risks. The Criminal Risk Prevention Model, validated by highly-esteemed legal firms, is continuously updated in accordance with the most exacting national and international standards. Similarly, its internal regulations and elements are regularly adapted to align with Indra's corporate processes and business departments. This model is applicable worldwide and is outlined in the Criminal Risk Prevention Manual for Spain and in the Criminal Risk Prevention Manual for international subsidiaries (also covering administrative risks similar to criminal ones) Both manuals include the Code of Ethics and Legal Compliance as a key central control aspect of the Model.

The company has defined a control structure with the Board of Directors as the most senior decision-making body, the Audit and Compliance Committee (ACC), which is the control and monitoring body of the Criminal Risk Prevention Model, the Compliance Unit (CU), which is the body for executing the decisions made by the Audit and Compliance Committee, the Control Managers, Internal Auditing and the rest of the organisation. Within the international subsidiaries the directors act as the chief supervisors of the Criminal Risk Prevention Model locally. The duties performed by directors are carried out in accordance with the general principles and criteria established by the Auditing and Compliance Committee to govern regulatory compliance at a global level.

In July 2019, the Board of Directors approved a review of the Criminal Risk Prevention Manual for Spain which consisted of:

- Bringing the general controls provided for in the Manual into line with Indra's internal regulations.
- Including a reference to the update being carried out by the Company on the Model for the Prevention of Risk in Competition Law.
- Including the possibility of submitting anonymous complaints via the Direct Channel.
- Making training in Ethics and Compliance a mandatory requirement for all Company employees.
- Incorporating the recommendations proposed by AENOR when certification for UNE standard 19601 "Criminal Management and Compliance Systems" was obtained in 2018 (among others, following a proposal from the CU, and once the annual review of the criminal risk map has been presented by the Company, the Auditing and Compliance Committee will determine the risk threshold from which control levels are to be increased).
- Updating the list of criminal risks to which Indra may be hypothetically exposed.
- Incorporating the fraud prevention protocol approved by the Auditing and Compliance Committee in November 2018 in the Manual (following the recommendation from COSO - Internal Control Framework 2013), along with the CU's protocol for action approved by the Auditing and Compliance Committee in June 2019.

The Manual for the International Subsidiaries was also updated accordingly in July 2019.

In November 2019, AENOR made its first monitoring audit of the UNE 19601 certification mentioned above and once again underlined the existence of "non-conformities", setting out certain recommendations for the Model's improvement, which will be implemented in 2020, but also classifying the following as strong points:

- Analysis of the measurement of reputational risk carried out by the Global Risk Department.
- The review of the Model for the Prevention of Risk in Competition Law.
- The efforts made in both the online training and the classroom sessions provided at the international subsidiaries in order to make their content more appealing.

In September 2019, Indra Peru obtained ISO 37001 "Anti-Bribery Management System" certification. In its final report, AENOR underlined the lack of "non-conformities" and suggested certain areas in which the Model could be improved. These improvements will be introduced in 2020. AENOR also mentioned the following as strong points:

- The crime prevention culture predates the decision of certification for the anti-bribery management system.
- The IT tools used to record all of the Company's transactions facilitate tracking controls, all of which creates an environment that is more favourable to the operation of an anti-bribery management system.

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 relating to the Anti-corruption and Bribery Policy, Information Security and Protection of Competition. This update is available on the internal and external company 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 Labour Organization and the principles of the United Nations Global Compact. In addition, this 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 regarding legal compliance. These rules of conduct relate to:

- Corruption and bribery.
- Conflicts of interest.
- Information security.
- Moral and sexual harassment
- Foreign trade involving defence and dual-use material.
- Subsidies and public aid.
- Environment.
- Good tax practices.
- Management of economic-financial information.
- Protection of competition.
- Money laundering and the financing of terrorism.
- Health and safety in the workplace.
- Relations with governments and authorities.

Direct Channel

The Code of Ethics and the Criminal Risk Prevention Manual establish the operational guidelines for the Direct Channel (canaldirecto@indra.es). The Direct Channel is the confidential tool provided by the company to all Indra employees and other partners so that they can report any queries regarding the interpretation and application of the Code of Ethics and its implementation regulations, as well as any illegal behaviour or any irregularity or offence detected in relation to the Code and its regulations. In June 2019 the Direct Channel was adapted to allow complaints to be made anonymously, thus complying with the data protection regulations.

As regards the processing of messages received via the Direct Channel, the confidentiality of these messages is guaranteed, and it is expressly forbidden to take reprisals against anyone who informs Indra in good faith of a possible breach of the Code of Ethics and Legal Compliance, the Criminal Risk Prevention Manual or any of their implementing regulations, or of any behaviour that is potentially illegal and/or, where applicable, may give rise to a criminal risk; or against anyone who assists in the investigation of such breaches or helps to resolve them. However, the relevant measures may be taken against anyone who acts in bad faith with the aim of spreading information that is false or harmful to other people.

In 2019 the Direct Channel received 407 messages, directly addressed to the Channel or by other means (notwithstanding their subsequent referral by the Direct Channel Compliance Unit, as detailed in the Compliance Unit Protocol for action). This is a 33% increase in messages received compared to 2018, demonstrating the growing confidence of Indra's employees in the company's compliance mechanisms and its compliance culture.

All of the messages were correctly dealt with by the Compliance Unit. In order to deal with these messages, the CU took all action it deemed necessary or useful to ensure proper clarification of the events or behaviour reported and to respond to the queries submitted, doing so in the quickest possible time and in line with the legislation in force. In relation to the complaints made, measures have been taken, disciplinary or otherwise, in accordance with the Compliance Unit Action Protocol.

The 407 messages received break down as follows:

- 270 different queries regarding donations and sponsorship, conflicts of interest, business gifts and requests for information by third parties on the Criminal Risk Prevention Model. In terms of the latter, 75 requests for information/due diligence were received by customers and partners, which represents a 159% increase on the requests made in 2018.
- 137 irregularities relating to the Code of Ethics and Legal Compliance (76 of which related to alleged harassment and unacceptable behaviour).

The disciplinary measures adopted in 2019 as a result of 22 of the irregularities mentioned above (some of which involved more than one person) were as follows: 16 dismissals, 5 reprimands, 2 suspensions without pay and 10 official warnings from the HR Department or the Compliance Unit. Generally speaking, all of these related to breaches of Indra's internal procedures and offences connected with fraud, harassment and unacceptable behaviour, the prevention of occupational risk and impersonating others.

Risk assessment and auditing and compliance monitoring

Indra has a Global Risk Map in which it identifies the most important risks and sets out its plans for mitigation, and this is submitted to the Auditing and Compliance Committee and the Risk Coordination Unit.

In compliance with the Criminal Risk Prevention Model, the Compliance Unit conducts various exercises each year to assess criminal risks and evaluate if they should be integrated into the company's global risk map. More specifically, it has identified and evaluated criminal risks globally, as well as identifying and evaluating criminal and equivalent administrative risks at its subsidiaries in Peru, Argentina and Brazil. The CU evaluated the criminal risks identified in accordance with its global methodology, which was validated by an international firm in 2016 and confirmed following the audit conducted by AENOR in 2018 and the subsequent monitoring review in November 2019 (UNE 19.601).

In addition, as required under the Criminal Risk Prevention Manual, in 2019 the CU made its annual self-assessment of certain criminal controls by submitting its "Self-assessment Statements" to all the heads of department involved. The purpose of this process was to check the adequacy of the design and efficacy of these controls, and it concluded that they were operating correctly.

At an internal level, in July 2019 the Internal Auditing Department carried out an audit on the effectiveness of all the criminal controls in which certain opportunities for improvement were detected, and the relevant changes will be implemented in 2020.

Integration of ethical principles and compliance in relation to third parties

In 2019 the Compliance Unit endorsed the preparation and/or modification of the internal regulations, due to internal organisational changes, opportunities for improvement detected by AENOR in its certification process and monitoring review for UNE 19601 "Criminal Compliance Management Systems", the review carried out by the Internal Auditing Department on the effectiveness of criminal controls, the internal requirements of some Company divisions and the requirements that had emerged as a consequence of investigations carried out by the CU itself.

In 2019, the Company prepared an internal procedure relating to corporate acquisitions and transfers and mergers with third parties, for the purposes of defining the procedure that would govern the acquisition and/or transfer of companies and/or businesses, and the merger between a third party and any of the companies belonging to the Indra Group. This procedure established an obligation to complete a full due diligence process, consisting of understanding the business in detail, along with the most important compliance, finance, tax, legal, employment and administrative issues involved.

In terms of third party reputational risk, the company's internal regulations for the contracting of commercial consultants, strategic advisors and suppliers establish, as a requirement before they are engaged, that a report must be prepared on the third party in question, using tools that manage reputational risk and that, in all cases, include information relating to the holding of public office, with details of the parties involved and the dates on which their mandates begin and end. In the event that any of these parties is a Politically Exposed Person (PEP), authorisation to engage in private activity will be obtained, where applicable, under the terms of the applicable legislation.

In addition, Indra's internal regulations on Tendering require the receipt of a prior analysis of customer reputation, in accordance with the database tools used by the company to manage reputational risk, in the case of countries that are at risk according to the Corruption Perceptions Index. The Compliance Unit has coordinated a review of the Internal Regulations of the Tendering Committee, which was approved by Indra's Board of Directors on 19 December 2019.

Training and raising awareness

Indra is constantly working to raise employee awareness of the Criminal Risk Prevention Model and the Code of Ethics and Legal Compliance via on-site and online training sessions.

After training 92% of the active workforce in Spain and the international subsidiaries up to 2018, the CU has carried out the following training initiatives on "Ethics and Compliance" in 2019:

- An online course designed for all employees in Spain and international subsidiaries. Contents: bribery and corruption (business gifts), competition rules, conflicts of interest, employee expenses, Information Security (software licensing, confidential information, passwords and data protection), moral harassment and the Direct Channel. Result: 98% trained considering the average workforce in 2019.
- On-site sessions (46) aimed at the management team and project leaders at 10 subsidiaries (Colombia, Peru, Chile, Argentina, Brazil, Norway, Italy, Mexico, Portugal and the Philippines). Contents: bribery and corruption (business gifts), conflicts of interest, Information Security, moral harassment, competition rules and the Direct Channel. Result: 86% trained.
- On-site session for the Board of Directors on the Criminal Risk Prevention Model, with particular emphasis on the key procedures contained in the Model.

In addition, the Compliance unit gave the following specific on-site sessions during 2019:

- Session aimed at the directors and management team in the General Services Department in Spain and LATAM. Contents: bribery and corruption (business gifts), conflicts of interest and the Direct Channel.
- Sessions on the Code of Ethics for all employees working on business lines in the Defence and Security market, with particular emphasis on the rules of conduct regarding defence and dual-use materials. These sessions will continue to be given in 2020.
- Sessions for international suppliers in Brazil, Mexico and Colombia. This training will continue to be given in 2020 via online sessions.

In addition, on the subject of awareness and with the aim of maintaining a culture of compliance among all of the company's employees, in 2018 the Compliance Unit created a blog called "Do The Right Thing". Bi-monthly entries have been posted on this blog during 2019 regarding the main rules of conduct of the Code of Ethics and Legal Compliance. The whole workforce can access this content via the company intranet.

The Company's Department of Communications, Branding and Corporate Social Responsibility also published a number of notices in the press and on social media in 2019.

Anti-corruption

Indra rejects corruption and any illegal practice and is committed to complying 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. Indra's Criminal Risk Prevention Model establishes certain controls that are regularly carried out within the different departments of the company in order to mitigate these risks. These controls are carried out via multiple internal policies and procedures related to, among others, the following departments:

- Procurement: Procedure for the Selection and Standardisation of Suppliers and Chains of Authorisation for the issuance of purchase orders.
- Corporate takeovers and operations: Procedure for corporate mergers and acquisitions.
- Bids: Internal regulations of the Tendering and Procedural Committee for the control and monitoring of Temporary Consortia (UTES).
- International market: Procedures for the hiring of commercial consultants and strategic advisors.
- Strategy: Policy on the authorisation of Donations and Sponsorships.
- Administration: Procedure for employee expenses and business gifts.

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

Incidents of corruption and action taken in response

In a Ruling dated 2 September 2019, Central Court of Instruction No. 6 of Spain's National Court ordered the parent company to appear as one of the parties being investigated in a process known as the "Punica Operation" (Preliminary Proceedings 85/2014, heard by the same court). This related to alleged events that may constitute a continuous offence of bribery linked to the irregular financing of a political party. Testimony was heard from Indra's legal representative on 10 October 2019.

The company is collaborating voluntarily and proactively with the Court and the Public Prosecutor, providing all of the information in its possession that is pertinent to instruction of the Proceedings, along with all the information and documentation that it has been asked for in relation to the events being investigated.

None of the company executives or employees who have been summoned to appear as investigated parties in the preliminary Proceedings remain linked to Indra.

These proceedings, which began in July 2014, are still at the instruction stage, and it is therefore not possible at this time to predict how long they will last or the potential results or implications that they may have for the Company.

As regards the measures adopted, we would particularly note the following: (i) the Compliance Unit has opened up a file on this case; (ii) the CU reports each month to the Auditing and Compliance Committee and the Board on how the case is progressing; (iii) the company is collaborating proactively with the Court, providing any information and documentation that may be relevant to a clarification of the facts; (iv) the Compliance Model is being reviewed and updated (as detailed above); (v) internal controls and procedures are being reviewed and updated; (vi) employees are being given mandatory internal training and information campaigns on legal compliance; and (vii) disciplinary measures are being taken in relation to employees.

Money laundering

Via 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 prevention of money laundering (and the financing of terrorism). For this purpose, it undertakes not to engage in practices that may be regarded as irregular vis-à-vis its relationships with its customers and suppliers. To fulfil this commitment the company has developed internal procedures that establish controls to mitigate the risk of money laundering, especially those related to cash payments.

Prevention of anti-competitive risk

Indra undertakes to comply with the rules and good practices governing the defence of competition. The Code of Ethics and Legal Compliance establishes that Indra's employees and partners:

- Must avoid any practice that is aimed at restricting or falsifying free competition, such as direct or indirect price fixing or market or customer sharing.

- Are obliged to avoid any action that could constitute unfair competition or misleading advertising, or any action involving the passing on or omission of information that does not reflect reality or could cause error, or any statement about the activities, products or services of a competitor designed to harm its reputation in the marketplace.
- If they have access to third party information, including information regarding the competition, they must comply with the relevant legal requirements, along with the Rules of Conduct relating to Information Security set out in Indra's Code of Ethics and Legal Compliance.

To this end, in 2019 the company completed a review of the Model for the Prevention of Risk in Competition Law by taking the following actions:

- February 2019; a Working Group was created, made up of representatives from the Compliance Unit, Internal Auditing, Legal Services and consultants from Minsait, to identify and make a detailed evaluation of the competition risk to which Indra is most exposed; the controls associated with this type of risk were subsequently updated.
- May 2019: the company published its "Mandatory Rules in the area of Competition Law", which implemented provisional controls that will apply until the Model has been rolled out in full.
- October 2019: Indra's Board of Directors approved the Manual on the Prevention of Risk in Competition Law, which has been reviewed by an external legal firm and which defines the model for the organisation, prevention, management and control of anti-competitive risk at Indra, with the aim of improving control over and mitigating any risk of collusion to which the company may hypothetically be exposed; this catalogue of risk will be updated on an annual basis. At present, the Manual applies to Spain, Europe and Norway, though it will gradually be adapted and implemented in other territories.
- The controls mitigating anti-competitive practices have been increased, with particular emphasis on the presentation of bids as part of a consortium or Temporary Consortium ("UTE") and subcontracting.
- December 2019: Indra's Board of Directors approved the updating of the Internal Regulations of the Tendering Committee to include all of these issues.

During the second half of 2019, the Compliance Unit sent out internal communications and posted notices on the company's internal network giving information about this update.

Incidents of anti-competitive practices and action taken in response

The CNMC has published three rulings in which it has ordered the initiation of proceedings against the Company: proceedings S/DC/0565/15 "Tenders for computer software", proceedings S/DC/0598/2016 "rail electrification and electromechanics", and proceedings S/DC/0627/18 "consultancy firms".

During the hearing of these sanctions proceedings, Indra has collaborated actively with the CNMC with a view to clarifying the events forming the subject of investigation. As regards the measures adopted: i) regular on-site and online courses on Competition Law have been given, under the heading "Competition Law Workshops", and these have been attended by the company's Senior and Middle Management Team; ii) the internal mechanisms used to control some forms of collaboration with companies have been strengthened when these collaborations may be conflictive for the competition authorities, such as temporary consortia, consortiums and joint ventures, in such a way that all the bids that make use of these structures are subject to specific legal controls; and iii) in line with its firm commitment to establish a strong culture of compliance, Indra sends a robust message through its Code of Ethics and Legal Compliance that it opposes the commission of any illegal act by any of its employees or collaborators (including the representatives, suppliers and other third parties who supply Indra with services or who act on behalf of the company in any other way).

6.2 Respect for and protection of Human Rights

The principle of respecting and protecting Human Rights forms the bedrock of Indra's culture and applies to all activities carried out by its employees, regardless of the country or region where they operate.

As a benchmark, the company acts in accordance with the international frameworks in matters of Human Rights, including the International Bill of Human Rights, the principles relating to these rights set forth in the Declaration of the International Labour 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 does not 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 employees and third parties, including the Code of Ethics and Legal Compliance. Authorised suppliers accept either Indra's Code of Ethics or they have their own policies which are aligned with this Code.

The training related to aspects concerning respect for Human Rights covers topics 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 through online and on-site courses. For further information, see section 6.1 of this report.

Due diligence regarding Human Rights

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

The first point actioned as part of this strategy in 2018 was the drawing up of a map of Human Rights topics for the businesses, the different corporate units and the value chain as a whole. The purpose of this initiative was to identify and assess the situations and activities with the greatest direct or indirect risk of negatively impacting these rights. Moreover, an analysis was conducted on the existing coverage of the topics identified on the company's global risk map.

The relevant issues were grouped together by their importance either to the organisation as a whole (multi-disciplinary issues) or to the Transport and Defence or Information Technology business divisions. In each case, the significance of the issues was determined based on the criteria of the Guiding Principles.

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

As regard human rights risk in the supply chain, and as part of the corporate risk management framework described in more detail in section 5 of this Report, particular mention should be made of the undertaking made by Indra in its Statement on "Conflict Minerals", which is aimed at contributing to greater control of the ethical origins of the metals used in the electronic components that the company markets.

6.3 Ethics in institutional relations

Indra's business, which involves the delivery of solutions, products and services in both the public and the private sphere, is linked to sectors that are important for the stability and security of individual states and communities and their economic and social development, such as, among others, defence and security, transport, energy, telecommunications, financial services and health. It is therefore closely linked to the development and future sustainability of society and the welfare of the general public. Given the importance of these business sectors, in some cases they tend to be linked to and/or regulated by public institutions, both in Spain, the territory in which the company mainly operates, and in other countries. It is therefore key to Indra's business to maintain open and transparent collaborative relationships with public authorities and other state-linked institutions.

In compliance with the above, the company has a strategy to establish the most fluid and efficient channels of communication with the State bodies that are of interest to its business, at all political and administrative levels, both in Spain and abroad. It similarly pays particular attention to the State bodies that have a presence in the international arena (including those that promote the international expansion of Spanish businesses) and the Spanish Foreign Service. This strategy therefore applies to the company's relations with the governments and other public institutions of the countries in which it operates, and to their foreign diplomatic missions and international organisations. These collaborative relations in the public sphere outside Spain are extremely important for Indra's business in terms of reinforcing its brand image and reputation and, ultimately, attracting new business.

However, it should be emphasised that these types of relations are provided for and regulated in the various sections of Indra's Code of Ethics and Legal Compliance, in order to ensure that the conduct of the company's employees remains in line with generally accepted ethical principles and the regulations in force in each of the countries in question.

In particular, the Code of Ethics and Legal Compliance sets out the following obligations for Indra's employees in this regard:

- The prohibition of donations to political parties: the Code of Ethics and Legal Compliance prohibits any direct or indirect financing of political parties, their representatives or candidates.
- The prohibition of facilitating payments and restrictions on business gifts: under an appendix on business gifts, the Code of Ethics and Legal Compliance prohibits so called facilitating payments and limits the conditions and amounts in which Indra employees are allowed to offer business gifts to public officials.

As the Code of Ethics and Legal Compliance sets out, Indra's internal procedures and processes include certain additional control measures relating to the engagement of politically exposed persons, given the greater risk of bribery and corruption to which these kinds of relations are subject. In any case, Indra is committed to complying with the legislation in force regarding transparency of lobbying activities. Within the European Union, the main market in which the company operates, information is published on the [Lobbyfacts](#) portal and in the [EU Transparency Register](#).

Indra's institutional activities also include planning the strategic management of relations with a range of external stakeholders, not just public decision makers. In this way, its participation in associations and organisations in both the general sphere and within its own business sector provides a space for dialogue in which potential scenarios, both positive and negative, can be evaluated. This offers a way of channelling the visions and needs of companies and

institutions that provides administrations and other important players with information and ultimately assists them with their decision-making. In some cases, the legal remit of these representative institutions specifically includes the power to consult with State bodies with regard to the public policies implemented by government (such as, for example, the Spanish Chamber of Commerce). Any actions that may result in influence from a company like Indra being applied through these institutions is, therefore, governed by law. In this regard, anticipating the impact of any regulatory or policy change is key to the company's business strategy.

Actions associated with institutional relations, such as attendance at and/or participation in public meetings, forums and seminars, are necessary in order to develop political, economic and social intelligence. They give the company visibility, facilitate its positioning and protect and enhance its reputation.

Therefore, when Indra enters into agreements with associations of different kinds, or engages in direct contact with governments or their representatives abroad, it is careful to ensure that their lobbying activities conform to the same principles of cooperation and transparency that are set out in Indra's own Code of Ethics and Legal Compliance, as described above.

During 2019, Indra maintained collaborative relationships with associations in the general sphere and its own sector, as well as with lobbying and dialogue groups. The most important of these are listed below:

Transport and Defence	
AED – Aeronautics, Space and Defence Cluster UNIFE - European Rail Supply Industry Association ALAMYS - Latin American Metro and Subway Association ASD – Aerospace and Defence Industries Association of Europe Australian Railway Association CANSO – Civil Air Navigation Services Organisation CETREN - Rail Action Association	EOS – European Organisation for Security Eurocae EUROSPACE ITS Spain - New Technologies in Transport Forum MAFEX - Spanish Railway Association TEDAE - Spanish Association of Defence Technologies, Security, Aeronautics and Space UITP – International Association of Public Transport UNIFE - European Rail Supply Industry Association
Information Technology	
ABES - Brazilian Association of Software Companies, AMITI - <i>Asociación Mexicana de la Industria de Tecnologías de la Información</i>	Spanish Association of Consulting Companies ENERTIC Platform - Platform for ICT companies for the improvement of energy efficiency
Innovation and Sustainability	
AEC - Spanish Quality Association AEC - Spanish Association of Consulting Companies <i>Forética</i> OECC - Spanish Climate Change Office	Global Compact Spanish Platform for Climate Action SERES - Responsible Business and Society Foundation
Foundations and Associations devoted to forming relationships with foreign states	
Spain-Australia Council Foundation Spain-Brazil Council Foundation Spain-China Council Foundation Spain-Colombia Council Foundation	Spain-USA Council Foundation Spain-India Council Foundation Spain-Peru Council Foundation <i>Fundación Iberoamericana Empresarial</i>

In 2019, Indra contributed a total of 1,568,798 euros (1,632,757 euros in 2018) to associations and organisations associated with political and institutional lobbying. The most significant of these contributions are listed below:

Most significant contributions (not an exhaustive list)			
<u>ASD</u>	59,348 euros	<u>AEC</u>	43,539 euros
<u>TEDAE</u>	118,801 euros	<u>Spanish Chamber of Commerce</u>	75,000 euros
<u>EOS</u>	14,520 euros	<u>Confederation of Employers and Industries of Spain (CEOE)</u>	25,000 euros
<u>UITP</u>	21,032 euros		
<u>UNIFE</u>	10,300 euros		

In short, the company's public lobbying activities are directed towards supporting its business interests, stressing the importance of investment in innovation and its potential to contribute to economic and social development, and highlighting the impact of the company's solutions, products and services on society, on people and, therefore, on the pursuit of the Sustainable Development Goals (SDGs). In this way, the company showcases the positive effects of innovation and technology and their potential to make a contribution in a range of areas such as energy, health, education, financial inclusion, access to essential resources such as water, sustainable mobility, security and defence, combatting climate change through solutions aimed both at adapting and mitigating its effects, improving the way in which public administrations function, and promoting and consolidating democratic societies through transparent

election processes that are in line with international standards, among other benefits. Indra therefore legitimately promotes its commercial interests within the limits imposed by the company's Code of Ethics and Legal Compliance.

6.4 Responsible taxation

Indra has a fiscal strategy and a governance model that ensures that tax activities are conducted within a framework founded on ethics, transparency and integrity.

As indicated in the Code of Ethics and Legal Compliance in relation to good tax practices, the company's business involves making a series of decisions that have an impact and effect in the field of taxation. The company therefore undertakes to comply with its tax obligations in all the territories and jurisdictions in which it conducts its activity, always pursuing 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, which applies to all Indra companies in all the countries in which it operates. This Policy is reviewed on an annual basis by the Auditing and Compliance Committee and the Board of Directors.

The following principles are defined as part of this Tax Policy, and they mirror the principles set out in the Code of Good Tax Practices:

- Complying with tax regulations in the various companies and territories in which the Group operates, paying any taxes that are due in accordance with their respective legal requirements.
- Promoting practices that are aimed at preventing and reducing significant tax-related risk, ensuring that tax payments properly reflect the structure and location of the Group's activities, its human and material resources and its levels of risk.
- Adopting tax-related decisions on the basis of a reasonable interpretation of the regulations in force in respect of the Company's activities.
- Complying with the internal procedures established in relation to the taking of tax decisions and the procedures implemented to monitor fiscal risk.
- Informing the Board of Directors of the principal tax implications of the operations or matters submitted for its approval, such as operations that do not fall within the ordinary course of the company's business, corporate restructuring processes, investments, or the opening of new businesses.

Tax risks are analysed, reviewed and managed as part of the Risk Management governance model. In addition, Indra's Tendering Committee evaluates the tax risks of the bids submitted globally by the company and seeks external advice for complex bids where required.

Governance of fiscal policy

Indra's General Finance Department, acting through the Group's Global Fiscal Department, is responsible for ensuring the proper application of the company's fiscal policy and for identifying and managing any potential associated risk. As already mentioned above, the Tendering Committee (which the Finance Department forms part of) assesses the fiscal risk involved in the bids tendered by the company.

On a regular basis, and at least once a year, the Tax Department reports to Indra's Auditing and Compliance Committee (which is the body appointed by the Board of Directors to oversee the management of tax matters and fiscal risk) on the company's performance in respect of tax-related issues.

In addition, the Auditing and Compliance Committee and the Board of Directors must approve any company operation in countries regarded as tax havens, in order to ensure that Indra's activities in those countries are strictly business-related.

Tax management is subject to Indra's internal risk management system, and as a consequence it is submitted for close scrutiny by the Risk Management, Compliance and Internal Auditing Departments. In this regard, the Direct Channel is available for any employee or external stakeholder who may wish to make any comment regarding the company's tax management.

Stakeholder relations

The fiscal undertakings that Indra sets out in its Code of Ethics and Legal Compliance in relation to its tax-related obligations in all the territories and jurisdictions in which it operates and in which it always pursues prudent tax policies also apply to its relations with external advisors in matters of tax policy.

The sub-section headed "Institutional Relations" in section 6 of this Report contains a description of Indra's relations with organisations that could potentially be aimed at gaining political influence. Indra's relations with these institutions are at all times governed by principles of both transparency and caution. As explained in this section, Indra's main objectives relate to the promotion of innovation and sustainable development through technology.

Indra maintains collaborative relationships with the various Tax Authorities that it comes into contact with as the result of its activities, based on principles of transparency and good faith.

The company promotes the transparent, clear and responsible communication of its main tax figures, through the forwarding to its various stakeholders of information relating to the payment of all the taxes that it is required to pay in each of the jurisdictions in which it operates.

Tax contribution by country

The following table contains a breakdown of information relating to the corporate income tax and the profit/(loss) obtained in the various tax jurisdictions in which Indra operates.

Business activity in jurisdictions regarded as tax havens is conducted exclusively for commercial and business reasons. Entry and exit strategies in these jurisdictions are not motivated by tax issues. Indra only operates in these territories as a result of ongoing projects.

Geographic Area / Country	Profit/(loss) in thousands of euros (Note 1)	Corporate Income Tax in thousands of euros (Note 2)
Spain (*)	108,732	(10,299)
Spain	108,732	(10,299)
<p>(*) The total tax amount paid for the financial year (€10 million) is not calculated on the basis of the profit/(loss) shown in this report (€108 million), as the figures used are different. The profit/(loss) is calculated by applying the IFRS accounting principles, and this is different from the pre-tax accounting result for the Group in Spain, which is calculated in accordance with the rules set out in the Spanish General Chart of Accounts and which serves as the legal basis for calculating the tax due (the main difference being that goodwill is not amortised under the IFRS rules). The pre-tax profit/(loss) for the Spanish companies according to the Spanish General Chart of Accounts amounts to €68 million. This profit/(loss) includes the dividends that have already been taxed within the company that generated the profits that led to their distribution, in the amount of €33 million, and the profit/(loss) obtained from permanent establishments, which are also taxed in the country in which they are generated and which amount to a net loss of €6 million. As a result, using standardised criteria, the adjusted pre-tax figure on which tax is legally payable amounts to €41 million and the payment effectively made for the financial year was €10 million. The taxes described here are on a cash basis (see Note 2 to the Consolidated Annual Accounts), and they include (i) payments on account during the 2019 financial year, (ii) the withholdings made, and (iii) tax rebates from the previous year. In Spain, the final tax payment is carried out regularly by Spanish companies based on the profit gained, applying the appropriate adjustments and deductions.</p>		
Europe and North America	32,817	(13,801)
Germany	1,234	(323)
Belgium	3,108	(114)
Bulgaria	(71)	-
Canada	177	(11)
Slovakia	(240)	78
USA	(3,602)	(137)
Greece	(33)	1
The Netherlands	0	-
Ireland	(314)	-
Italy	19,067	(7,354)
Latvia	0	-
Lithuania	117	-6
Moldova	293	123
Norway	5,434	(3,975)
Poland	(573)	-
Portugal	2,347	(1,002)
United Kingdom	5,826	(841)
Czech Republic	940	(179)
Romania	315	(61)
Turkey	(1,208)	-
Latin America	36,968	(10,087)
Argentina	(346)	(186)

Geographic Area / Country	Profit/(loss) in thousands of euros (Note 1)	Corporate Income Tax in thousands of euros (Note 2)
Bolivia	(408)	-
Brazil	8,184	(2,223)
Chile	4,100	(897)
Colombia	8,188	(5,589)
Costa Rica	35	-
Ecuador	261	(8)
El Salvador	(146)	-
Guatemala	0	(5)
Honduras	(67)	(258)
Mexico	10,044	679
Nicaragua	205	36
Panama	2,921	(175)
Paraguay	(22)	0
Peru	1,525	(1,207)
Puerto Rico	230	(71)
Dominican Republic	2,235	(181)
Uruguay	30	(1)
Asia, Middle East and Africa (EMEA)	(955)	(2,294)
Abu Dhabi	(2,101)	-
Saudi Arabia	18,248	(1,016)
Algeria	(4,883)	-
Australia	(10,602)	(126)
Bahrain	(845)	-
China	(670)	-
Dubai	1,575	-
Egypt	(1,503)	-
Philippines	6,047	(1,143)
India	(454)	(90)
Indonesia	441	-
Kazakhstan	3,374	-
Kenya	325	-
Kuwait	(11,413)	-
Malaysia	(1,190)	27
Morocco	(1,655)	30
Nigeria	(16)	-
Oman	1,581	-
Senegal	(265)	-
South Africa	3,307	-
Thailand	(397)	-
Tunisia	88	25
Zambia	53	0

Geographic Area / Country	Profit/(loss) in thousands of euros (Note 1)	Corporate Income Tax in thousands of euros (Note 2)
Total	177,562	(36,481)

Note 1. The profit/(loss) reported, corresponds to the consolidated profit/(loss) before tax attributed to each country, applying the IFRS accounting principles.

Note 2. Income tax paid in each country, includes the payments on account of income tax for the current year, the final payment of the tax from the previous year, as well as any withholdings or other similar items.

Note 3. For more information relating to tax status, see Note 37 of the Consolidated Annual Accounts.

Throughout 2019, 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 45 professionals who provide support for a large healthcare project.
- Panama; the company has a work centre with 114 employees. It is undertaking various projects such as the Panama Canal expansion project, as well as consulting, supervision, inspection and monitoring services for various works in the country.
- Gibraltar; Indra has carried out the maintenance of the airport systems installed at Gibraltar airport.
- Jordan; the company has primarily been involved in consulting and managing projects for the identification of optimal financing agreements for the country's roads.

In 2019, Indra also engaged in specific activities in countries or territories such as Andorra, Fiji, Granada, Cook Islands, Lebanon, Oman, Seychelles and Tunisia, which are also considered as low taxation jurisdictions according to the aforementioned institutions. The amount that this business represents as a percentage of the company's total revenue is virtually insignificant and is due to the company's commercial activity.

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

7 Undertakings to stakeholders

In its Sustainability Policy, Indra commits to certain fundamental principles that govern the way it conducts its relations with the company's various stakeholders. The following table provides information on the advances made and the company's performance in its relations with stakeholders.

The advances made in relation to each of the undertakings made by the company are described in the following sections:

Stakeholder	Summary of the policy undertaking made	Section of the report in which it is described
Shareholders	Guaranteeing shareholder rights	Shareholders and investors: shareholder rights
	Guaranteeing representation of the interest of all shareholders	Identity and good governance: governing bodies
	Ensuring diversity on governing bodies	Identity and good governance: diversity on the Board
Customers	Guaranteeing security and the highest standards of quality	Customers: quality
	Managing projects responsibly	Customers: responsible product design
	Facilitating communications with the company's customers	Customers: complaints and claims Customers: customer satisfaction rate
	Guaranteeing data protection	Business model: data protection
Employees	Promoting creativity and innovation	Employees: innovation
	Integrating employees into the workforce and supporting their development	Employees: diversity management
	Promoting employment stability	Employees: stability, work-life integration, social benefits and compensation
	Promoting safety, health and well-being	Employees: occupational well-being
	Broadening the channels of communication with employees	Employees: cultural transformation and talent management
Suppliers	Guaranteeing rights of social dialogue and collective negotiation	Employees: dialogue with employees
	Integrating principles of responsibility and sustainability in the management of the supply chain	Suppliers: supplier management model
	Maintaining standards of respect for Human Rights	
	Dealing with suppliers fairly and impartially and encouraging local contracting	Suppliers: model for relations with the supply chain
Local communities	Applying due diligence processes in relation to third parties	
	Developing solutions that benefit the development of a more integrated society	Environmental impact and contribution to social causes: contribution to social causes
	Promoting STEM careers	Environmental impact and contribution to social causes: contribution to social causes Employees: innovation
	Promoting employee participation	Environmental impact and contribution to social causes: contribution to social causes
Company	Developing fiscal activities in a framework of ethics, transparency and integrity.	Ethics and compliance: responsible taxation
	Making a commitment to combat climate change	
	Minimising environmental impact on facilities, operations, solutions and services	Environmental impact and contribution to social causes: environmental impact management
	Incorporating circular economy principles	

8 Shareholders and investors

8.1 Shareholder rights

Indra's share capital stands at €35,330,880.40 comprising 176,654,402 ordinary shares, each with a par value of €0.20 (20 euro cents). As set out in the Regulations governing the General Shareholders' Meeting, Indra's relations with its shareholders are founded on principles of equal treatment among shareholders, transparency and the continuous provision of comprehensive information.

As a consequence, under Article 12 of these Regulations, each share entitles the holder to one vote, and the resolutions proposed at the General Shareholders' Meeting, whether held in ordinary or extraordinary session, will be adopted by a simple majority of votes, except where the Law requires a specific majority.

Similarly, under the terms of Article 3 *bis*, any shareholder representing at least 3% of the company's share capital may ask for an item to be included in the Meeting's agenda, as set out in the legislation in force (Article 519 of the Spanish Capital Companies Act). Furthermore, shareholders who have at least this 3% holding in the company's share capital may submit reasoned proposals for resolutions in relation to items that are already included or are to be included in the Meeting's agenda.

As a way of encouraging participation by its shareholders, before convening a Meeting, Indra sends out a notice addressed to all of the company's shareholders, regardless of the size of their shareholding, inviting them to submit proposals for items to be included in the Meeting's agenda.

The rights of shareholders to participate in the General Shareholders' Meeting are explained in the company's internal regulations, as well as in the notice in which each General Shareholders' Meeting is convened.

The two basic channels through which shareholders can access information are the Company website, particularly the Shareholders and Investors section, and the Shareholders Office. Under the Shareholders and Investors section, the sub-section relating to Corporate Governance includes comprehensive information on the company's General Shareholders' Meeting, including ways in which shareholders can take part, the agenda and the results of any votes taken. In addition, as a measure designed to increase transparency for shareholders and the various shareholder groups, the General Shareholders' Meeting is broadcast live on Indra's website. Once the Meeting has ended, a recording of the session is also made publicly available on Indra's website. In addition, while the General Shareholders' Meeting is being held, the Shareholders Office remains open to shareholders as a point of access between them and the company.

8.2 Relationship model

For Indra, one of the most important aspects of its responsibility as a listed company is ensuring a good relationship with its shareholders and investors.

Therefore the company 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 listed companies.

The policy covers the following points: regular corporate governance training meetings with shareholders, institutional investors and proxy 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 Spanish Securities Market Commission - CNMV) and other communication channels.

In 2019, the company continued to proactively develop its communications with shareholders and investors in order to ensure greater transparency and information to the financial markets. As has been the case for several years, the company gave numerous presentations, both to institutional investors and analysts, and has participated in seminars and roadshows in various countries across Europe.

Indra has continued to improve its communication with investors and analysts, planning conference calls to coincide with the quarterly publication of its results. In 2015 they started to use the webcast format for traditional conference calls to make it easier for investors and analysts to follow the presentations. Shareholders and investors are increasingly demanding specific information on Indra's policies, strategy and performance in the area of sustainability. In response, the company offers the most relevant information on this topic via its website and in this Sustainability Report. It also responds to all the individual requests it receives from shareholders and investors, both directly and via analysts. This is reflected in Indra forming part of a range of sustainability indices and ratings, as described at the end of this section.

As of 31 December 2019, the recommendation consensus among the 21 analysts covering the company was as follows: buy 62%, neutral 24%, and sell 14% (compared to: buy 50%, neutral 33%, and sell 17% in 2018). The average analyst target price at the end of 2019 was 10.9 euros per share (compared to 11.3 euros per share in 2018).

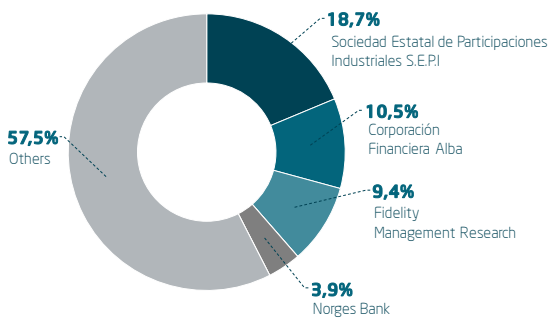
In order to respond to all the queries and information requirements of its shareholders, Indra has a Shareholder Office (tel no.: 0034 914 809 800, accionistas@indracompany.com). In 2019 this phone line clarified numerous queries

relating to a wide range of topics concerning the company’s business, growth prospects, the Shareholders’ Meeting, the share price among other issues.

The Investor Magazine continues to position itself as a means of digital communication specifically aimed at minority shareholders. In order to minimise its environmental impact, Indra has continued to digitise the publication and send it online.

Useful information for shareholders and investors is included in the Shareholders and Investors section of the company website, in addition to the content required by Circular 3 of 23 June 2015 and other applicable CNMV regulations. Shareholders and investors can also subscribe to an email mailing list. Subscribers receive all the regular information that the company publishes from the Shareholder Office: press releases, notifications, significant information announcements, financial results and the Annual Report.

8.3 Ownership structure at YE 2019



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

Since 1 July 1999 Indra has also formed part of the IBEX 35 selective index, which includes the leading 35 companies in the Spanish securities market in terms of market capitalisation and liquidity.

The shareholders with a holding of more than 3% registered on the CNMV’s official site at the end of 2019 are shown in the attached figure.

8.4 Sustainability indices

Indra is a member of international indices such as the S&P Global BMI, which includes global listed companies, and the STOXX Europe Total Market Small indices. Indra’s shares are quoted on the Dow Jones Sustainability World Index and the FTSE4Good index. The company is also rated highly by MSCI and ISS-Oekom, thanks to its sustainability performance. As part of its commitment to measurement and transparency in the disclosure of its environmental impact, the company issues an annual report on its performance via the CDP initiative. In January 2020, Indra was included in the Bloomberg Equality Index, which recognises the companies that have performed best in managing the diversity of their workforce and which only includes 15 Spanish companies.

	Description	Classification
	The Dow Jones Sustainability World Index selects the companies from around the globe that have made the greatest effort to align their activities with sustainability criteria. Indra is the only company in the IT and Internet sector that has remained on this index since it was first listed. The assessment made by the index is particularly positive regarding Indra’s privacy protection, management of innovation and environmental management.	Members since 2006
	MSCI has given Indra an AA rating, which means that the company is among the top 16% of businesses in terms of sustainability. This is the second highest rating offered on this index, which demonstrates the efforts that have been made by the company in the areas of sustainability and transparency.	AA
	ISS-Oekom has awarded Indra Prime status. Among its most highly valued qualities are data protection and employee welfare.	Prime
	FTSE4Good has awarded Indra the highest score in good governance and anti-corruption, and the company has been included in the FTSE4Good Index Series. The methodology used by FTSE Russell to prepare this index is based on compiling public information on companies with a view to ensuring data transparency and credibility.	Member
	The company has been given a B rating, based on information reported in 2019. This represents a slight fall, as in 2018 the Group was given a rating of A-.	B
	Indra is one of only 15 Spanish companies listed on the Bloomberg Gender-Equality Index (GEI). This index rates companies that have stood out in the areas of promoting equality and transparency of reported data.	Member

9 Customers

9.1 Quality

For Indra, the provision of services and the production of the highest quality solutions are key to ensuring the organisation's sustainability and the creation of value for all its stakeholders: shareholders, customers, employees and society. To ensure customer satisfaction, Indra founds its Quality Management System on three core aspects: independence, accuracy and continuous improvement.

Quality management model

Indra's Quality Management System is based on the most renowned standards in the markets in which Indra operates, such as ISO 9001, CMMi, TMMi, AS 9100, EN 9110, PECAL / AQAP, ISO 20000, ISO 27000 among others.

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

During 2019, the company worked on a transformation plan to improve quality in the T&D markets, with the creation of a multidisciplinary Committee. The plan centred on a series of cross-sectorial and vertical initiatives that are considered particularly important. As part of this transformation plan, the first initiative focused on the Customer Experience Model, a key issue for Indra. This model is aimed at improving customer satisfaction and managing customer expectations. It also involves extending the internal monitoring of all the key variables in this process.

Complaints and Claims

Indra has a clear process in place for dealing with complaints and claims made by its customers. This process is subject to various internal and external reviews and audits, which verifies its effectiveness. Being aware of customers' complaints and claims and how they are appropriately and effectively dealt with is essential 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 Organisation and any other organisations involved, in order to deal with them and coordinate the analysis process and resolve the issue raised. Indra registers and manages customer complaints via a centralised tool used by the entire company, which ensures that they are dealt with correctly and the monitoring of corrective actions are taken until the complaint is closed. The Quality Organisation then ensures that the necessary analyses and actions are being carried out to resolve the matter effectively and quickly.

During 2019 the Quality Organisation received 45 complaints and claims, of which 32 were customer complaints (71%) and 13 were claims (29%). Of all the complaints and claims received in 2019, 17 were closed over the course of the year, while the others remain ongoing in line with established procedure. During the course of the transformation plan mentioned above, a number of actions were identified that would enhance customer experience; these will strengthen follow-up and communications, both internally and with customers, while new KPIs and predictive/behavioural models will be established to allow analysis of the various information sources and predict satisfaction/unhappiness to assist the decision-making process.

Certifications

In 2019 Indra retained the Global Quality Management Certification ISO 9001:2015 standard, widening its scope to encompass 75 centres in 13 countries (4 more than in 2018 and 1 additional subsidiary). As were the certifications of the AS9100 and AS9110 standards 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 operations in Spain, as well as in software factories.

Indra also holds the highest Level 5 CMMi certification for its Air Traffic Management system. In 2019, it also gained Level 5 CMMi certification for the IT market (Minsait) for Advanced Management Services for Applications, User Services and Development of Projects in Spain, Colombia, Mexico and Peru.

Work was carried out in 2019 on the central coordination of quality certification. This has allowed the company to optimise costs, ensure coverage for business requirements and the undertakings assumed, and extend the scope of some of the certification processes.

Highlight from 2019

Indra achieved IRIS certification, which recognises the highest quality and safety levels in railway products

In 2019, Indra obtained IRIS (International Railway Industry Standard) certification. This is granted by AENOR for quality systems and management in the railway industry.

The structure of IRIS certification is based on ISO/TS 22163:2017, which includes ISO 9001 requirements and is organised around standards similar to those that currently apply to the aerospace and automotive industries, with the addition of railway-related specifications in areas such as project management, design, RAMS (Reliability Availability Maintenance and Safety), LCC (Life Cycle Cost), management of obsolescence, management of the supply chain and the validation of special processes, among other things.

Audits

Internal and external quality audits are some of the main tools Indra uses to identify opportunities where it can improve. External audits are carried out by independent organisations in order to obtain certification. Internal audits include both audits carried out on operations and those completed to ensure the quality and effectiveness of the Quality Management System processes.

187 internal quality audits were completed in 2019, both on operations and projects and on the Quality Management System, and 46 third party audits were carried out, either by certification organisations or by customers.

9.2 Customer satisfaction rate

In order to ascertain the customer satisfaction rate, every year Indra sends a customer satisfaction survey to a sample of customers. In 2019, 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 help to improve customer satisfaction. Depending on the results obtained, the strengths are identified and the company focuses its efforts on areas it can improve on by implementing the appropriate action plans.

In 2019 the customer satisfaction survey results showed a satisfaction rating of 74 points (on a scale of 0 to 100), an improvement on the 2018 results (73 points).

Indicators	2017	2018	2019
Customer satisfaction and loyalty (1-100)	72	73	74

In 2019 the company carried out work on a new Customer Experience model, and this identified actions that could be taken to improve the Customer Experience campaign in the areas of process automation, claim management, the internal and external monitoring of data and the establishment of the bases for predictive models that would speed up the decision-making process.

In addition, the Customer Satisfaction Survey for 2019 included questions aimed at ascertaining customers' opinions of Indra with regard to the different aspects of the company's management of sustainability (in line with the materiality assessment), such as corporate governance, the code of ethics, information security and data protection, contribution to the sustainable development goals, transparency of information, labour practices, management of the supply chain, environmental performance and social action initiatives. Of all these aspects, customers rated the company particularly highly in the areas of security and data protection (4.53 on a scale of 1 to 5), code of ethics (4.51) and transparency of information (4.42).

9.3 Product health and safety conditions

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 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 regarding essential requirements, including the health and safety of products.



Responsible product design

In the course of its R&D processes aimed at identifying general solutions, particularly those that may include electronic devices, Indra takes account of responsible design principles with a view to:

- Ensuring consumer health and safety: Indra has established a quality management system that is supported by the highest international standards and that guarantees the minimisation of any impact on the health and safety of both customers and consumers.
- Eliminating hazardous content in accordance with European RoHS (Restriction of Hazardous Substances) legislation. Through its supplier auditing processes and EC Mark procedure, the company ensures that its solutions duly comply with this legislation.
- Reducing the use of resources and eliminating the use of conflict resources: Indra pursues a policy on conflict minerals in which it undertakes to eliminate its use of resources that may originate from sources where human rights are being violated. Indra also applies Lean product design methodologies, which are designed to minimise the resources used.
- Reducing and responsibly managing electronic waste: the application of LEAN methodologies may result in a reduction of waste. In addition, as explained in section 12, Indra makes use of authorised managers to handle any hazardous waste, and it takes charge of or facilitates the collection of waste from the solutions that it places on the market at the end of their working life.
- Ensuring the accessibility of solutions and services: Indra is committed to ensuring the accessibility of its solutions and services and, within the framework of its social action programmes, it supports the development of accessible technologies.



Indra's Chairman opens the new radar factory in San Fernando de Henares (Madrid)

10 Employees

10.1 Cultural transformation and talent management

Talent management is a key element in the implementation of the 2018-2020 Strategic Plan. People are Indra's most important asset, hence, the Cultural Transformation programme entitled "Change from the Core" was launched in 2018, which seeks to:

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

In 2018, in order to monitor the implementation of the Cultural Transformation programme, committees were created at different levels to supervise the programme's key initiatives. The initiatives put in place include promoting flexibility at work under the Easy Working concept, strengthening a meritocratic environment with a new appraisals process, jointly defining leadership profiles at Indra by listening to middle management, increasing cooperation through the use of digital tools and new co-working spaces and reviewing its recruiting and onboarding processes.

In 2018, in order to continue to gauge the insights of its employees, a survey was also conducted in the Transport and Defence division to determine their commitment, with more than 5,000 professionals from around the world taking part. This was followed up in 2019 with a survey in which 1,000 employees in Spain were invited to take part, with the aim of ensuring that the actions launched this year had had a positive impact on employee experience.

Attracting and retaining talent

In order to attract the best talent, Indra is committed to differentiating 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 in Spain, presented by the Top Employers Institute. This certification proves that Indra provides exceptional working conditions and supports and promotes talent throughout every tier of the company. According to the 2019 Universum Most Attractive Employers ranking, Indra is also one of the three most appealing companies in the sector for university students to work for in Spain.

	2017	2018	2019
Total new recruits (no.)		12,953	15,426

NB: For information on the personnel recruited and contracted by region, age and gender, see the section headed "Other non-financial indicators". The employee data shown covers 97% of the Group's workforce, relating to 49,004 employees, except where otherwise indicated.

	2017	2018	2019
Total turnover (%)	24	25	22
External unwanted turnover (%)	11	13	13

NB: For a breakdown of the turnover percentages by region, grade, gender and age, and information on dismissals or absenteeism, see the section headed "Other non-financial indicators". The total turnover indicator is calculated on the basis of both wanted and unwanted exits against the average workforce figure. Unwanted exits are classified as those that result from a voluntary decision on the part of the employee.

Smart Start, programme for young talent

Indra is committed to supporting young talent through its integrated Smart Start programme, an initiative aimed at attracting young talent that includes specific training, development, appraisal and professional advancement programmes for the first two years that an employee is with the company.

The purpose of Smart Start is to strengthen the talent required in all the business departments with people with university backgrounds, especially science or technology graduates, but also graduates in other disciplines or with higher Vocational Training qualifications, especially in Computing and Communications.

Since February 2019, the company has held further talent camps at which its external trainers have joined experts from Indra to train 180 young people in the areas of Analytics, Digital Solutions, Financial Services, Air Traffic Management, Transport and Production and Software Development.

More specifically, 400 young people who were recruited via the Smart Start programme and who had spent one or two years with the company were invited to Madrid on 4 July to attend a training and recreational experience aimed at developing their skills in the areas of team-working, innovation, problem-solving and communication. They were joined by 600 other employees at a further event in November.

In line with its commitment to offer its employees the best possible training in line with their requirements, Indra has also turned to e-Sports as a tool to prepare young talent for the new digital working environment, in which volatility, uncertainty, complexity and ambiguity are the norm. E-Sports also help to “attract” these young professionals. In addition, given that Indra is a pioneer in this learning methodology, a team from the company was declared the winner in the e-Sports Business League for the second year running. These young people also receive training in new agile working methodologies, using cooking as a common thread to tie this learning together.

Development and training

Training is a critical element for Indra, hence it has a 360° learning environment in which each person can be trained wherever, however and whenever they want, using the tools offered by Open University, Indra’s own corporate university.

	2017	2018	2019
Total training hours including online hours	803,262	736,551	862,518
Average training hours by employee	20	18	18

NB: Since 2017 the training data has been calculated assuming that if a student exceeds 75% of attendance hours, 100% of the hours are counted. Data from previous years was calculated taking into account 100% of course hours, regardless of the minimum expectation for a student’s attendance of the course. Calculation of the average number of hours was based on the average workforce figure. For a breakdown of training hours by gender and professional grade, see the section headed “Other non-financial indicators”.

The main purpose of its learning strategy is to ensure employees are motivated and prepared for current and future challenges, thereby increasing their employability. Indra therefore uses a model based on three principles: Training by career plan, project training and self-training.

Training by career plan comprises training programmes that are established by the company and that contribute to the development of the key skills and abilities required for each role within a professional career path.

Bearing in mind the increasingly volatile, uncertain, complex and ambiguous environment in which organisations currently operate, we need to have great leaders who are capable of conveying and promoting new values, policies and ways of doing things that will allow companies to operate in a dynamic and flexible way.

To this end, Open University, in collaboration with some of the most prestigious business schools, offers specific training courses within its educational programmes that will equip leaders with the necessary tools to learn about and understand the changing environment, anticipate changes and become the drivers of cultural transformation, with an investigative spirit that seeks continuous improvement.

Some 600 of the company’s employees from all five continents, technical staff who are beginning to take on management responsibilities, new managers and directors, and professionals who already have experience in these roles, have already completed these global programmes over the last two years:

- Success in Managing Customers and People, a programme which is aimed at employees in the technical team who are beginning to take on new junior management responsibilities and which covers the most important aspects of the lifecycle of a project or the management of a service, with particular focus on versatile team management.
- New Manager Programme, which focuses on training employees joining the management team in the areas of strategic analysis and development, innovation, emotional intelligence, networking, management in a multicultural context and the analysis of financial statements.
- New Director Programme, a course designed to prepare new employees on the management team with a view to broadening their vision and strategic reflection, broadening their view of the company and the importance of networking, and turning them into transformative leaders and facilitators for the pursuit of success.

Open University works in close collaboration with the company to design and work on *ad hoc* projects which, in many cases, turn into strategic programmes, such as the Engaging Leaders Programme, a learning experience enjoyed by 250 leaders in the areas of Traffic, Transport and Defence, in which a range of methodological case experiences are used to gauge their leadership profile and impact on the business, along with their role in the development of the people around them; as part of the programme they also receive mentoring from members of the management team, who help them to gain a better understanding of the company and their role within it.

The second principle of learning at Open University is project training, comprising all the training activities that are identified by the company’s business units themselves in order to meet the demands and requirements of the company’s projects, and that are assigned to each employee on the basis of his or her profile, duties and needs, in order to ensure the correct performance of the tasks assigned.

Self-training is particularly important as the third training principle. Self-training refers to the freely available, collaborative training resources that are available for use by every one of the company's employees so that each of them may complete their training in accordance with their own requirements and objectives at any given moment.

These self-training resources include:

- Virtual campus. A collaborative space, in the form of a social network, in which employees from all over the world can share their know-how, discuss and accumulate knowledge and connect with experts from the company. Collaboration is one of the distinguishing features of Open University. Because sharing all of one's expertise, learning from others, creating synergies and, in short, connecting with the most outstanding talent, is something that will bring innovative and differentiating responses to the challenges faced in the company's activities. The virtual campus comprises more than 30 communities and 80 different themed groups, each of which receive around 140,000 visits every month from employees who are seeking to add to or share their know-how.
- 2018 saw the incorporation of Udemy for Business, a platform offering cutting-edge content with more than 3,000 specialist courses available for all employees, aimed at making them responsible for their own learning, according to their own professional and personal interests.

By 2019, after Udemy had been online for a little over a year, the online training platform had recorded 70,000 course enrolments from 54% of Indra's workforce, who spent more than 134,000 hours learning new skills and gave the platform an overall satisfaction rating of 4.3 out of 5. This meant that the success threshold set by Udemy was exceeded, indicating that this idea for the offer of content was fully in line with employees' interests.

The technological content offered by Udemy for Business that proved most popular among Indra employees included Python 3, Angular 8, Agile basics and Spring & Hibernate.

During 2019, in line with the company's strategic objectives, the training department focused on two principle themes: supporting the business in its cultural transformation process and training in technologies and methodologies in the digital world. This was aimed at turning learning into a tool that would become part of the day-to-day lives of the company's employees.

Career model and performance appraisals

Indra offers career plans that help each of its employees to understand what is expected of them: what their responsibilities are, what they are expected to contribute and which talent management policies apply to them.

Its appraisal model, Performance Experience, is an integrated and personalised model that is directed towards professional growth and development. It has various facets, depending on the different profiles and business activities involved:

- Performance Talent: This provides an annual assessment of professional performance and development, according to each employee's individual plan and role. It also includes action for development that will assist each professional in their professional advancement.
- Performance Project: This provides more immediate and accessible feedback from the person responsible for the project on which each employee is working. It is to be introduced gradually; in 2019 it was implemented in Spain.
- Performance Goals: the measure of compliance with the targets set for the management team, these being the employees who have the most impact on the company's financial, strategic and commercial results.
- 360 feedback. Information on the professional development of each individual is provided by their line managers, co-workers and peers. This solution is aimed at those that have been at the company a sufficient time to gain the most from it.

Innovation

By providing the Innovators initiative the company offers employees the opportunity to submit disruptive ideas that add value to the business. Innovators is Indra’s corporate intrapreneurship initiative, an open invitation to all of the company’s employees around the world to respond to specific innovation challenges in areas in which the company wants to be a pioneer. In three years, Innovators has acted as an incubator for almost 2,000 new ideas and lead to the creation of three projects that have already led to the development of new products by the company. More than 14,000 employees from all over the world took part in Innovators 2019, with a particular increase in international participation coming from countries such as Colombia, Brazil, Peru and Mexico.

For more information on the Innovators initiative, see section 4 of this Report.



In 2019 the company held its “Indra Hack Day, Americas Challenge” event, at which young employees from Argentina, Brazil, Colombia, Chile, Mexico and Peru were invited to propose innovative ideas to transform the world through technology based on the UN Sustainable Development Goals (SDGs). In Spain, the company held its second Indra Hack Day for female undergraduates, at which almost 100 women proposed innovative tech based ideas that would contribute to UN Sustainable Development Goals.

Similarly, for the last six years, more than 500 employees from various departments of the company in Spain have undergone an intrapreneurship and training programme which uses a gaming format to examine the path towards innovation and encourage creativity.

Diversity management

The company’s commitment to diversity is a key element in its cultural transformation. Indra’s success is intrinsically linked to its employees, who 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 company’s Code of Ethics and Legal Compliance and its Corporate Diversity Policy set out the regulations for respect and equal opportunities advocated by Indra.

% of women in the workforce	No. of nationalities	% Employees with disabilities*
35%	101	1.1%

(*) Scope: Spain and Brazil.

For more indicators relating to workforce diversity by gender, age, nationality or disability, see the section headed “Other non-financial indicators”.

Gender diversity strategy

Since 2006, Indra has had an Equality Plan in place and its Code of Ethics and Legal Compliance reflects its respect for diversity. In 2018 a Gender Diversity Programme was approved, which aims to consolidate an inclusive culture within the company, view diversity as an added value and ensure the presence of female talent at all levels and have equal opportunities in the selection process.

Breakdown of workforce by category and gender (m/f) (no.)	2017	2018	2019
Senior Management		419 80	424 93
Middle Management		2,778 907	2,887 949
Technical staff		22,658 10,888	24,680 12,033
Support staff		2,826 2,191	3,945 3,773
Other categories*		611 349	96 124

(*) The change to the number of employees classified under "Other categories" between 2018 and 2019 is due to improvements in defining the roles of employees at certain Indra subsidiaries. Includes data on 98% of the workforce at year-end. For more indicators relating to remuneration by gender and age, see the section headed "Other non-financial indicators".

In order to improve its management of diversity, Indra distinguishes between two kinds of indicators when assessing differences in salaries between genders. This makes it easier for the company to identify the reasons for these differences and define suitable potential improvement plans. These indicators are wage inequality and wage gap. The wage gap indicator includes all the relevant variables that could have an influence on a person's salary, and it represents a more realistic measure of differences in salary for the same job position.

In 2019, the **wage gap at Indra**, calculated between groups of equivalent employees, stood at **3.03%**, approximately in line with the wage gap recorded for the previous two years. The figure obtained represents the percentage that women earn less than men, considering similar positions and responsibilities. This difference is influenced by the historical composition of the company and the lower seniority of this group within the company, among other factors.

This calculation was based on figures from 96% of the workforce on the payroll at the end of the 2019 financial year. The wage gap is calculated by comparing the remuneration between segments of equivalent employees. In other words, those who carry out the same duties or have the same position, and also belong to the same business unit and are located within the same region or geographical area. The calculation does not include professional segments that do not contain at least one female and one male employee, meaning that it actually extends to 90% of the workforce.

The overall wage gap figure is obtained by measuring the gaps obtained from comparisons between the average remuneration received by the professionals in each segment (including both fixed salary and paid variable), divided by the number of employees in that segment.

Gender wage gap by job category (%)	2017	2018	2019
Senior Management		10.14%	7.48%
Middle Management		4.18%	6.02%
Technical staff		2.56%	2.54%
Support staff		1.30%	3.97%
Other categories		20.08%	4.42%
Total	3.64%	2.79%	3.03%

NB: The wage gap is defined as the difference in salaries when other variables that could explain the disparity are excluded, such as professional grade, region or business unit, among other factors.

Indra defines wage inequality as the difference in salary that may arise between genders, by job category, without taking into consideration any other factor that could have an influence on a person's remuneration, such as geographical location or the department in which they work. The inequality indicator allows one to evaluate whether or not there are so-called glass ceilings that prevent either vertical or sideways movement.

Gender wage inequality by job category (%)	2017	2018	2019
Senior Management		21%	18%
Middle Management		8%	9%
Technical staff		8%	9%
Support staff		20%	32%
Other categories		27%	32%

NB: Calculated as (average male salary-average female salary)/(average male salary) This calculation considers the fixed salary and variable amount paid. Additional concepts such as: cash grants, bonuses, long-term incentives, share-based remuneration, etc. are not included. For more indicators relating to remuneration by gender and age, see the section headed "Other non-financial indicators". Includes data on 96% of the workforce on the closing date.

The remuneration policy implemented by Indra is not gender biased. The two key components of the company remuneration structure (fixed monetary remuneration and variable annual remuneration) are set objectively. Fixed remuneration primarily reflects the experience of the employee and their responsibility within the organisation, while the variable remuneration rewards the targets which have been reached and are shared amongst the employees that also work in the same departments.

Indra continues to work on adopting the most appropriate measures to eliminate this gap. The following measures are particularly worthy of mention:

- The Gender Diversity Programme; this comprises four lines of action, promoting technological vocations among women, incorporating gender mainstreaming into all talent management processes, ensuring an inclusive culture, and championing female talent in key roles. The management of diversity and inclusion is a responsibility that is shared between all of the company's employees, and many different areas are involved in achieving the objectives (talent, sustainability, social action, innovation, etc.).
- The development of work-life integration policies; in addition to facilitating a balance between employees' personal and professional lives, these policies aim to promote joint responsibility by offering the same measures to both men and women; for example, improved maternity and paternity leave following the birth of a child, the possibility of accompanying children and parents to medical appointments, etc.
- Training and awareness; in 2019, 158 people received training on the detection and prevention of unconscious bias, identified as a possible source of discrimination when managing talent. The company also introduced its "Not everyone who has superpowers wears a cape" campaign, highlighting female role models in the company; the lack of women who have had an impact on the company is a barrier to the professional advancement of women.

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

At international level, in Mexico, Indra holds the Socially Responsible Company award from 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).

Gender Protocols

The company promotes working conditions that prevent sexual and gender-based harassment. This includes establishing specific procedures for their prevention and how to channel related complaints and claims. 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.

In Spain, Indra has specific measures in place to enable the integration of people with disabilities in the company. For example, the company offers a parking space or ADSL line when the employee has mobility problems. In addition, the company provides a counselling and support service to assist in the search for employment for both its employees and members of their families with disabilities.

84% of the working areas at Indra's work centres in Spain are accessible to people with reduced mobility. Most of the company's large work centres have access facilities designed for staff with reduced mobility, in compliance with the CTE (Spanish Technical Building Code) rules of universal accessibility, in accordance with Technical Code SUA 9.

10.2 Stability, work-life integration, social benefits and compensation

Indra has had Work-Life Integration Policies in place since 2005, which differ in each of the countries the company operates in.

These work-life integration measures are intended to offer a response at different key moments in an employee's working life, such as when they become a mother or father, or when they have to care for family members, or in special situations such as incidents involving gender-based violence, or when an employee wants to pursue personal aspirations relating to volunteering or training. For example, in Spain employees can take a sabbatical in order to work as a volunteer, or request days off to take exams or accompany their spouse, children, parents or dependents to a doctor's appointment. The company also has agreements with nearby institutions that take care of children, and it offers financial assistance in the case of children with disabilities.

	2017	2018	2019
Subcontracted workers (no.) (*)	1,947	3,210 (*)	2,928
Employees with permanent contracts (%)	87%	89%	91%

(*) In 2019, the number of subcontracted workers includes Spain, Portugal, Mexico and Panama in its scope as at 31.12.2019, and only refers to those classified as Individualised Technical Assistance (ITA)

In Spain, all the measures included by Indra in its work-life integration policies go above and beyond the legal requirements, offering leave following childbirth that is longer than the amount required in law, along with improvements in all categories of paid leave. In Spain, the company has also put flexible working schedule policies in place in most of its businesses, as well as a remote working programme. This programme offers the option to work from home for between 40% and 80% of the time and 1,000 employees are already doing so. In 2019, in addition to maintaining it in Italy, the company launched its Easy Working programme in Spain, with more than 4,700 people working away from the office for between 20% and 40% of the time in both countries. This has had a potentially positive impact by reducing the number of employees travelling between home and the office, equivalent to approximately 2% of all Indra's commuter-related emissions¹.

In Colombia, the company has designed a comprehensive set of measures to improve flexible working and work-life integration. Thanks to this initiative, Indra has gained the Family Responsible Company certificate.

Following the work-life integration and flexitime policies, Indra also respects its employees' right to disconnect from work outside of work hours and strives to meet the obligations of the Spanish regulations regarding its internal policies.

	2017	2018	2019
Employees who took paternity/maternity leave (m/f) (no.)	517 436	672 510	696 465
Employees who returned to work after paternity/maternity leave (m/f) (no.)	478 395	631 453	628 406
Retention after paternity/maternity leave (%)	92	92	89

NB: This data covers Spain

Remuneration model

The success of Indra depends largely on the achievement of the individual objectives of the employees at 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 14% of its employees. The model is based on the recognition of employees 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 employees to allocate part of their salary towards healthcare, transportation, nursery vouchers, pension plans, training and restaurant vouchers, thus benefiting from discounted prices and tax benefits. In 2019, more than 41% of the workforce in Spain benefitted from the plan.

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

¹ This 2% reduction in employee commuting emissions has been calculated on the basis of the number of employees registered on the Easy Working programme, who represent an average remote-working figure of 25%, assuming that employees on this programme live at a similar distance from the office and use similar modes of transport to those of all other company employees. The calculation made, therefore, is as follows: ((4,700 employees registered on the Easy Working programme)/(49,607 Indra employees at the end of the year, excluding SIA))*(25% average time spent distance-working by employees on the programme)

10.3 Occupational well-being

The health and safety of its employees are a top priority for Indra; and this goes beyond strict compliance with legal obligations provided on the subject. It therefore 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 (JPS) is a key tool that provides coverage to more than 25,000 employees in Spain in the field of Health, Safety, Ergonomics and Counselling. This service allows all of Indra's employees, regardless of their geographical location or activity, to conduct their work safely.

Indra's strategic commitment to ensure the highest possible level of health, safety and well-being of its employees, 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.

	2017	2018	2019
No. of injuries	132	167	167
Frequency rate (FR)	3.27	2.56	2.13
Severity rate (SR)	0.02	0.03	0.01
Absentee hours	-	2,872,339	3,230,775

NB: In 2019, the scope of the Occupational Health and Safety data (except for 'absenteeism') covers 93% of the companies in the Group. Indra counts injuries, with and without medical leave, excluding those occurring during the commute to and from work. For information on calculation methodologies and a breakdown of the health and safety indicators by region, see the section headed "Other non-financial indicators"

FR: The injury frequency rate (FR) relates the number of injuries to the total number of hours worked by the group of workers at risk.
 $FR = (\text{No. injuries} / \text{No. hours worked}) \times 1,000 \text{ hours worked}$

SR: The severity rate (SR) relates to the time not worked as a result of workplace accidents, to the time worked by workers at risk.
 $SR = (\text{No. of days lost} / \text{number of hours worked}) \times 1,000 \text{ hours worked}$

Absentee hours: 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 hours that are freely available to use.

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 check-ups, in which additional biological controls are performed with the possibility of being given the flu vaccination.

Each year activities are also scheduled which aim to raise awareness of the importance of protecting health and preventing risks.

Main occupational health and safety actions

In 2019 company employees were offered more physiotherapy and the service is currently provided to almost 13,000 employees in Madrid. This service is expected to be gradually expanded. Defibrillators have been brought into service, bearing in mind the change of location of some working centres, meaning that approximately 93% of the workforce is 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 learning.

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

Personal well-being programme: click for your health

May 2019 saw the launch of Indra's personal well-being programme aimed at offering an integrated response to its employees with regard to their health, the health of those closest to them and the health of society in general. The programme is based on 5 principles: physical activity, a pleasant working environment and stress management, healthy eating, a healthy lifestyle and caring for others.

The programme was launched in May 2019 to coincide with the celebration of Wellbeing Week in Europe and America. More than 3,800 people registered and 2,400 attended, and participants gave the on-site sessions a score of 8.6/10, with virtual sessions rated at 7.1/10. As regards the interest in each of the five principles, employees gave the highest ratings to *A pleasant working environment and stress management* and *healthy eating*, with respective scores of 4.44 and 4.42 out of 5.



Mental health management

Within the framework of the health and safety regulations (Spanish Act 31/1995), the company monitors the health of all its employees through workplace risk appraisals, in this case psychosocial assessments and their associated measures, as well as through medical check-ups, medical support services and a horizontal welfare programme, with particular focus on the principle relating to a pleasant working environment and the stress management.

10.4 Dialogue with employees

	2017	2018	2019
Employees covered by a collective agreement (%)	-	-	81%*

(*) The scope of this indicator was equivalent to 96% of Indra's workforce at the end of 2019. For information on the employees covered by a collective bargaining agreement by region, see the section headed "Other non-financial indicators".

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 channel for dialogue and the adoption of agreements.

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

As part of the active communication of Indra's Code of Ethics and Legal Compliance and its mandatory acceptance by all the company's employees, the company trains its workforce on the issues addressed by the Code, informing them that all employees are expected to participate in Indra's commitment to respect the human rights listed in the International Charter on Human Rights, along with the principles governing the rights set out in the Declaration by the International Labour Organization, both of which contain specific references to the freedom of association.

Similarly, among the measures taken by the company to ensure strict respect for its Rules of Conduct and values, the Direct Channel is the main resource available to employees to pass on and complain about any incidents occurring in this regard. As described in section 6 of this report, in 2019 the Direct Channel did not receive any message or complaint from any of the company's employees in relation to their rights of freedom of association and collective negotiation.

It is important for Indra to maintain continuous and transparent dialogue with social agents, ensuring they 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 representatives. Even in the event that there are no legal obligations or workers' representatives, Indra ensures that it maintains regular communication with all the employees concerned.

In Spain, the company has trade union representatives, who act as points of contact for the Group companies. The company helps them carry out their labour union duties in all aspects, including the provision of resources such as computers, premises, etc.

Throughout 2019, it continued to promote dialogue with all 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.

The company also maintains an active communication policy with its employees through different tools regarding the organisation and the cultural transformation process.



11 Suppliers

The Supplier management process aims to secure the best suppliers via business procedures designed to ensure transparency and equality of conditions for the various bidders.

Indra's relationship with its supply chain is based on the following commitments:

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

In 2019, €1.281 billion worth of purchase orders were managed to 7,314 approved suppliers in more than 80 countries around the world.

Distribution by geographical area

	Spain	Europe	America	Asia, Middle East and Africa
Purchase order volume	73%	6%	17%	4%
Number of suppliers	51%	11%	28%	10%

Distribution of orders by category and volume*

Professional Services	Production subcontracting	Materials and equipment	Other services
32%	8%	26%	34%

NB: The year-on-year change (2019-2018) in the percentage of professional services and other services is due to the restructuring of the list of services.

11.1 Supplier management model

The supplier management life cycle is divided into the following phases: registration, authorisation, activation, appraisal and auditing. All of these phases include both social and environmental criteria:

- **Registration of the supplier in the system:** this occurs when Indra requests services from a new supplier or a supplier makes itself available to the company. During this phase, Indra makes a preliminary analysis of the risk inherent in the supplier from both an economic and a financial point of view, using information from a range of sources. In particular, in certain cases, an assessment is made of a supplier's sustainability risk with support from the services of an external platform: Achilles. The level of inherent risk of a supplier determines whether or not it will move on to the authorisation phase.
- **Authorisation (for new suppliers) and re-authorisation (which is applied on a regular basis to existing suppliers):** the purpose of this phase is to monitor and limit financial, legal, employment, reputational, environmental, security and liability risk regarding material and/or personal claims. The supplier is therefore asked to accept Indra's Authorisation Terms and Conditions, which refer to a broad range of corporate policies, including: Prevention of Occupational Risk, Code of Ethics and Complaints Channel, Environmental Protection, Information Security and Data Protection, among other policies. Generally speaking, signing these Authorisation Terms and Conditions is necessary in order for the supplier authorisation process to be completed and authorisation is, in turn, necessary if an order is to be made from a supplier. As a general rule, the management model does not allow orders to be made from unauthorised suppliers. For certain groups of suppliers and in certain cases, where these are identified during the registration process, individual authorisation criteria may be applied. This is the case for suppliers who are exposed to certain kinds of environmental or regulatory risk, such as compliance with REACH legislation. The process for the authorisation of these kinds of suppliers will involve specialist departments at Indra (the Environment Department, for example).
- **Submission of an order / activation of the supplier:** once the supplier has completed the authorisation process, the system allows orders and purchases to be made.

- Annual supplier assessment: the annual supplier assessment is based mainly on compliance indicators relating to delivery times and the percentage of rejected orders.
- Auditing suppliers: Indra's quality and procurement departments select an annual sample of suppliers for physical auditing, based on their level of importance and risk profile. These suppliers are assessed by members of Indra's quality Department and other specialist departments (Environment) using a standard form that includes a broad variety of management aspects, including: proximity, costs, human resources (especially as regards training), logistics, quality, the environment (including compliance with REACH and RoSH environmental legislation), product design and development and efficiency (including the application of LEAN principles aimed at minimising the use of resources).
- Blocking suppliers: Indra will block suppliers on its systems when they have been inactive for a long period of time, or if their assessment fails to reach the standards established by the company, or if a supplier's financial situation is not acceptable, or if it fails to comply with the certificates required in relation to the products and services it supplies.

Indicators	2017	2018	2019
New suppliers that were analysed in terms of environmental and social criteria (%) (*)	40	44	56

NB: In previous years the total amount of purchase orders from all suppliers carried out in that year was reported and analysed based on corporate social responsibility criteria, compared to the total amount of purchases made in the corresponding year. In 2019, the company reported the percentage of orders received from new suppliers registered and analysed in 2019 under the environmental and social criteria set out in its authorisation conditions, as a percentage of the total number of new suppliers registered during 2019.

During 2019, Indra reinforced its commitment to sustainability in its supply chain, with 53% of its suppliers appraised based on social and environmental criteria. In addition, 14.55% of all new suppliers registered in 2019 were authorised in a simplified process, i.e. listed companies that operated in financial markets in which they were admitted for trading, as it is considered that environmental and social issues at these companies form part of their standard management practices.

In total, 17 of Indra's suppliers were audited based on social and environmental criteria in 2019, in addition to the internal audits Indra carries out on its suppliers, and these suppliers could also be audited by Indra's customers, should this be requested.

Supplier environmental requirements

Indra has established a specific clause related to compliance with environmental legislation in its general procurement terms and conditions. Where applicable, suppliers are required to comply with REACH regulations in relation to chemical substances and preparations.

In this regard, of particular note are the initiatives introduced during 2019 to strengthen compliance with European Regulation 107/2006, initiatives which included:

- Sending out letters to suppliers informing them of the changes made in relation to the legislation governing authorisation, appraisal and monitoring processes.
- Defining and incorporating individual authorisation criteria in relation to REACH legislation, adjusted in line with each supplier's profile.
- Improving the Technical Authorisation process through the inclusion of individual terms and conditions for purchase orders that ensure suppliers report the measures taken to mitigate risk in relation to chemical substances.
- Reviewing the information provided by the supplier in purchase orders.

Occupational health and safety procedures with suppliers

Indra requires its approved suppliers to comply with applicable local laws in relation to Occupational Risk Prevention, as well as any associated legislation. The supplier undertakes to provide the required documentation to fulfill these obligations in line with 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 out in the Declaration of the International Labour Organization and the principles of the United Nations Global Compact.

Similarly, Indra has a Statement on Conflict Minerals, which sets out its commitment to not use minerals or components in its products that have been extracted from "conflict" mines. Thereby further strengthening its responsibility in the defence of Human Rights throughout its value chain.

For information on the training received by suppliers in relation to the Code of Ethics, see section 6 of this report.

Contribution to the local community

By purchasing from local suppliers, Indra contributes to the development and growth of the business network in its communities. In 2019, 82% of 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.

	2017	2018	2019
Purchases from local suppliers (%)	81	78	82

NB: Indra's definition of a local supplier is one whose registered office, according to its tax ID, is located in the same country in which the company is procuring the item.

12 Environmental impact and contribution to social causes

12.1 Environmental impact management

Indra is aware that its products and services should contribute to the fight to combat climate change and the pursuit of the goals set out in the Environmental Agenda through the incorporation of more efficient and innovative technology. The company therefore provides its customers with tools to establish more efficient management models and monitor environmental impacts on the environment.

The creation of the Sustainability Committee with the remit of tackling and resolving the environmental challenges that arise over the coming years will facilitate the inclusion of environmental criteria as part of the decision-making process.

Indra also adopts the precautionary principle as one of its key principles in the Global Environmental Policy, with the aim of preventing actions that could lead to an environmental risk.

Through its offering, Indra develops technology that helps to improve its customers' environmental impacts and the creation of a green economy, through solutions for Smart Mobility and Smart Cities, and by promoting sustainability, control and efficiency for the energy sector.

Eco-efficiency of operations and improving environmental management

Indra has an environmental strategy focused on minimising its environmental impact. Indra's global Environmental Management System contributes to the company's compliance with the legislation in force and its efficient and responsible management of resources, both in Spain and in the other countries in which this system has been implemented.

Through its operations and the energy efficiency initiatives in place in its workplaces, the company optimises the use of energy and other resources necessary to carry out its activities, thereby strengthening the eco-efficiency of its operations and continuously improving its environmental management.

The Global Environmental Policy includes a commitment to protect the environment and to the continuous improvement of the Environmental Management System. The Policy is implemented through action plans that are applicable to the various facilities holding 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. Given the importance of climate change, Indra has also specified its commitment through its publication of its Position on Climate Change.

The work centre at Arroyo de la Vega in Alcobendas (Madrid) is certified in accordance with the European EMAS Regulation and ISO 50001. The building has also been awarded LEED Gold certification under the sustainable building certification system developed by the US Green Building Council.

Responsible waste management

As part of its Environmental Management System, one of Indra's main objectives is to reduce the waste generated by its business activities.

The most typical form of waste is electrical and electronic equipment, which is removed and processed by authorised waste management companies. These companies are committed to the circular economy through the reuse of computers and unused computer components based on the principles of prevention, preparation for reuse, recycling, and other forms of recovery and disposal.

Hazardous waste generated by Indra is also handled by authorised waste management companies.

	2017	2018	2019
Hazardous waste (kg)	131,624	104,755	102,860
Non-hazardous waste (kg)	1,330,681	2,228,031	2,048,812
Total waste (kg)	1,462,305	2,332,786	2,151,672

NB: The scope of the waste related information corresponds to the centres that form part of the global environmental management system certified according to the ISO 14001 standard, specifically 40 centres, located in Spain (27), Colombia (6), Peru (3), Portugal (2), Brazil (1) and Italy (1). These centres are the most significant in terms of generating waste and the employees of these centres represent 53% of Indra's average workforce.

In 2019 the Arroyo de la Vega work centre introduced the '0 Plastic Initiative', aimed at eliminating the use of plastic water bottles and replacing them with more recyclable alternatives. This initiative will gradually be rolled out to all of the company's other work centres.

Efficient management of resources: water

Despite the fact that the company's activities have not been identified as having a significant environmental impact in terms of water consumption, availability and quality, Indra monitors, manages and sets targets for the consumption of water at certain sites as part of the company's strategy to manage its resources efficiently. The special initiatives aimed at minimising consumption include the installation of mechanisms to save water at the company's facilities and actions to raise awareness regarding the responsible use of water among employees.

	2017	2018	2019
Drinking water from utilities (m3)	153,346	144,383	139,008
Well water (m ³)	10,944	7,073	5,693

NB: The scope of the information relating to water consumption corresponds to those centres that form part of the global environmental management system certified according to the ISO 14001 standard, specifically 40 centres, located in Spain (27), Colombia (6), Peru (3), Portugal (2), Brazil (1) and Italy (1). These centres are the most significant in terms of water consumption and the employees of these centres represent 53% of Indra's average workforce.

Air pollution including noise and light pollution

Indra defines and carries out regular inspections of the sources of emissions into the atmosphere at its factories, in accordance with the regulations in force. Given the company's activity, none of the sources defined have been significant, either by type or operational hours. The noise levels have also been measured by the Authorised Monitoring 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

The Global Environmental Management System based on ISO standard 14001 is used to identify and manage environmental measures to progressively reduce the company's impact on the environment and the environmental risk associated with its activities, prioritising measures that reduce emissions and optimising waste management, both in terms of quantity and harmfulness.

Horizon 2030 emission reductions (*)

Horizon 2030

In line with the emission reduction targets established in the International Agenda, Indra set the target of reducing CO₂ emissions per employee by 75% between 2013 and 2030.

NB: Emission targets consider Scope 1 and 2 emissions

Geographical distribution of the 42 centres certified under ISO 14001

Indra is committed to creating positive environmental contributions and reducing the negative impacts created by the company in the places where it operates. In 2019, Indra renewed the Environmental Management Global Certification with the new version ISO 14001:2015. In total, the company has 42 centres certified under ISO 14001: 28 centres in Spain, 3 in Europe (1 in Italy and 2 in Portugal), 10 in the Americas (1 in Brazil, 6 in Colombia and 3 in Peru) and 1 in Australia, representing 53% of the average Indra workforce in 2019.

In 2019, natural gas consumption was reduced by 21.2%; diesel fuel by 2.5%, and the total energy consumed fell by 0.7% compared to 2018. In 2019 its energy intensity figure stood at 6.5, calculated as the sum of its natural gas, diesel and electricity consumption (diesel and natural gas energy consumed (giga joules)/average workforce at ISO 14001 certified premises plus electricity (giga joules)/total average workforce), equating to a reduction of 12.8% compared to 2018.



Climate change management

The regulatory framework is changing, and requirements in environmental matters are becoming stricter. Analysts and investors are displaying increasing sensitivity towards environmental issues. Customers are increasingly demanding responsible environmental performance from their suppliers.

In order to respond to demands from its investors and customers, Indra has followed the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD) and carried out an analysis of the risks and opportunities of Climate Change. This analysis, which was updated in 2019, was also carried out in accordance with the Sustainable Development Goals established by the United Nations. For more information on this analysis of the risks and opportunities of climate change, see section 5.

Some of the commitments made by the company include improving the management of its carbon footprint, as well as reducing emissions in different time horizons between 2013-2030.

Energy efficiency in the workplace

Due to its business activity, Indra considers that a large part of its 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. Energy saving measures have therefore been implemented at the majority of its workplaces in Spain since 2014, with the help of an energy services company.

Indra's corporate headquarters also has an energy consumption Control Centre, where management of electricity and natural gas of the majority of the buildings in Spain is managed in real time. Indra has been implementing Energy Efficiency measures for more than four years now to save energy at all of its work centres and optimise consumption.

Since 2012 Indra has had a primary Data Processing Centre located in San Fernando de Henares with a surface area of almost 5,000 sqm. In recent years, following the Internal Systems Plan, major overhauls were carried out on cooling processes and controlling energy consumption, achieving considerable cost savings.

The company also promotes the purchase of green electricity as part of the energy consumed at its work centres.

Energy consumption (Notes 1, 2 & 3)	2017	2018		2019	
		Total	Spain	Total	Spain
Diesel C (litres)	426,498	24,659	24,471	24,426	24,426
Diesel C (kWh)	4,279,528	247,429	245,547	241,324	241,324
Natural gas (m ³) (Note 4)	487,566	548,553	548,553	319,602	319,602
Natural gas (kWh) (Note 4)	4,550,985	5,120,248	5,120,248	4,033,464	4,033,464
Electricity (kWh)	77,093,175	76,840,206	61,357,981	77,374,709	59,438,125
% renewable electricity	54%	56%	73%	57%	75%
Total energy consumed (gigajoules)	309,325	295,948	240,206	293,938	229,366

Note 1: In 2019, reported consumption and associated emissions have been consolidated according to the Financial 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 available information, in most cases this is 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 from the same year.

Diesel conversion unit: 9.88 kWh equals 1 litre.

Energy conversion unit: 277 kWh equals 1GJ.

Note 3: The information relating to electricity includes all countries in which the Indra Group conducts its business operations at facilities that it owns and that consumed energy in 2019. The scope of the information relating to diesel and natural gas relates to those centres that form part of the global environmental management system certified according to the ISO 14001 standard, specifically 40 centres, located in Spain (27), Colombia (6), Peru (3), Portugal (2), Brazil (1) and Italy (1). Given their activity, these centres are the largest regarding energy consumption and their employees account for 53% of Indra's average workforce. In short, during 2019 diesel C and natural gas were only consumed in Spain, which is why the figures shown for the consumption of these energy sources in 2019 shown in this table are the same in the column for Spain and the column showing the total amount consumed.

Note 4: Consumption of natural gas fell in 2019 because the need for natural gas for heating was lower this year. In addition, some of the equipment used to heat the Arroyo de la Vega premises was replaced with equipment that was more efficient.

Energy efficiency at data processing centres

The following table shows the energy efficiency data for the DPC at San Fernando de Henares:

Indicator	2017	2018	2019
-----------	------	------	------

PUE (Power Usage Effectiveness) in data centres	1.656	1.681	1.703
Total energy consumed at data centres (mWh)	7,516	7,415	7,912
Percentage renewable energy (%)	100	100	100

Measuring and reducing carbon footprint

As part of the company's commitment to measuring and reducing its Carbon Footprint, Indra makes this calculation annually. 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 from the direct consumption of energy (natural gas and diesel).
- Scope 2. Indirect emissions. These include emissions from electricity consumption.
- Scope 3. Other indirect emissions. These include emissions from employee business trips by plane, car and train.

In line with the company's commitment to transparency, since 2010, Indra has been reporting on the management of its Carbon Footprint and its reduction of emissions to the Carbon Disclosure Project (CDP). In 2019, Indra obtained a CDP valuation of B.

Carbon Footprint	2017	2018	2019
Scope 1: direct CO ₂ emissions (CO ₂ equivalent tonnes) (Note 5)	1,957	949	828
Scope 2: indirect CO ₂ emissions due to electricity consumed (CO ₂ equivalent tonnes) (Note 6)	10,160	9,555	9,169
Scope 3: indirect CO ₂ emissions due to use of third-party transportation (CO ₂ equivalent tonnes) (Note 7)	17,957	24,110	24,759
Scope 1+2 (CO ₂ equivalent tonnes)	12,117	10,504	9,997
Scope 1+2+3 (CO ₂ equivalent tonnes)	30,074	34,614	34,756
Average workforce total	40,004	41,572	47,409
Average workforce ISO 14001 certified centres	26,179	24,484	24,912
Scope 1 intensity (CO ₂ equivalent tonnes/average workforce at certified premises)	0.075	0.039	0.033
Scope 2 intensity (CO ₂ equivalent tonnes/average total workforce)	0.254	0.230	0.194
Intensity (Scope 1 intensity + Scope 2 intensity)	0.329	0.269	0.227

Note 5: Emissions from direct energy consumption (natural gas and diesel), corresponding to Scope 1 are included, as defined by the GHG Protocol standard.

The International Energy Agency emission factors (2019 edition) were used to calculate these emissions for 2019. In 2019, information on the consumption of natural gas and diesel by volume (m³ and litres) and also by energy (kWh) has been provided. To calculate emissions, the data in terms of energy (kWh) has been adopted and the corresponding emission factors have been applied. In 2019, one building in which part of the energy supplied (280,100 kWh) comes from natural gas and biomass has been left within the scope, therefore in order to provide an emissions calculation for this building, the emission factor provided by the energy distributor has been applied.

Note 6: Emissions from electricity consumption corresponding to Scope 2 are included, as defined by the GHG Protocol standard.

The International Energy Agency emission factors (2019 edition) were used to calculate these emissions for 2019. In 2019, the reduction of emissions is primarily due to the acquisition of renewable electricity, which equated to 57% of consumption.

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 Indra Group employees based in Spain.

Employee business trips by plane and train have been obtained from the data reported by the travel agency that manages reservations for the Indra Group and correspond to the number of kilometres travelled. Data regarding employee travel using their own vehicles is provided by the Central Administration Department and relates to kilometres travelled by employees on trips recorded in the internal journey reimbursement tool.

The DEFRA emission factors (2019 edition) were used to calculate these emissions for 2019.

12.2 Contribution to social causes

Indra is aware that the construction of a successful business model requires sustainability and socio-economic development in the communities in which it operates. It therefore believes that contributing to the sustainability of the communities in which it has a presence forms part of the company's responsibility and long-term value creation aims for the groups with which it is associated. At the same time, Indra is convinced that, to maximise the positive impact where it operates, it must focus its support for social causes through initiatives that are closely linked to its core business and to areas in which the company is most skilled: promoting knowledge and innovation.

Through various forms of contribution (direct donations, accessible technologies, pro bono projects and corporate volunteering), Indra's main courses of action focus on:

- **Developing accessible technologies:** as a technology company, Indra understands that it has a significant capacity to resolve the problems encountered by disabled people through the use of technology, in a way that reduces the digital gap in access to technology and the services that may be associated with this group, while at the same time developing differentiated capacities and solutions that may enhance Indra's product portfolio.

Related Sustainable Development Goals (SDGs): SDG 3, SDG 9, SDG 10, SDG 17

- **Promotion of STEM careers:** many of the markets in which the company operates are suffering from a shortage of professional staff with STEM qualifications and skills, areas that are key to the company's business. Indra therefore believes that the promotion of these types of careers will have a beneficial effect on the communities in which it operates, and it is in the company's long-term interests to ensure the availability of qualified professionals in the markets in which it is active.

Related Sustainable Development Goals (SDGs): SDG 4, SDG 8, SDG 10, SDG 17

- **Offsetting the company's carbon footprint and improving the environment:** Indra has a significant carbon footprint which is mainly associated with its employees travelling to provide services for the company's customers and with the energy consumed at its facilities and data processing centres (DPC). It is therefore important for the company to take action that can partially offset this carbon footprint by engaging in projects that will at the same time help it to improve its employee relations and their pride in being a part of the company. Indra therefore engages in volunteer work involving the planting of trees in various geographical territories.

Related Sustainable Development Goals (SDGs): SDG 13, SDG 14, SDG 17

- **Support for groups in danger of exclusion and support for infancy:** access to and demand for technology is heavily conditioned by an individual's socio-economic profile. The greater the level of development, the greater the demand for technology. Indra is therefore convinced that support for socio-economic development and the elimination of any kind of risk of exclusion will be to the benefit of both the community and the company itself.

Related Sustainable Development Goals (SDGs): SDG 1, SDG 4, SDG 2, SDG 10, SDG 17

These priorities take on a different form in each of the countries in which Indra operates, and the local requirements arising in each of these countries must also be taken into account. Particular mention should be made of the following programmes, which were carried out in 2019 in each of the countries in which Indra has a significant presence:

	Accessible social technologies	STEM careers	Carbon footprint and the environment	Risk of exclusion and infancy
Spain	Launch of the IV call for assistance with research projects, in collaboration with Fundación Universia . Projects must be directed towards the development of software, devices, instruments and equipment that can be used by people with disabilities, with the aim of facilitating their active involvement in society and helping them gain access to jobs.	Volunteer work on STEMadrid. Promoted by the Community of Madrid with a view to encouraging the pursuit of STEM careers in primary and secondary education.	Volunteer work with Fundació Juan XXIII Roncalli to restore an area close to Torres de la Alameda in collaboration with differently abled people. Immersion in the environment.	Volunteer work on Project Coach, an initiative by Fundación Exit: Indra employees offer coaching to young people to give them guidance in the areas of training and employment. Campaign with the Red Cross to collect food for the children of families in need. Mates Initiative to collect funds for foundations and associations.
Brazil	Charity Hackathon: marathon among Indra's employees in Brazil to develop a software to support the GRAACC Cancer Hospital.			Festa Junina Solidaria: charitable campaign to collect non-perishable food items to donate to children.
Mexico		28 hours of MS Excel courses for employees of the Mexican Association for Rural and Urban Transformation (<i>Asociación Amextra A.C.</i>).	Reforestation seminar with Indra employees.	Donation of clothes and school equipment to coincide with Children's Day.
Colombia				Indra has taken part in a number of programmes to support infants: fun runs for the Save The Children Fund in Bogota and Medellin, and the distribution of gifts for children with cancer or in vulnerable circumstances in Bogota, Medellin and Pereira.
Chile		Collaboration in the " <i>Programa Tu Desarrollo</i> ", " <i>Ampliando Conocimiento</i> " and " <i>La Ruta de Indra en Chile</i> " programmes to promote and support technology careers among students at technical and vocational colleges specialising in programming.		Collaboration with Oncogar on campaigns to distribute toys and collect plastic caps and tops to benefit the San Juan de Dios and Luis Calvo Mackenna hospitals (for cancer treatment) and Hogar San Roque.
Portugal			Collaboration on programmes to clear rubbish from the beaches in Algés.	

Indra's investment in social action fell from €1,057,701 in 2018 to €297,060 in 2019, due mainly to the corporate restructuring process undertaken by the company, which affected how the General Act on the Rights of Persons with Disability and their Social Inclusion was applied. This Act applies to companies with an average annual workforce of

more than 50 employees. Companies that were incorporated less than a year ago are not consolidated in respect of their entire workforce and, as a result, some Indra companies did not reach the minimum number of employees for them to be subject to the Act.

Of the €297,060 assigned to social projects, €102,543 is assigned to fulfilling the General Law on Rights of Persons with Disabilities and their Social Inclusion, which is intended for foundations and non-profit entities; €169,191 in financial contributions to foundations, non-profit organisations and academic institutions; and €25,326 in time contributions (pro bono projects).

Social action was channelled through 72 activities, comprising the 50 volunteering initiatives described below and a further 22 social activities which did not include the involvement of volunteers.

The results of the company's volunteer programmes showed an increase in comparison with 2018, due both to the boost given to these programmes by the company and to improvement in the system for registering and measuring initiatives. As a result, Indra's volunteer initiatives in 2019 were as follows (covering Spain, Portugal, Brazil, Mexico, Colombia, Italy, Peru and Chile):

- Number of volunteer initiatives: 50
- Number of volunteers: 880
- Number of companions: 298
- Number of direct beneficiaries*: 7,985
- Number of indirect beneficiaries*: 350
- Collaborating organisations: 62
- Volunteer hours: 9,537
- Working day hours: 1,756
- Non-working day hours: 7,781

(*) Total number of beneficiaries resulting from participation by volunteers from Indra and their companions in volunteering activities, regardless of the level of benefit achieved.

13 Appendices

13.1 About the Sustainability Report

This report includes the information required to understand the risks, business model, policies, strategy, performance, results and the situation of the Group and the impact of its activity in relation to environmental and social issues, as well as those relating to staff, respect for Human Rights and combatting corruption and bribery. In accordance with the provisions set out in Law 11 of 28 December 2018 in respect of non-financial information and diversity, this report complements the information provided in the Management Report. The Report has also been subject to the same criteria regarding its preparation, approval, filing and publication. In particular, the Report was prepared by the Board of Directors together with the Management Report at its meeting of 23 March 2020, with a favourable recommendation from the Sustainability Committee.

In line with its commitment to continuous improvement regarding transparency, before preparing this Report, Indra carried out a review of its materiality assessment, which led it to review the structure of the content and indicators used in the Report. More specifically, it created a new section dealing with political influence and significantly strengthened the content relating to innovation, corporate governance, risk management, ethics and compliance and Information Security.

The 2019 Sustainability Report refers to the period from 1 January 2019 to 31 December 2019.

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

- Act 11 of 28 December 2018, amending the Spanish Commercial Code; the consolidated text of the Spanish Capital Companies Act, approved by Royal Legislative Decree 1 of 2 July 2010; and Act 22 of 20 July 2015, on Auditing Accounts in matters of non-financial information and diversity.
- The GRI Standards for the preparation of Sustainability Reports by the Global Reporting Initiative (GRI).
- 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 that form part of Indra as of 31 December 2019, please refer to the 2019 Consolidated Annual Accounts.

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

Content principles

- Inclusion of stakeholders: Indra provides its stakeholders with various channels of communication, participation and dialogue, which are continually reviewed and updated and which it uses to detail its future expectations.
- Sustainability: 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.
- Materiality: The company has carried out the updating of its materiality analysis to detect and update the relevant issues in sustainability for the company and its stakeholders.
- Completeness: Throughout this report Indra provides qualitative and quantitative information on the company's environmental impact.

Quality principles

- Accuracy: All of the information included in this report is collected and analysed through Indra's various Information Systems.
- Balance: The report addresses the main issues in relation to the matters identified in the materiality analysis.
- Clarity: The company is aware of the importance of presenting information in an orderly, schematic and summarised format, to ensure stakeholders find it easy to read and understand.
- Comparability: The information is presented in accordance with international standards and it compares the performance of the company in 2019 with previous years.
- Reliance: As part of Indra's commitment to the reliability of the information reported, the information has been verified externally by an independent third party.
- Timeliness: Indra has been publishing annual sustainability reports since 2003.

13.2 Materiality assessment drafting procedure

In order to prepare the materiality assessment, the results of which are shown in section 4 of this Report, Indra follows the procedure indicated below:

1. Identification of potentially important issues; this involved reference to the following information sources:
 - 2018 Indra materiality assessment.
 - Reporting rules and standards: Spanish Act 11/2018 on the reporting of non-financial information and diversity, the Global Reporting Initiative (GRI) Sustainability Reporting Standards and the Sustainability Accounting Standard Board (SASB) materiality map.
 - ESG investment analysts: SAM, MSCI, ISS-Oekom and VigeoEiris.
2. External prioritisation in accordance with ESG reporting standards and investment analysts:
 - Reporting standards: the GRI publication “Sustainability Topics for Sectors” has been used to identify those issues that are particularly important in the “Software and Services” sector, along with the issues identified by SASB as important in the “Software & IT Services” sector.
 - ESG investment analysts: the company has applied the weightings allocated to each of the assessment criteria used by each of the analysts for the sector in which Indra is classified.
3. Internal prioritisation based on consultations with managers: a direct questionnaire was used to ask Indra’s managers to give their views on various aspects of the potential relevance of each issue that had been previously identified. The questionnaire was sent out to 23 managers, chosen as a sample that would give a representative overview of the company’s activities.
4. Preparation of the materiality matrix: prioritisation is shown on a graph with two axes: decision and risk. Showing it in this format is in line with the requirements set out by GRI and it also serves to comply with the requirements of Spanish Act 11/2018, which established a risk approach for materiality assessments. In order to assess the importance of the various issues according to these two axes, the following criteria have been applied:
 - Decision: analyses of the importance of reporting standards issues (GRI’s “Sustainability Topics for Sectors” and SASB’s “Materiality Map”) were used as proxies, to reflect what the various stakeholder groups need to know, together with the managers’ opinions regarding how these different issues affect stakeholders when it comes to establishing a relationship with the company.
 - Risk: the weighting afforded to each issue by the main ESG analysts that follow Indra (SAM/DJSI, MSCI, ISS-OEKOM and Vigeo) were used as proxies to illustrate the main issues that are critical for the sector, together with the managers’ opinions regarding the impact that the company has on the community in which it operates.
5. Identification of indicators: finally, for each material issue Indra has identified the requirements for information and the indicators requested by the main reporting standards and ESG analysts.

The materiality matrix therefore represents a reflection of stakeholder opinion regarding the importance of these issues for the company.

13.3 Communication channels and dialogue with Stakeholders

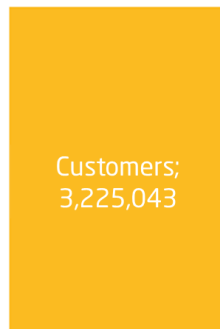
Indra provides its stakeholders with various communication, participation and dialogue channels which are continuously reviewed and updated.

	Customers	Shareholders and investors	Employees	Suppliers	Entrepreneurial ecosystem	Universities and research centres	Regulators and authorities	Media	Foundations and society in general
Direct relations									
Specific events or acts									
Satisfaction survey									
Complaints and/or communicatio									
Specific publications									
Indra and Minsait websites									

13.4 Value creation model

The economic value generated, retained and distributed by Indra is calculated based on the GRI 201-1 disclosure. The economic value generated includes revenue and other income amounting to €3,225,043,000, corresponding to the 2019 financial year. Moreover, the economic value distributed amounted to €3,109,927,000 in 2019 and corresponds to: staff costs; income tax and taxes; investment in social action; supplier expenses, including consumption and other supplies and other operating expenses, minus the investments in social action and taxes; financial backers which include the net financial income/(expense) and the profit/(loss) of equity-accounted companies. The economic value retained by the company results from subtracting the staff costs, income tax and taxes, social action, suppliers and borrowing costs.

Economic value generated



Economic value distributed and retained

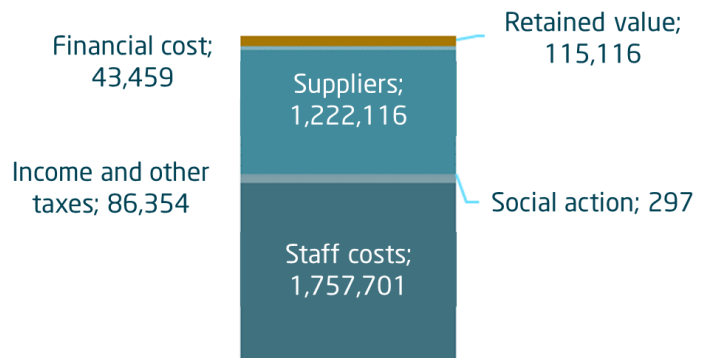


Figure: economic value generated, distributed and retained
Figures in thousands of euros

13.5 Table of GRI disclosures

GRI disclosure and description	Page/Reference	Observations/Notes
General disclosures (GRI 102: GENERAL DISCLOSURES 2019)		
Organisational profile		
102-1 Name of the organisation	Indra Consolidated Annual Accounts 2019, Note 1	
102-2 Activities, brands, products and services	10, 13	
102-3 Location of headquarters	Indra Consolidated Annual Accounts 2019, Note 1	
102-4 Location of operations	Indra Consolidated Annual Accounts 2019, Appendix 1	
102-5 Ownership and legal form	46	
102-6 Markets served	10	
102-7 Scale of the organisation	9 Indra Consolidated Annual Accounts 2019, Note 28	
102-8 Information on employees and other workers	50, 94-100	
102-9 Supply chain	60, 100	
102-10 Significant changes to the organisation and its supply chain	50	
102-11 Precautionary principle or approach	26	
102-12 External Initiatives	46	
102-13 Membership of associations	38-40 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. More information on this can be found at the following links: Lobbyfacts and EU Transparency Register	
Strategy		
102-14 Statement from senior decision-maker	4	
102-15 Key impacts, risks and opportunities	10, 26 Indra Management Report 2019, Note 8	
Ethics and integrity		
102-16 Values, principles, standards and norms of behaviour	6, 32, 44	
102-17 Mechanisms for advice and concerns about ethics	32	
Governance		
102-18 Governance structure	23-24	
102-19 Delegating authority	8	
102-20 Executive-level responsibility for economic, environmental, and social topics	8	
102-21 Consulting stakeholders on economic, environmental and social topics	71, 72	
102-22 Composition of the highest governance body and its committees	23	
102-23 Chair of the highest governance body	23	
102-24 Nominating and selecting the highest governance body	23-24 Indra Sistemas S.A. - Regulations of the Board of Directors and its committees	
102-25 Conflicts of interest	23-24	

	Indra Sistemas S.A. - Regulations of the Board of Directors and its committees	
102-26 Role of highest governance body in setting purpose, values and strategy	6, 23	
102-27 Collective knowledge of the highest governance body	23-24 Indra Sistemas S.A. - Regulations of the Board of Directors and its committees	
102-28 Evaluating the highest governance body's performance	25	
102-29 Identifying and managing economic, environmental and social impacts	13, 26	
102-30 Effectiveness of risk management processes	26	
102-31 Review of economic, environmental and social topics	13, 26	
102-32 Highest governance body's role in sustainability reporting	8, 70	
102-33 Communicating critical concerns	34-35, 71, 72	
102-34 Nature and total number of critical concerns	34-35, 71, 72	
102-35 Remuneration policies	25-26, 56 Indra Remuneration Policy	
102-36 Process for determining remuneration	25-26 Indra Remuneration Policy	
102-37 Stakeholders' involvement in remuneration	25-26 Indra Remuneration Policy	
102-38 Annual total compensation ratio	25-26, 97	
102-39 Percentage increase in annual total compensation ratio	25-26, 97	
Stakeholder engagement		
102-40 List of stakeholder groups	44, 72	
102-41 Collective bargaining agreements	58	
102-42 Identifying and selecting stakeholders	44, 72	
102-43 Approach to stakeholder engagement	44, 71, 72	
102-44 Key topics and concerns raised	13	
Reporting practices		
102-45 Entities included in the consolidated financial statements	Indra Annual Consolidated Accounts 2019, Notes 1 and 5	
102-46 Defining report content and topic Boundaries	13, 71	
102-47 List of material topics	13	
102-48 Restatements of information	70	
102-49 Changes in reporting	70	
102-50 Reporting period	70	
102-51 Date of most recent report	70	
102-52 Reporting cycle	70	
102-53 Point of contact for questions regarding the report	Indra website contact page	
102-54 Claims of reporting in accordance with GRI standards	70	
102-55 GRI content index	74	
102-56 External assurance	99-103	

Topic specific content		
Economic performance		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
201-1 Direct economic value generated and distributed	73	
201-2 Financial implications and other risks and opportunities due to climate change	26, 29-31 Response to CDP Climate Change 2019 (Risks and Opportunities Module)	
201-3 Defined benefit plan obligations and other retirement plans	Indra Consolidated Annual Accounts 2019, Note 24	
201-4 Financial assistance received from government	Indra Annual Consolidated Accounts 2019, Notes 10 and 23	
Market Presence		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	95-96	
202-2 Proportion of senior management hired from the local community	95-96	
Indirect economic impacts		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
203-1 Infrastructure investments and services supported	67-68, 73	
203-2 Significant indirect economic impacts	67-68, 73	
Procurement practices		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
204-1 Proportion of spending on local suppliers	62, 99	
Anti-corruption		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
205-1 Operations assessed for risks related to corruption	32-37 GRI 205-3	
205-2 Communication and training about anti-corruption policies and procedures	32-37	
205-3 Confirmed incidents of corruption and actions taken	32-37 Consolidated Annual Accounts 2019, Note 24	
Anti-competitive behaviour		

103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	36-37 Consolidated Annual Accounts 2019, Note 24	
Materials		
103-1 Explanation of the material topic and its boundary	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
103-2 The management approach and its components	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
103-3 Evaluation of the management approach	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
301-1 Materials used by weight or volume	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
301-2 Recycled input materials used	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
301-3 Reclaimed products and their packaging materials	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
Energy		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
302-1 Energy consumption within the organisation	65	Group scope (electricity) and Global ISO 14001 Certified Centres (diesel and natural gas). Scope: Spain. Energy consumption in terms of CO ₂ emissions from company employee transport with their own vehicles, trains and airplanes on business trips is reported. The limitations to the scope and observations on this disclosure are provided on page 65
302-2 Energy consumption outside of the organisation	65	The limitations to the scope and observations on this disclosure are provided on page 65
302-3 Energy intensity	65-66	The limitations to the scope and observations on this disclosure are provided on page 65
302-4 Reduction of energy consumption	64-65	The measures adopted are reported.
302-5 Reductions in energy requirements of products and services	64-65	The measures adopted are reported.
Water		
103-1 Explanation of the material topic and its boundary	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
103-2 The management approach and its components	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
103-3 Evaluation of the management approach	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
303-1 Water withdrawal by source	63 Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
303-2 Water sources significantly affected by withdrawal of water	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
303-3 Water recycled and reused	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
Biodiversity		
103-1 Explanation of the material topic and its boundary	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
103-2 The management approach and its components	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
103-3 Evaluation of the management approach	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment

304-1 Operational sites owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
304-2 Significant impacts of activities, products and services on biodiversity	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
304-3 Habitats protected or restored	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
Emissions		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
305-1 Direct (Scope 1) GHG emissions	65	Scope: Certified sites. The limitations to the scope and observations on this disclosure are provided on pages 65-66
305-2 Energy indirect (Scope 2) GHG emissions	65	The limitations to the scope and observations on this disclosure are provided on pages 66-67
305-3 Other indirect (Scope 3) GHG emissions	65	Scope: Spain. The limitations to the scope and observations on this disclosure are provided on pages 66-67
305-4 GHG emissions intensity	65	The limitations to the scope and observations on this disclosure are provided on pages 66-67
305-5 Reduction of GHG emissions	65-67	Reported indirectly through reduction in consumption.
305-6 Emissions of ozone-depleting substances (ODS)	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x) and other significant air emissions	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
Effluents and waste		
103-1 Explanation of the material topic and its boundary	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
103-2 The management approach and its components	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
103-3 Evaluation of the management approach	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
306-1 Water discharge by quality and destination	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
306-2 Waste by type and disposal method	62	
306-3 Significant spills	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
306-4 Transportation of hazardous waste	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
306-5 Water bodies affected by water discharges and/or runoff	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
Environmental compliance		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
307-1 Non-compliance with environmental laws and regulations	Indra Consolidated Annual Accounts 2019, Note 43	
Supplier environmental assessment		
103-1 Explanation of the material topic and its boundary	13	

103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
308-1 New suppliers that were screened using environmental criteria	60-62	
308-2 Negative environmental impacts in the supply chain and actions taken	60-62	
Employment		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
401-1 New employee hires and employee turnover	50, 95	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	There are no significant differences in the benefits that the employees receive by contract type	
401-3 Parental leave	55-56	Scope: Spain.
Labour/management relations		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
402-1 Minimum notice periods regarding operational changes	58-59	
Occupational Health and Safety		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
403-1 Workers representation in formal management-worker 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 requires this. The most relevant department is that of the companies located in Spain, where Indra has close to 155 health and safety delegates acting on behalf of its workers.	
403-2 Types of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities	57	Own staff rates are reported. Absenteeism data is not broken down by gender. The scope of the Occupational Health and Safety data (except for 'absenteeism') covers 93% of the companies in the Group. Indra counts injuries, with and without medical leave, excluding those occurring during the commute to and from work.
403-3 Workers with high incidence or high risk of diseases related to their occupation	No professions have been identified as having a high risk of disease	
403-4 Health and safety topics covered in formal agreements with trade unions	Indra applies the regulations in force with regard to 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 2019 there have been no	

	relevant formal agreements with unions on these matters.	
Training and education		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
404-1 Average hours of training per year per employee	51-52	
404-2 Programmes for upgrading employee skills and transition assistance programmes	51-52	
404-3 Percentage of employees receiving regular performance and career development reviews	51-52	
Diversity and equal opportunity		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
405-1 Diversity of governance bodies and employees	26, 53, 54	
405-2 Ratio of basic salary and remuneration of women to men	54	
Non-discrimination		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
406-1 Incidents of discrimination and corrective actions taken	34-35 During the period from 1 January 2019 to 31 December 2019 there were no incidents (legal actions, formal complaints registered by the company or the competent legal authorities, or non-conformities identified by the company during the course of internal procedures) involving discrimination on grounds of race, colour, gender, religion, political opinion, origin or social class, according to the ILO definition, nor were there any incidents relating to activities that might endanger the right of employees to associate or engage in collective negotiation, or incidents involving enforced labour, child labour or the rights of indigenous peoples, of which we are aware and which might give rise to damages or sanctions affecting Indra Sistemas, S.A. and its dependent companies, except as described in the Indra Sustainability Report for 2019.	The information provided refers to all complaints received for any reason via the Group's complaint channels
Freedom of association and collective bargaining		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	58	The policy regarding this aspect is reported.

Child labour		
103-1 Explanation of the material topic and its boundary	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
103-2 The management approach and its components	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
103-3 Evaluation of the management approach	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
408-1 Operations and suppliers at significant risk for incidents of child labour	Not material according to Indra's materiality assessment	Not material according to Indra's materiality assessment
Forced or compulsory labour		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	32, 37-38	The policy regarding this aspect is reported.
Security practices		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
410-1 Security personnel trained in Human Rights policies or procedures	Indra has subcontracted a security company in Spain. The security personnel from that company who were working at Indra's premises in 2018 received training in Human Rights issues during the same year.	Scope: Spain
Rights of indigenous peoples		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
411-1 Incidents of violations involving rights of indigenous peoples	37-38 No significant incidents have been detected.	The information provided refers to all complaints received for any reason via the Group's complaint channels
Human Rights Assessment		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
412-1 Operations that have been subject to Human Rights reviews or impact assessments	37-38	The policy regarding this aspect is reported.
412-2 Employee training on human rights policies or procedures	37-38	The number of trained employees is reported.
412-3 Significant investment agreements and contracts with Human Rights clauses or that underwent Human Rights screening	37	The policy regarding this aspect is reported.
Local communities		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	

103-3 Evaluation of the management approach	13	
413-1 Operations with local community engagement, impact assessments and development programmes	67-69	Volunteer programmes, accessible technologies and pro bono projects are reported.
413-2 Operations with significant actual and potential negative impacts on local communities	No significant negative impacts have been identified.	
Supplier social assessment		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
414-1 New suppliers that were screened using social criteria	59-61	
414-2 Negative social impacts in the supply chain and actions taken	59-61	The internal procedures related to this aspect are reported.
Public policy		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
415-1 Political contributions	According to the Indra 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 reported.
Customer health and safety		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
416-1 Assessment of the health and safety impacts of product and service categories	48	This is reported qualitatively.
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	47-49 Indra Consolidated Annual Accounts 2019, Note 24	
Marketing and labelling		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
417-1 Requirements for product and service information and labelling	48	This is reported qualitatively.
417-2 Incidents of non-compliance concerning product and service information and labelling	Indra Consolidated Annual Accounts 2019, Note 24	
417-3 Incidents of non-compliance concerning marketing communications	Indra Consolidated Annual Accounts 2019, Note 24	
Customer privacy		
103-1 Explanation of the material topic and its boundary	13	

103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	18	
Socioeconomic compliance		
103-1 Explanation of the material topic and its boundary	13	
103-2 The management approach and its components	13	
103-3 Evaluation of the management approach	13	
419-1 Non-compliance with laws and regulations in the social and economic area	Indra Consolidated Annual Accounts 2019, Note 24	

13.6 Table of contents of the Non-Financial Information Statement

Contents of the Non-Financial Information Statement		
Contents of Law 11/2018 INF	Standard adopted	Page/Reference
Business model		
Description of the group's business model		
Brief description of the group's business model, which will include its business environment, its organisation and structure, the markets in which it operates, its objectives and strategies, and the main factors and trends that may affect its future performance.	GRI 102-2 Activities, brands, products and services	10, 13
	GRI 102-4 Location of operations	Indra Annual Consolidated Accounts, Appendix I
	GRI 102-6 Markets served	10
	GRI 102-15 Key impacts, risks and opportunities	10, 26, Indra Management Report 2019 Note 8
	GRI 102-7 Scale of the organisation	9, Indra Consolidated Annual Accounts 2019, Nota 28
Environmental information		
Policies		
Policies applied by the group, including the due diligence procedures applied to identify, evaluate, prevent and mitigate significant risks and impacts, and to verify and monitor them, as well as the measures that have been adopted.	GRI 103-2 The management approach and its components	13
	GRI 103-3 Evaluation of the management approach	13
Risks		
Main risks		
The main 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 area. Information on the impacts that have been detected must be detailed with a breakdown, particularly including the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks and opportunities	10, 26, Indra Management Report 2019 Note 8
	GRI 102-11 Precautionary principle or approach	26
	GRI 102-30 Effectiveness of risk management processes	26
	GRI 201-2 Financial implications and other risks and opportunities due to climate change	26, 29-31 Response to CDP Climate Change 2019 (Risks and Opportunities Module)
General		
Current and foreseeable effects of the company's activities on the environment and, where applicable, on health and safety	GRI 102-15 Key impacts, risks and opportunities	10, 26, Indra Management Report 2019 Note 8
	GRI 102-29 Identifying and managing economic, environmental and social impacts	13, 26
	GRI 102-31 Review of economic, environmental and social topics	13, 26
Environmental assessment or certification procedures.	GRI 102-11 Precautionary principle or approach	26
	GRI 102-29 Identifying and managing economic, environmental and social impacts	13, 26
	GRI 102-30 Effectiveness of risk management processes	26
Resources dedicated to environmental risk prevention.	GRI 102-29 Identifying and managing economic, environmental and social impacts	13, 26 Indra Consolidated Annual Accounts 2019, Note 43
Application of the precautionary principle.	GRI 102-11 Precautionary principle or approach	26
Provisions and guarantees for environmental risks.	307-1 Non-compliance with environmental laws and regulations	Indra Consolidated Annual Accounts, Note 43.
Contamination		

Measures to prevent, reduce or rectify 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)	13
	GRI 302-4 Reduction of energy consumption	64-65
	GRI 302-5 Reductions in energy requirements of products and services	64-65
	GRI 305-5 Reduction of GHG emissions	65
	GRI 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Not material according to Indra's materiality analysis
Circular economy and waste prevention and management		
Measures to prevent, recycle and reuse, and other ways of recovering and eliminating waste. Actions to combat food waste.	GRI 301-1 Materials used by weight or volume	Not material according to Indra's materiality analysis
	GRI 301-2 Recycled input materials used	Not material according to Indra's materiality analysis
	GRI 301-3 Reclaimed products and their packaging materials	Not material according to Indra's materiality analysis
	GRI 303-3 Water recycled and reused	Not material according to Indra's materiality analysis
	GRI 306-1 Water discharge by quality and destination	Not material according to Indra's materiality analysis
	GRI 306-2 Waste by type and disposal method	62
	GRI 306-3 Significant spills	Not material according to Indra's materiality analysis
Sustainable use of resources		
Water consumption and water supply according to local constraints	GRI 303-1 Water withdrawal by source	63 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 Water recycled and reused	Not material according to Indra's materiality analysis
Consumption of raw materials and the measures adopted to improve their efficient use	GRI 301-1 Materials used by weight or volume	Not material according to Indra's materiality analysis
	GRI 301-2 Recycled input materials used	Not material according to Indra's materiality analysis
	GRI 301-3 Reclaimed products and their packaging materials	Not material according to Indra's materiality analysis
Energy: Direct and indirect consumption; Measures taken to improve energy efficiency, Use of renewable energy	GRI 103-2 Management Approach (Energy)	13
	GRI 302-1 Energy consumption within the organisation (energy from renewable and non-renewable sources)	65
	GRI 302-2 Energy consumption outside of the organisation	65
	GRI 302-3 Energy intensity	65-66
	GRI 302-4 Reduction of energy consumption	64-65
	GRI 302-5 Reductions in energy requirements of products and services	64-65
Climate change		
Greenhouse Gas Emissions	GRI 305-1 Direct (Scope 1) GHG emissions	66-67
	GRI 305-2 Energy indirect (Scope 2) GHG emissions	66-67
	GRI 305-3 Other indirect (Scope 3) GHG emissions	66-67
	GRI 305-4 GHG emissions intensity	66-67
The measures adopted to adapt to the effects of Climate Change	GRI 102-15 Key impacts, risks and opportunities	10, 26, Indra Management Report 2019 Note 8
	GRI 103-2 The management approach and its components	¡Error! Marcador no definido.
	GRI 201-2 Financial implications and other risks and opportunities due to climate change	26, 29-31

		Response to CDP Climate Change 2019 (Risks and Opportunities Module)
Reduction goals established voluntarily in the medium and long term to reduce GHG emissions and measures implemented for this purpose.	GRI 305-5 Reduction of GHG emissions GRI 103-2 Management Approach (Emissions and contamination)	65-67 13
Protection of biodiversity		
Measures taken to preserve or restore biodiversity	GRI 304-3 Habitats protected or restored	Not material according to Indra's materiality analysis
Impacts caused by activities or operations in protected areas	GRI 304-1 Operational sites owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas GRI 304-2 Significant impacts of activities, products and services on biodiversity GRI 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not material according to Indra's materiality analysis Not material according to Indra's materiality analysis
Information about social and staff-related matters		
Policies		
Policies applied by the group, including the due diligence procedures applied to identify, evaluate, prevent and mitigate significant risks and impacts, and to verify and monitor them, as well as the measures that have been adopted.	GRI 103-2 The management approach and its components GRI 103-3 Evaluation of the management approach GRI 102-35 Remuneration policies	13 13 25-26 Indra Remuneration Policy
Main risks		
The main 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 area. Information on the impacts that have been detected must be detailed with a breakdown, particularly including the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks and opportunities GRI 102-30 Effectiveness of risk management processes	10, 26, Indra Management Report 2019, Note 8 26
Employment		
Total number of employees and distribution by gender, age, nationality and role.	GRI 102-7 Scale of the organisation GRI 102-8 Information on employees and other workers GRI 405-1. b) Percentage of employees per employee category in each of the following diversity categories: gender and age group	9 Indra Consolidated Annual Accounts 2019, Note 28 50, 94-100 53, 54
Total number and distribution of work contract types.	GRI 102-8 Information on employees and other workers	50, 94-100
Annual average of permanent, temporary and part-time contracts by gender, age and role.	GRI 102-8 Information on employees and other workers	50, 94-100 There are no significant differences in the type of permanent contracts and full-time contracts at the end of 2019 in relation to the annual average for fixed contracts and full-time contracts in 2019
Number of dismissals by gender, age and role.	GRI 401-1.b) Total number and turnover rate of staff during the reporting period, by age group, gender and region (in relation to dismissals)	50, 95
Average remuneration broken down by gender, age and role or equal value	GRI 405-2: Ratio of basic salary and remuneration of women to men by each labour category	53

Wage gap		53
Salary for similar jobs or the average for society	GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage	95-96
The average remuneration of directors and executives, including variable remuneration, per diems, compensation, payment to long-term savings and retirement systems and any other perception broken down by gender	GRI 102-35 Remuneration policies GRI 102-36 Process for determining remuneration (for management approach) GRI 201-3 Defined benefit plan obligations and other retirement plans	25-26 Indra Remuneration Policy 25-26 Indra Remuneration Policy Indra Consolidated Annual Accounts 2019, Note 24
Implementation of labour disconnection measures	GRI 103-2 Management Approach (employment rights)	13
Employees with disabilities	GRI 405-1. b) Percentage of employees per employee category in each of the following diversity categories (iii. Vulnerable groups).	52, 53
Work organisation		
Organisation of working time.	GRI 102-8. c) Total number of employees by employment type (full-time or part-time) and by gender. GRI 103-2 Management Approach (employment rights)	50, 94-100 13
Number of hours of absenteeism	GRI 403-2 Types of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities (section a)	57
Measures designed to facilitate the enjoyment of work-life integration and encourage the responsible use of these measures by both parents.	GRI 401-3 Parental leave GRI 103-2 Management approach	54-55 13
Health and safety		
Health and safety conditions in the workplace.	GRI 103-2 Management Approach (Staff health and safety)	13
Occupational injuries (frequency and seriousness) broken down by gender	GRI 403-2 Types of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation	57 No professions have been identified as having a high risk of disease
Occupational illnesses (frequency and seriousness) broken down by gender	GRI 403-2 Types of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation	57 No professions have been identified as having a high risk of disease
Social Relations		
Organisation of social dialogue, including procedures for informing and consulting staff and negotiating with them	GRI 102-43 Approach to stakeholder engagement (regarding trade unions and collective bargaining) GRI 402-1 Minimum notice periods regarding operational changes GRI 403-1 Workers representation in joint health and safety committees	44, 71, 72 58 80
Percentage of employees covered by a collective bargaining agreement by country	GRI 102-41 Collective bargaining agreements	58
Assessment of collective agreements, particularly in the field of occupational health and safety	GRI 403-1 Workers representation in joint health and safety committees GRI 403-4 Health and safety topics covered in formal agreements with workers' legal representation	80 80 Sectoral collective bargaining agreements are applied in all of the group companies 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 bargaining agreements is being applied by the company.

Training		
Policies implemented in the field of training	GRI 103-2 Management approach (Career development)	13
	GRI 404-2 Programmes for upgrading employee skills and programmes	51-52
Total number of hours of training by professional categories	GRI 404-1 Average hours of training per year per employee	51-52
Accessibility		
Universal accessibility for people with disabilities	GRI 103-2 Management approach (Workforce diversity)	13
Equality		
Measures taken to promote equal treatment and opportunities for men and women	GRI 103-2 Management Approach (Workforce diversity)	13
Equality plans	GRI 103-2 Management Approach (Workforce diversity)	13
Measures taken to promote employment	GRI 103-2 Management Approach (Attracting and retaining talent)	13
	GRI 404-2 Programmes for upgrading employee skills and transition assistance programmes	51-52
Protocols to prevent sexual harassment and harassment on the grounds of gender.	GRI 103-2 Management Approach (Workforce diversity)	13
Integration and universal accessibility for people with disabilities	GRI 103-2 Management Approach (Workforce diversity)	13
Policy against all types of discrimination and, where appropriate, diversity management	GRI 103-2 Management Approach (Workforce diversity)	13
	GRI 406-1 Incidents of discrimination and corrective actions taken	34
Information on respect and Human Rights		
Policies		
Policies applied by the group, including the due diligence procedures applied to identify, evaluate, prevent and mitigate significant risks and impacts, and to verify and monitor them, as well as the measures that have been adopted.	GRI 103-2 The management approach and its components	13
	GRI 103-3 Evaluation of the management approach	13
	GRI 410-1 Security personnel trained in Human Rights policies or procedures	82
	GRI 412-2 Employee training on Human Rights policies or procedures	37-38
Main risks		
The main 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 area. Information on the impacts that have been detected must be detailed with a breakdown, particularly including the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks and opportunities	10, 26, Indra Management Report 2019 Note 8
	GRI 102-30 Effectiveness of risk management processes	26
Human Rights		
Application of due diligence processes in Human Rights	GRI 103-2 Management Approach (Human Rights Assessment)	13
	GRI 414-2 Negative social impacts in the supply chain and actions taken	60-62
Prevention of the risks of violation of Human Rights and, where applicable, measures to mitigate, manage and repair possible abuses committed	GRI 103-2 Management Approach (Human Rights)	13
	GRI 412-1 Operations that have been subject to Human Rights reviews or impact assessments	37-38
	GRI 410-1 Security personnel trained in Human Rights policies or procedures	82

Complaints about Human Rights violations.	GRI 102-17 Mechanisms for advice and concerns about ethics	32
	GRI 103-2 Management Approach (Human Rights)	13
	GRI 411-1 Rights of indigenous peoples	37-38
	GRI 419-1 Non-compliance with laws and regulations in the social and economic area	Consolidated Annual Accounts, Note 24.
Promotion and compliance with the provisions of the fundamental ILO conventions relating 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 labour and the effective abolition of child labour	GRI 103-2 Management Approach (Employment rights and human rights)	13
	Information relating to the fight against corruption and bribery	
Policies		
Policies applied by the group, including the due diligence procedures applied to identify, evaluate, prevent and mitigate significant risks and impacts, and to verify and monitor them, as well as the measures that have been adopted.	GRI 103-2 The management approach and its components	13
	GRI 103-3 Evaluation of the management approach	13
	GRI 205-2 Communication and training about anti-corruption policies and procedures	32-37
Main risks		
The main 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 area. Information on the impacts that have been detected must be detailed with a breakdown, particularly including the main short, medium and long-term risks.	GRI 102-15 Key impacts, risks and opportunities	10, 26, Indra Management Report 2019 Note 8
	GRI 102-30 Effectiveness of risk management processes	26
	GRI 205-1 Operations assessed for risks related to corruption	32-37 GRI 205-3
Corruption and bribery		
Measures adopted to prevent corruption and bribery	GRI 103-2 Management Approach (with a view to GRI 205 Anti-corruption)	13
Measures to combat money laundering.	GRI 103-2 Management Approach (Corruption and bribery)	13
Contributions to foundations and non-profit organisations.	GRI 103-2 Management Approach (Corruption and bribery)	13
	GRI 201-1 Direct economic value generated and distributed (Investments in the Community)	73
	GRI 203-2 Significant indirect economic impacts	67-68, 73
	GRI 415-1 Political contributions	83
Company information		
Policies		
Policies applied by the group, including the due diligence procedures applied to identify, evaluate, prevent and mitigate significant risks and impacts, and to verify and monitor them, as well as the measures that have been adopted.	GRI 103-2 The management approach and its components	13
	GRI 103-3 Evaluation of the management approach	13
Main risks		
The main 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	GRI 102-15 Key impacts, risks and opportunities	10, 26, Indra Management Report 2019, Note 8
	GRI 102-30 Effectiveness of risk management processes	26

manages those risks, explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each subject area. Information on the impacts that have been detected must be detailed with a breakdown, particularly including the main short, medium and long-term risks.

The company's commitment to sustainable development

Impact of company activity on local employment and development.	GRI 203-1 Infrastructure investments and services supported	67-68, 73
	GRI 203-2 Significant indirect economic impacts	67-68, 73
	GRI 204-1 Proportion of spending on local suppliers	62, 99
	GRI 413-1 Operations with local community engagement, impact assessments, and development programs	67
	GRI 413-2 Operations with significant actual and potential negative impacts on local communities	No significant negative impacts have been identified
Impact of company activity on local communities and the surrounding area	GRI 203-1 Infrastructure investments and services supported	67-68, 73
	GRI 203-2 Significant indirect economic impacts	67-68, 73
	GRI 413-1 Operations with local community engagement, impact assessments, and development programs	67
	GRI 413-2 Operations with significant actual and potential negative impacts on local communities	No significant negative impacts have been identified
Relationships with local community players and forms of dialogue with them	GRI 102-43 Approach to stakeholder engagement (in relation to the community)	44, 71, 72
	GRI 413-1 Operations with local community engagement, impact assessments, and development programs	67
Association or sponsorship activities.	GRI 102-13 Membership of associations	38, 73
	GRI 203-1 Infrastructure investments and services supported	67-68, 73
	GRI 201-1 Direct economic value generated and distributed (Investments in the Community)	73
Subcontracting and suppliers		
Inclusion of social issues, gender equality and environmental issues in the procurement policy	GRI 103-3 Management approach (supply chain)	13
Consideration of social and environmental responsibility in relationships with suppliers and subcontractors.	GRI 102-9 Supply chain	60, 101
	GRI 103-3 Management approach (supply chain)	¡Error! Marcador no definido.
	GRI 308-1 New suppliers that were screened using environmental criteria	60-62
	GRI 308-2 Negative environmental impacts in the supply chain and actions taken	60-62
	GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	58
	GRI 409-1 GRI Operations and suppliers at significant risk for incidents of forced or compulsory labor	32, 37-38
	GRI 414-1 New suppliers that were screened using social criteria	60-62
Monitoring and auditing systems and their results	GRI 414-2 Negative social impacts in the supply chain and actions taken	60-62
	GRI 308-1 New suppliers that were screened using environmental criteria	60-62

	GRI 308-2 Negative environmental impacts in the supply chain and actions taken	60-62
	GRI 414-2 Negative social impacts in the supply chain and actions taken	60-62
Consumers		
Consumer health and safety measures	GRI 416-1 Assessment of the health and safety impacts of product and service categories	48
	GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	48, 83
	GRI 417-1 Requirements for product and service information and labeling	48
Complaints and claims systems and resolution processes	GRI 102-17 Mechanisms for advice and concerns about ethics (complaints received and resolutions thereof)	32
	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	84
Tax information		
Profits by country	GRI 201-1 with relation to payments to public administrations in line with OECD guidelines	41-42
Income tax paid	GRI 201-1 with relation to payments to public administrations in line with OECD guidelines	41-42
Public subsidies received	GRI 201-4 Financial assistance received from government	Indra Annual Consolidated Accounts 2019, Notes 10 and 23

13.7 Table of other non-financial indicators

Indicators	2016	2017	2018	2019
Ethics and compliance				
No. of communications via the Direct Channel	103	217	307	407
Enquiries (no.)			183	270
Irregularities (no.)			124	137
Employees trained in the Code of Ethics (%)	55	82	88	98
Employees trained in the Code of Ethics (m/f) (%)	52 58	80 84	89 85	98 98
Breakdown of employees trained in the Code of Ethics by category and gender (m/f) (no.)				
Senior Management			391 85	408 90
Middle Management			2,678 863	2,841 928
Technical staff			20,017 9,559	20,663 10,310
Support staff			2,101 1,473	6,510 4,435
Other categories			201 132	57 65
Breakdown of employees trained in the Code of Ethics by geographical area (no.)				
Spain		17,673	24,281	27,235
Europe		1,244	1,514	1,945
America		11,989	9,912	15,139
AMEA		1,716	1,780	1,988
Customers				
Customer profile				
Customer satisfaction and loyalty (1- 100)	73	72	73	74
Cybersecurity (*)				
No. of critical cybersecurity incidents	0	0	0	0
No. of substantiated complaints related to breaches of customer privacy and loss of customer data	0	0	0	0
(*) According to the rules established by the company in the relevant policies and the reports contained in the database of such incidents.				
Employees (*)				
(*) The employee data shown covers 97% of the Group's workforce, corresponding to 49,004 employees, except where otherwise indicated.				
Total Indra workforce, including SIA (no.)				50,349
Sub-total Indra workforce, excluding SIA (no.)	34,294	40,020	43,707	49,607
SIA workforce (no.)				742
Subcontracted workers (no.) (*)		1,947	3,210	2,928
(*) In 2019, the number of subcontracted workers includes Spain, Portugal, Mexico and Panama in its scope as at 31.12.2019, and only refers to those classified as Individualised Technical Assistance (ITA)				
Workforce distribution by country (m/f) (no.)				
Spain			17,747 8,875	18,669 9,342
Europe			1,479 594	1,415 623
America			8,710 4,361	10,459 6,411
Asia, Middle East and Africa			1,356 585	1,489 596
Breakdown of workforce by category and gender (m/f) (no.)				
Senior Management			419 80	424 93
Middle Management			2,778 907	2,887 949
Technical staff			22,658 10,888	24,680 12,033
Support staff			2,826 2,191	3,945 3,773
Other categories (*)			611 349	96 124
(*) The change to the number of employees classified under "Other categories" between 2018 and 2019 is due to improvements in defining the roles of employees at certain Indra subsidiaries.				
Employees by age range (m/f) (%)				
>50 years	7.73 3.68	8.61 3.93	8.72 4.19	8.46 4.24
between 30 and 50 years	41.14 24.02	43.16 22.74	41.84 21.40	38.84 21.06
<30 years	13.96 9.47	14.61 6.94	16.45 7.40	18.06 9.33
Types of employment contract (m/f) (%) (*)				
(*) The percentages for 2018 were calculated on the basis of their distribution among all of the company's employees. In 2019, these percentages were calculated taking account of employees in each professional grade, age range and geographical territory.				
Employees with a permanent contract by category				
Senior Management			1.1 0.2	98.58 100
Middle Management			7.2 2.3	99 98.95
Technical staff			52.9 25.7	91.82 91.32
Support staff			4.5 5.2	74.6 95.04
Other categories			0.5 0.4	91.67 96.77
Employees with a permanent contract by age range				

Indicators	2016	2017	2018	2019
>50 years			9.4 4.5	96.87 97.01
between 30 and 50 years			43.7 22.4	93.36 93.38
<30 years			13 6.9	81.13 89.04
Employees with a permanent contract by geographical area				
Spain				93.04 92.38
Europe				89.82 89.25
America				87.91 94.03
Asia, Middle East and Africa				76.16 85.91
Full-time employees by category				
Senior Management			1.1 0.2	100 100
Middle Management			7.2 2.1	98.75 90.41
Technical staff			57 22.6	96.83 81.94
Support staff			6.2 2.6	73.71 43.02
Other categories			0.6 0.3	71.88 62.10
Full-time employees by age range				
>50 years			9.7 4.2	98.05 86.86
between 30 and 50 years			45.4 17.7	95.32 73.33
<30 years			17.1 6.0	89.72 68.62
Full-time employees by geographical area				
Spain				96.70 77.33
Europe				99.01 92.94
America				88.03 64.14
Asia, Middle East and Africa				100 100
Turnover (*)				
(*) The total turnover figure is calculated on the basis of both wanted and unwanted exits against the average workforce figure. Unwanted exits are classified as those that result from a voluntary decision on the part of the employee.				
Total turnover (%)	36	24	25	22
External unwanted turnover (%)	9	11	13	13
External unwanted turnover by geographical area (%)				
Spain	8	9	10	10
Europe	10	11	15	15
America	11	16	19	19
Asia, Middle East and Africa	13	10	17	19
External unwanted turnover by age range (m/f) (%)				
>50 years	2 2	2 1	2 1	4 2
between 30 and 50 years	9 6	11 6	13 8	14 8
<30 years	20 13	26 16	30 22	25 16
Dismissals by category (m/f) (no.)				
Senior Management			35 11	22 1
Middle Management			97 28	53 18
Technical staff			819 378	655 342
Support staff			103 176	167 315
Other categories			75 23	9 8
Dismissals by age range (m/f) (no.)				
>50 years			217 59	143 34
between 30 and 50 years			675 376	492 372
<30 years			231 176	271 278
New recruits				
Total new recruits (no.)			12,953	15,426
New recruits by age range (m/f) (%)				
>50 years			3.50	2.36 1.17
between 30 and 50 years			43.62	27.45 16.83
<30 years			52.88	32.12 20.06
New recruits by geographical area (%)				
Spain			36.63	29.49
Europe			4.16	3.33
America			54.81	63.66
Asia, Middle East and Africa			4.40	3.52
Remuneration of Board Members and Members of the Steering Committee				
Average remuneration for Directors (€ thousands) (m/f) (*)		132.8 105.3	134.2 101.3	133.8 104.8

(*) The remuneration of the Directors is determined based on their role within the various administrative bodies. This consists solely of a fixed allocation which is paid entirely in cash.

Indicators	2016	2017	2018	2019
Average remuneration of the Steering Committee (€ thousands) (economic criterion *) (m/f)				
Total Steering Committee		858 502.8	812.7 1,009.1	825 / 994.2
Chairman and CEO		3,565.4 -	2,100 -	2,262 -
Managing Directors		1,674.4 -	1,680 1,680	1,665 / 1,665
Department and Market Managers		586.9 502.8	633.1 338.3	635.2 323.3

(*) 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 Medium-Term-Incentive (MTI) assignable to each year. As regards calculation of the MTI (Medium-Term Incentive), the figure shown is 50% of one third of the IMP target for the period from 2018 to 2020, as this is the percentage shown in the Company's Annual Accounts, which does not mean that it will be the total amount paid at the end of the period.

Using the criteria set forth in the Directors' Remuneration Report, the figures for the entire Steering Committee would have been €2,196 thousand | €740 thousand for 2017, €993 thousand | €855 thousand for 2018 and €739 thousand | €840 thousand for 2019.

Average workforce remuneration and other remuneration ratios	
Average workforce remuneration	26,601
Ratio between the chairman's salary and the average salary earned by employees.	85.0
Average remuneration by category (€) (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 54 of this Report.

The data for 2019 refers to 96% of the total workforce on the closing date.

		2017		2018		2019	
		Male	Female	Male	Female	Male	Female
Senior Management	>50 years	151,796	101,991	157,131	106,915	167,654	114,917
	between 30 and 50 years	137,684	116,854	147,830	129,784	157,982	146,719
Middle Management	>50 years	65,308	62,000	64,589	61,363	64,795	60,135
	between 30 and 50 years	57,095	52,887	57,150	52,600	58,786	53,980
Technical staff	<30 years	42,585	58,000	41,753	48,784	49,828	62,227
	>50 years	36,366	31,652	35,745	31,584	34,851	30,976
	between 30 and 50 years	27,612	24,880	27,314	24,734	26,904	24,029
Support staff	<30 years	16,335	14,241	16,973	15,023	17,254	15,628
	>50 years	16,136	22,481	14,425	21,493	11,969	18,878
	between 30 and 50 years	13,517	12,634	12,175	11,257	10,053	8,162
Other categories (*)	<30 years	11,340	5,931	11,611	5,879	10,084	4,695
	>50 years	34,485	27,856	45,932	32,128	29,137	15,929
	between 30 and 50 years	21,899	19,699	34,215	27,060	15,813	11,611
	<30 years	12,668	10,631	11,872	12,286	8,760	6,134

(*) The significant change in average remuneration for employees classified under "Other categories" between 2018 and 2019 is explained in part by improvements in defining the roles of employees at certain Indra subsidiaries.

Indicators	2016	2017	2018	2019
Relationship between the standard starting salary and the local minimum wage for each country in which significant operations are carried out (%) (*)				
(*) The seven countries analysed were chosen based on their total number of employees in recent years, selecting those with the highest number of employees. In total, these seven countries accounted for around 90% of the total workforce at year-end. The minimum starting salary is understood to be the average fixed salary for categories considered inferior (technicians and support staff) in each country, as this is more representative than the minimum wage of a single person whose activity may not be representative of the company's activity.				
Brazil	1.61	2.06	1.86	1.88
Mexico	10.13	6.31	5.76	6.19
Colombia		1.81	1.98	1.62
Spain	1.99	1.78	1.85	1.39
Philippines		1.61	1.71	1.77
Peru		2.54	2.59	2.66
Italy (*)	N.A.	N.A.	N.A.	N.A.

Indicators	2016	2017	2018	2019
(*) The local minimum wage is not defined officially				
Difference between the total annual remuneration of the organisation's highest paid person in each country where significant operations are carried out and the average remuneration of the whole workforce (not taking into account the highest paid person) (*)				
(*) Calculated considering the fixed salary, variable accrued and the portion of the MTI (Mid-term Incentive) assignable to each year.				
Brazil		13.54	20.44	24.31
Mexico		24.31	27.46	25.37
Colombia		14.82	19.28	22.27
Spain		106.07	62.69	66.92
Philippines		9.80	9.65	10.94
Peru		8.52	8.86	9.13
Italy		5.89	6.40	5.09
Difference between the percentage increase of the total annual remuneration of the organisation's highest paid person in each country where significant operations are carried out with the percentage increase in the total average annual remuneration of the whole workforce (not taking into account the highest paid person) (*)				
(*) Calculated considering the fixed salary, variable accrued and the portion of the MTI (Mid-term Incentive) assignable to each year.				
Brazil		2.48	7.87	0.55
Mexico		2.10	1.99	-1.87
Colombia		5.70	2.27	0.39
Spain		-1.29	-9.36	8.53
Philippines		3.30	2.32	4.98
Peru		0.75	8.02	-4.05
Italy		0.51	3.88	-19.82
Diversity				
Nationalities (no.)	109	105	98	101
Employees with disabilities (%) (*)	1	1	0.93	1.1
(*) The data for 2016 and 2017 covered Spain. 2018 and 2019 also include Brazil.				
Contribution to local development				
Local employees (%)	97	96	90	88
Total managers from the local community (%)	92	92	89	89
Managers from the local community by geographical area (%)				
Spain	98	97	96	96
Europe	94	93	90	87
America	61	69	52	51
Asia, Middle East and Africa	57	50	45	33
Average years worked	7.21	7.86	7.4	6.8
Promotion				
Promoted employees (%) (*)	15	21	23	22
Females promoted (as a % of total number of people promoted in the company)	29	30	28	29
(*) The data relating to promoted employees refers to employees promoted in the year X as a result of the assessment corresponding to the X-1 financial year. The percentage indicates the employees promoted versus the total number of those assessed.				
Performance review (*)				
(*) The performance review refers to the previous year; i.e. for year X, the data refers to the performance review received by employees for the year X-1. These data cover 96% of the workforce at year-end, and they refer to those employees to whom the performance review has been applied.				
Participating employees (m/f) (%)	80 59	79 58	80.5 64.6	71.8 54.6
Participating employees by professional category (m/f) (no.)				
Senior Management			374 81	377 81
Middle Management		325 63	2,655 887	2,748 893
Technical staff		15,999 6,727	16,611 6,878	17,784 7,534
Support staff		534 482	1,196 614	1,731 682
Other categories		252 82	358 150	- -

Indicators	2016	2017	2018	2019
Training and knowledge (*)				
(*) Since 2017 the training data has been calculated assuming that if the student attends 75% or more of the required training hours, then 100% of the hours are counted. Data from previous years was calculated taking into account 100% of course hours, regardless of the minimum expectation for a student's attendance of the course. The figures in this breakdown are calculated on the basis of the average number of employees.				
Employee participation	27,107	25,341	41,425	49,836
Total training hours including online hours	1,273,562	803,262	736,551	862,518
Online training hours	421,139	421,160	433,856	456,196
Average training hours by professional	36	20	18	18
Average training hours by gender (m/f)	38 32	21 18	19 16	20 15
Average training hours by category				
Senior Management			10	9
Middle Management			23	18
Technical staff			17	17
Support staff			23	26
Other categories			9	4
Employee level of satisfaction with the training (scale of 0-5)				4
Work/life balance (*)				
(*) The scope of this data covers Spain				
Employees who took paternity/maternity leave (m/f) (no.)	536 363	517 436	672 510	696 465
Employees who returned to work after paternity/maternity leave (m/f) (no.)	494 328	478 395	631 453	628 406
Retention after paternity/maternity leave (%)	91	92	92	89
Occupational Health and Safety (*)				
(*) The scope of the Occupational Health and Safety data (except for 'absenteeism') covers 93% of the companies in the Group. Indra counts injuries, with and without medical leave, excluding those occurring during the commute to and from work.				
Occupational accidents (work accidents with and without medical leave, excluding injuries occurring during the commute to or from work) by geographical area (*)				
(*) The formulas for calculating injuries (Index incidence, Severity, Frequency and Medical Duration) are included in the NTP 1: Injury rate statistics in the company from the National Institute for Safety and Hygiene at Work from the Spanish Ministry of Labor and Social Affairs.				
No. of injuries	110	132	167	167
Spain	84	108	129	130
Europe	2	0	2	4
America	24	23	32	31
Asia, Middle East and Africa	0	1	4	2
Frequency rate by geographical area and by gender (*)				
(*) The injury frequency rate (FR) relates the number of injuries to the total number of hours worked by the group of workers at risk. $FR = (\text{No. injuries} / \text{No. hours worked}) * 1,000 \text{ hours worked}$				
Spain (m/f)			2.04 0.99	2.08 0.83
Europe (m/f)			0.40 0.40	0.59 0.59
Americas (m/f)			1.05 0.55	0.74 0.30
AMEA (m/f)			16.68 0.00	4.79 0.00
Incidence rate by geographical area (*)				
(*) The incident rate (IR) relates the number of injuries to the average number of workers at risk. $IR = (\text{No. injuries} / \text{Number of workers}) * 1,000 \text{ workers}$				
Spain	5.24	4.31	5.08	3.44 1.37
Europe	2.15	3.46	1.53	1.11 1.11
America	1.89	1.97	3.18	1.47 0.60
Asia, Middle East and Africa	0	0	30.95	9.80 0.00
Severity rate by geographical area and by gender (*)				
(*) The severity rate (SR) relates the time not worked as a result of workplace accidents, to the time worked by workers at risk. $SR = (\text{No. of days lost} / \text{number of hours worked}) * 1,000 \text{ hours worked}$				
Spain (m/f)			0.02 0.01	0.01 0.01
Europe (m/f)			0.00 0.00	0.01 0.00

Indicators	2016	2017	2018	2019
Americas (m/f)			0.02 0.01	0.01 0.00
AMEA (m/f)			0.03 0.00	0.01 0.00
Average duration in number of days of sick leave by geographical area (*)				
(*) The average duration (AD) indicates the average number of sick days due to injuries caused by workplace accidents. AD = No. of work days lost / No. of injuries				
Spain	4.95	4.15	8.98	6.67
Europe	0.25	0	7.06	2.48
America	8.44	10.43	20.11	3.40
Asia, Middle East and Africa	0	2.73	2.08	0.25
Accidents resulting in fatalities (no.)	0	0	0	0
Number of hours of absenteeism (*)			2,872,339	3,230,775
(*) Absenteeism hours are considered those that have been attributed by the direct employees in Indra's working time management system as "Absence", which relates 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 hours that are freely available to use.				
Absenteeism by geographical area (%) (*)				
(*) The following percentages refer to the number of hours of absenteeism with respect to personal and direct hours excluding holidays and hours that are freely available to use, as per the agreement with all employees.				
Spain			5.0	5.2
Europe			4.9	4.3
America			2.9	3.5
Asia, Middle East and Africa			1.6	1.6
Collective bargaining				
Employees covered by a collective agreement (%)				81(*)
Includes data on 96% of the workforce at year-end.				
Argentina				90
Brazil			98	99
Chile				48
Colombia			0	0
Spain	100	100	100 (*)	100 (*)
(*) Excluding 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 labour relationship of senior management staff.				
USA				0
Italy			98	100
Philippines			0	0
Mexico			0	0
Norway				100
Panama				0
Peru			0	0
Portugal				100
Dominican Republic				0
Uruguay				0
NB: Where Indra reports that 0% of its employees are covered by a collective bargaining agreement in a particular country, this could be due to the lack of provision for collective agreements or similar structures in that country's legislation, or to the fact that the company's employees in that country have not signed up to an existing agreement.				
Suppliers				
Distribution of suppliers by geographical area (%)				
Spain	43	45	41	51
Europe	16	17	18	11
America	36	30	31	28
Asia, Middle East and Africa	5	8	10	10
Purchases from local suppliers (%)	83	81	78	82
New suppliers that were screened in terms of environmental and social criteria (%) (*)	37	40	44	56

Indicators	2016	2017	2018	2019
<p>(*) In previous years the total amount of purchase orders from all suppliers carried out in that year was reported and analysed based on corporate social responsibility criteria, compared to the total amount of purchases made in the corresponding year. In 2019, the company reported the percentage of orders received from new suppliers registered and analysed in 2019 under the environmental and social criteria set out in its authorisation conditions, as a percentage of the total number of new suppliers registered during 2019.</p> <p>During 2019, Indra strengthened its commitment to sustainability in its supply chain, with 53% of its suppliers analysed on the basis of social and environmental criteria. In addition, 14.55% of the total number of new suppliers registered in 2019 were suppliers who were authorised in a simplified process, these being listed companies that operated in financial markets in which they were admitted for trading, it being considered that environmental and social issues at these companies formed part of their normal management practices.</p>				
Innovation				
R&D&i (€ thousands)	163	202	210	225
R&D&i over sales (%)	6	7	7	7
Economic contribution to the Local Community				
Investment in social projects	1,465,605	1,502,916	1,057,701	297,060 (*)
<p>(*) Of which: €102,543 is assigned to fulfilling the General Law on Rights of Persons with Disabilities and their Social Inclusion, which is intended for foundations and non-profit entities in Spain; €169,191.26 in monetary contributions to foundations, non-profit organisations and academic institutions; €25,326 in time contributions (pro bono projects).</p>				
Environment				
Water consumption and generations of waste (*).				
<p>(*) The scope of the information relating to water and waste corresponds to those centres that form part of the global environmental management system certified according to the ISO 14001 standard, specifically 40 centres, located in Spain (27), Colombia (6), Peru (3), Portugal (2), Brazil (1) and Italy (1). These centres are the most significant in terms of water consumption and generation of waste and the employees of these centres represent 53% of Indra's average workforce.</p>				
Drinking water from utilities (m ³)	104,991	153,346	144,383	139,008
Well water (m ³)	11,034	10,944	7,073	5,693
Hazardous waste (kg)	66,814	131,624	104,755	102,860
Non-hazardous waste (kg)	1,038,195	1,330,681	2,228,031	2,048,812
Employees in environmentally certified centres (%)	60	65	59	53

13.8 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 2019 Sustainability Report (SR), which contains the Consolidated Non-Financial Information Statement (NFIS) for the year ended 31 December 2019 of Indra Sistemas, S.A. and subsidiaries (henceforth "Indra"), which forms part of the 2019 Consolidated Management Report (CMR) of Indra.

The 2019 SR 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 (henceforth 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 "Table of GRI disclosures" and "Table of contents of the Non-Financial Information Statement", presented in the appendices of the 2019 SR.

Responsibilities of the Directors

The formulation and content of the 2019 CMR are responsibility of the Board of Directors of Indra. The SR, that forms part of the CMR, has been prepared in accordance with GRI standards in their comprehensive option. The NFIS, that forms part of the CMR, 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 appendices of the 2019 SR "Table of contents of the Non-Financial Information Statement".

These responsibilities also include the design, implementation and maintenance of such internal control as is determined to be necessary to enable the 2019 CMR 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 SR 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.

Deloitte, S.L. inscrita en el Registro Mercantil de Madrid, tomo 13.050, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: 6-79104469.
Domicilio Social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

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.

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.

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 2019 SR, reviewing the processes used to compile and validate the information presented in the 2019 SR 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 non-financial information of the 2019 SR based on the materiality analysis performed by Indra and described in the sections of the 2019 SR "Materiality Assessment" and "Materiality assessment drafting procedure", 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 non-financial information of the 2019 SR.
- Review of the information relating to risks, policies and management approaches applied in relation to the material matters described in the section of the 2019 SR "Materiality Assessment".
- Verification, by means of simple-based review tests, of the non-financial information relating to the contents identified in the 2019 SR 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.

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 non-financial information identified in the table of the appendices of the 2019 SR "Table of GRI disclosures" for the year ended 31 December 2019, has not been prepared, in all material respects, in accordance with the GRI standards in their comprehensive option.
- b) Indra's NFIS for the year ended 31 December 2019 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 the appendices of the 2019 SR "Table of contents of the Non-Financial Information Statement".

Use and Distribution

This report has been prepared in response to the requirement established in corporate legislation in force in Spain and, therefore, it might not be appropriate for other purposes or jurisdictions.

DELOITTE, S.L.



Helena Redondo

March 23, 2020

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