



# Auditing and Compliance Committee Performance Report 2022

January 2023

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

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# 1 Introduction

In accordance with the provisions of Article 16.8 of the Board of Directors Regulations (the “**Board of Directors Regulations**”) and Technical Guideline 3/2017 on Auditing Committees at public interest companies published by the National Securities Market Commission (“**CNMV**”), this document includes a Report on the annual performance of the Auditing and Compliance Committee (“**ACC**” or “the Committee”) during the 2022 financial year (the “**Report**”), offering an account of the activities engaged in by the Committee over that period.

This Report was prepared by Indra’s ACC at a meeting held on 24 January 2023.

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

In accordance with the Board of Directors Regulations and the Company Bylaws, the ACC exclusively comprises non-executive directors, the majority of whom are independent.

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

The Chair of the ACC shall be appointed from among the independent directors who sit on the Committee, and he or she must be replaced every four years, though they may be re-elected once a year has elapsed following the end of their previous term. The Secretary or Deputy Secretary to the Board of Directors acts as the Committee’s Secretary, as provided for in Article 16.4 of the Board of Directors Regulations.

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

The changes made to the Committee’s membership during the 2022 financial year are detailed below:

- At the last Ordinary General Shareholders’ Meeting held on 23 June 2022 the proposal for the re-election of Isabel Torremocha Ferrezuelo as an independent director was submitted to a vote, though this was not approved as it failed to receive a sufficient majority of votes. At this Meeting, the shareholder Amber Selective Opportunities Fund II also proposed, as items that had not been included on the Agenda, that votes be held on its proposals for resolutions to end the mandates of Carmen Aquerreta Ferraz, Enrique de Leyva Pérez and Ana de Pro Gonzalo, among others, and these resolutions were approved by a sufficient majority of votes. As a consequence of the foregoing Ms

Torremocha, Ms Aquerreta, Ms de Pro and Mr de Leyva ceased to be members of the ACC, and Mr de Leyva also ceased to chair the said Committee.

- The composition of the Board of Directors that resulted from the events occurring at the Ordinary General Shareholders' Meeting made it necessary for the Board of Directors to restructure the composition of its committees. To this end, on 27 June 2022 the Board appointed independent directors Francisco Javier García Sanz and Ignacio Martín San Vicente as members of the ACC. Subsequently, on the same date, the ACC named Mr García as its Chair.
- The former independent director Ignacio Martín San Vicente resigned as a board member with effect from 27 October 2022 at 23:59. As a result of his resignation, Mr Martín also ceased to be a member of the Auditing and Compliance Committee on that date.
- The Extraordinary General Shareholders' Meeting held on 28 October 2022 approved the appointment of six new independent directors, along with the appointment of a new proprietary director representing the interests of the shareholder Sociedad Estatal de Participaciones Industriales (SEPI), with the aim of restoring Indra's corporate governance structure. At a session held after the foregoing meeting, the Board of Directors accepted the resignation of Mr García Sanz as a member of the ACC and, following a report from the Appointments, Remuneration and Corporate Governance Committee, it appointed Virginia Arce, Belén Amatriain, Coloma Armero and Juan Moscoso del Prado as members of the ACC. The ACC then held a session at which it appointed Ms Arce as its new Chairwoman.

As a result of the foregoing resolutions, as of 31 December 2022 the ACC comprised the following members:

| Name                   | Position   | Type of board member         | Date of first appointment      |
|------------------------|------------|------------------------------|--------------------------------|
| Virginia Arce          | Chairwoman | Independent                  | 28 October 2022 <sup>(i)</sup> |
| Belén Amatriain        | Member     | Independent                  | 28 October 2022                |
| Coloma Armero          | Member     | Independent                  | 28 October 2022                |
| Juan Moscoso del Prado | Member     | Proprietary <sup>(ii)</sup>  | 28 October 2022                |
| Miguel Sebastián       | Member     | Proprietary <sup>(iii)</sup> | 31 January 2019                |

<sup>(i)</sup> Appointed Chairwoman of the Committee on the same day.

<sup>(ii)</sup> Appointment proposed by SEPI

<sup>(iii)</sup> Appointment proposed by SEPI

The details of the foregoing directors and their know-how and experience in the areas dealt with by this Committee can be found on the Company's website ([www.indracompany.com](http://www.indracompany.com)), to which we refer here.

### 3 Duties of the Committee and its regulation

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

In addition to the duties established in law, Article 18 of the Board of Directors Regulations establishes that the ACC is responsible for the following:

1. Respect for internal control and monitoring systems:

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

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

With regard to the internal auditing area, the Committee will ensure that its activity is mainly focused on relevant risks, including reputational risk.

c) establishing and overseeing the operation of a means by which employees and other Company stakeholders, such as directors, shareholders, suppliers, contractors and subcontractors, to report, confidentially and (where applicable) anonymously, any potentially significant irregularities relating to the Company or its Group, including financial and accounting irregularities, and that respects the rights of the complainant and the accused.

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

2. With regard to the external auditor:

a) ensuring that the accounts that the Board of Directors submits to the General Shareholders' Meeting are drawn up in accordance with the accounting regulations and the auditors' report does not contain any reservations or qualifications.

b) in the event of resignation, examining the circumstances that motivated it.

c) ensuring that the remuneration of the external auditor for its work and any payments arising from business relationships with the Company do not compromise its quality or the auditor's independence.

d) ensuring that the Company properly communicates any change of auditor to the CNMV through legally established channels and accompanies such communication with a statement regarding the possible existence of material disagreements with the outgoing auditor and their content.

e) ensuring that the external auditor holds an annual yearly meeting with the full Board of Directors to report on the work performed and changes in the accounting and risk environments of the Company.

f) ensuring that the Company and the external auditor comply with applicable rules on the provision of services other than auditing services, limits on the concentration of the auditor's business and, in general, on the independence of the auditors, as well as authorising the procurement of those services.

### 3. Other functions:

a) reporting to the Board on economic conditions and their accounting impact and, in particular, and where appropriate, on the proposed exchange ratio for corporate restructuring activities that the Company intends to perform.

b) taking decisions regarding internal compliance and competence programmes and procedures approved and assigned to it by the Board, as well as to monitor compliance with the Company's internal policies and codes of conduct, ensuring that the Company's corporate culture is aligned with its purpose and values and propose amendments.

c) overseeing compliance with the internal codes of conduct, including (as applicable) the Internal Code of Conduct on Matters Relating to the Stock Markets and application of the policy for communicating with shareholders, institutional investors and proxy advisors, along with the procedures for maintaining relations with other stakeholders. Overseeing any financial, non-financial and corporate reporting policy that may form part of these relations and proposing amendments.

d) reporting on any related-party transactions which must be approved by the General Shareholders' Meeting or the Board of Directors and supervising the internal procedure established by the Company for transactions for which approval has been delegated.

## 4 Activities during the 2022 financial year

During the 2022 financial year, the ACC held nine ordinary and two extraordinary meetings. The average attendance figure for members who were either physically present or appeared by videoconference at ACC meetings was 100%.

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

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

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

At the beginning of each financial year, the ACC prepares and approves an Action Plan to ensure the proper planning and organisation of its duties.

The main issues that were discussed and analysed by the Committee during the 2022 financial year and that covered the principal areas that it is responsible for overseeing can be divided into the following categories:

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

- Analysing/reviewing the regular financial reports
- Overseeing the preparation process and reporting criteria for the financial and non-financial information
- Reviewing specific issues relating to the financial information that may have an impact on the Company's results (guidance review, reports on proposals for shareholder payments, etc.)
- Monitoring the external review of non-financial information

### EXTERNAL AUDITING

- Proposal for the re-election of the auditors (for the period from 2022 to 2024) and approval of the scope of their services and fees
- Monitoring the process for the auditing of the annual accounts, intermediate financial statements and the ICFR
- Monitoring implementation of the external auditor's recommendations
- Assessing the external auditor and reporting annually on its independence
- Authorising services other than auditing and reporting on business relationships
- Approving the external auditors' fees

## INTERNAL AUDITING AND GLOBAL RISK

### Internal Auditing

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

### Global risk

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

## COMPLIANCE UNIT

- Reviewing and updating the Model for the Prevention of Criminal Risk and the Competition Model and overseeing to ensure the Code of Ethics and Legal Compliance is observed
- Promoting the regular internal and external verification of the Criminal Risk Prevention and Competition Models with regard to the effectiveness of the control procedures and their alignment with the national and international legal standards in force
- Implementation of observations in accordance with certification in matters of Compliance (UNE 19601, ISO 37001)
- Updating the methodology for evaluating criminal, competition-related and reputational risk
- Approving the global risk map and the risk map for Spain, and establishing risk thresholds
- Updating and following up monitoring processes
- Monitoring internal training in ethics and Compliance and Competition
- Implementing the Criminal Risk Prevention and the Competition Risk Models at recently acquired subsidiaries
- Following up and processing complaints received via the Direct Channel. Analysing any important procedures currently being processed
- Overseeing and approving the 2023 operational plan

## OTHER

- Reporting to the Board of Directors for the approval of related-party transactions
- Overseeing compliance with the Internal Code of Conduct on Matters Relating to the Stock Markets and application of the policy for communicating with shareholders, institutional investors and proxy advisors.
- Appraisal of the ACC's operation and performance
- Cybersecurity training



## 4.1 Review of financial and non-financial information

### 4.1.1 Review of the Company's annual accounts

Working from the external auditor's report, at its meeting of March 2022 the Committee reviewed the Management Report and the Individual and Consolidated Annual Accounts for the 2021 financial year prior to their formal preparation by the Board of Directors, giving a favourable opinion.

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

Prior to its approval by the Board of Directors, the ACC reviewed the quarterly financial information for the 2022 financial year and the half-yearly information for the second six months of the 2021 financial year and the first six months of the 2022 financial year, to be submitted to the CNMV, checking that it had been prepared using the same criteria as had been used for the annual financial statements.

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

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

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

### 4.1.3 Non-financial information

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

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

## 4.2 External Auditing

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

In accordance with its duty to compile regular information on the way in which the annual accounts auditing process is carried out, in 2022 the Committee oversaw the entire process, from its planning, implementation and execution through to its conclusion. The ACC has evaluated the implementation and results of the audit and the work carried out, making an in-depth analysis of the reports prepared by the external auditors in relation to the following:

- Final conclusions regarding the auditing of the annual accounts for the 2021 financial year and the preliminary report.
- The final audit report on the individual and consolidated annual accounts for the 2021 financial year, with the issue of the auditor's opinion without provisos or reservations.
- The report on recommendations for improvement within the organisation, reporting and internal control processes and systems resulting from the auditing of the annual accounts for the 2021 financial year.
- The planning and preliminary work carried out for the auditing of the annual accounts for the 2022 financial year.
- The limited review report corresponding to the first six months of the 2022 financial year.

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

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

### 4.2.2 Verifying the independence of the accounts auditor

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

The fees paid to the external auditor (Deloitte, S.L.) during the 2022 financial year amounted to the totals shown in the following table:

|   | Thousands of euros |
|---|--------------------|
| Auditing the accounts and making a limited half-yearly review | 2,136              |
| Other verification services                                   | 134                |
| Tax advisory services   | 27                 |
| Other services  | 23                 |
| <b>Total</b>  | <b>2,307</b>       |

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

As regards the auditing of the annual accounts for the 2021 financial year, and in compliance with the requirements of the legislation in force, prior to the issue of the auditor's report for the financial year the Committee issued its own annual report on the auditor's independence, giving a favourable opinion regarding that independence and making a specific statement on the types of services other than auditing that it had provided over the course of the year, which had not in any way compromised its independence. This report was made available to the shareholders when the General Shareholders' Meeting was convened, pursuant to the contents of Recommendation 6 of the CGGLC.

Deloitte also issued express confirmation of the maintenance of its independence in a letter dated 29 March 2022.

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

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

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

In accordance with its duty to evaluate the management team's response to recommendations made by the auditor, the Committee reviewed the implementation of the recommendations made following the auditing of the annual accounts for the 2021 financial year.

#### 4.2.4 Evaluation and reappointment of the external auditor

The ACC reviewed the performance of the external auditor during the 2019-2021 period and how it had contributed to the quality of the auditing process and the integrity of the financial information. This appraisal was borne in mind during discussions about the re-election of Deloitte, S.L. as auditor for Indra and its Consolidated Group. The Committee found that its actions over the period examined had been guided by the principles of independence and professionalism, and it proposed that the Board suggest to the General Shareholders' Meeting that it be re-elected for three more years (2022-2024), in accordance with the provisions set out in law and the internal regulations. This proposal was approved by the General Shareholders' Meeting held on 23 June 2022.

### 4.3 Internal Auditing, internal control and risk management

#### 4.3.1 Internal Auditing

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

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

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

The Director of IA attended and actively participated in all the Committee's meetings during the 2022 financial year, reporting on the progress made in the execution of the working plan approved in 2021 for that same year and on the work being carried out in the various areas for which she was responsible.

At its meeting of 19 December 2022, the Committee approved the IA Working Plan for the 2023 financial year.

The Committee was informed of the results of the audits carried out during the financial year, which mainly covered the risks relating to accounting and the presentation of financial and non-financial information, the completion of projects, information security and privacy, criminal liability, customer, environment, supply management, supply chain, production processes, working capital management, quality, errors in support processes and competition.

It was also informed about the monitoring of recommendations made to heads of department with regard to IA, and their implementation of those recommendations.

In January 2022, the Committee reviewed and approved the Report on the activities engaged in by IA during the 2021 financial year.

#### 4.3.2 Internal control

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

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

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

The Committee reviews and approves the scope of the ICFR, the quantitative and qualitative factors taken into account in its preparation, and it is informed about the different applications that are relevant to this end. Approval of these points in relation to the 2022 ICFR was formally given at the Committee meeting held in October 2022.

The Committee was informed about the results obtained in the analysis of the effectiveness of the 2021 ICFR and the improvements made in March 2022, and it was concluded that no significant deficiency or material weakness had been detected in the operation of the controls associated with this model. As a result of this whole process and with a view to strengthening the transparency and quality of the public information given by the Company to the markets with regard to its ICFR, the Company Management submits an annual description of its ICFR (section F of the Annual Corporate Governance Report, “**ACGR**”), using the sixteen basic indicators recommended by the CNMV.

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

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

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

- Analysing the effectiveness of the internal controls of the processes implemented by the Company and its subsidiaries.

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

With regard to non-financial reporting, Indra has a model for internal control over its Non-Financial Reporting (“**ICNFR**”) which adheres to best practices. The aim of this model is to establish mechanisms to ensure the reliability of its reporting, and it includes a definition of the controls required to comply with the main indicators in the sustainability report and ensure compliance with EU taxonomy. As of the date of this report the model is still being developed and enhanced.

The IA Department has obtained Quality Assessment certification for its activities, which confirms that Indra complies with the International Professional Practices Framework for Internal Auditing issued by the Institute of Internal Auditors - USA (IIA Global).

#### 4.3.3 Risk management

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

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

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

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

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

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

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

With the aim of being informed about and checking the adequacy and integrity of the financial reporting service and the proper functioning of the Company's internal control and risk management systems, the Committee arranges meetings with the heads of department and management of the various divisions and control units that are relevant from a risk management perspective, in order to receive reports on the operation of the risk management systems that have been established and the conclusions reached. The most important areas and issues reviewed over the course of the financial year were as follows: i) litigation indicators; ii) project management (Minsait and T&D); iii) changes in the price of materials and labour; iv) information security and data protection; v) ESG risks and opportunities; and vi) key personnel.

The Committee also reviewed the updating of the Company's Risk Map and its risk control and management policy, examining initiatives for the internal dissemination of the Risk Management and Control Policy among the directors and management of Indra subsidiaries, overseeing an analysis of low-probability and high-impact events and quantifying the risk involved. In March 2022, the Committee submitted a report relating to the updating of the Risk Map to the Board of Directors for its approval, reporting the associated plans for mitigation.

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

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

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

During the 2022 financial year, the Company renewed its certification from AENOR that confirmed its compliance with UNE-ISO standard 31000:2018 and acknowledged that its risk management system had been efficiently implemented.

## 4.4 Compliance Unit

The Compliance Unit ("CU") is the department that is responsible for coordinating and implementing all decisions and duties relating to compliance with the regulations set out in the Criminal Risk Prevention Model (the "CRP Model") and the Prevention of Competition Law Risk Model (the "PCLR Model").

The Committee is responsible for overseeing the composition, powers and performance of the Company's CU, and to that end: i) ensuring its independence; ii) proposing the election, appointment, payment and dismissal of the unit's head; iii) receiving regular information on its

activities; iv) approving its annual budget and working plan and overseeing their implementation; and v) checking that senior management takes account of the conclusions and recommendations contained in its reports.

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

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

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

The Committee oversaw the various actions being taken by the CU in respect of criminal risk prevention and competition, with the aim of ensuring the maturity of Indra's CRP and PCLR Models and compliance with the Company's Code of Ethics and Legal Compliance. Particular emphasis was placed on the following:

i) actions relating to communications (both internal and external);

ii) the plan to provide training on Ethics and Competition, both in Spain and at the Company's international subsidiaries;

iii) updating and reviewing the controls relating to criminal risk and competition (internal audits);

iv) the biennial auditing of the CRP Model;

v) maintaining and renewing UNE19601 and ISO 37001 certification respectively at a domestic and international level;

vi) the new methodology for identifying and evaluating criminal and competition-related risk, including proposals to the ACC for approval of both global and Spanish risk maps and the establishment of the acceptable criminal risk threshold. With regard to the Company's international subsidiaries, the Committee was informed about their criminal risk maps, administrative risk maps, which are regarded as similar to criminal and competition risk maps approved by the administrative bodies of these subsidiaries;



- vii) the completion of Due Diligence on third parties (suppliers, partners and potential customers);
- viii) the information provided annually by the CU to: a) the CEO and the Executive Director in order to analyse the suitability of the CRP and PCLR Models and the degree to which they have been implemented, and b) the heads of the organisational divisions with regard to the evolution of both Models;
- ix) the implementation of both Models at businesses acquired by the Company;
- x) managing and dealing with communications received via the Direct Channel.

During the course of 2022, the Committee reviewed and approved the Report on the activities engaged in by the CU during the 2021 financial year and its budget and action plan for the 2023 financial year.

## 4.5 Other actions

- Monitoring of legal matters relating to the Company

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

- Related-party transactions

- Pursuant to the contents of Article 529 *duovicies* of the Spanish Companies Act, the Committee submitted reports on related-party transactions to the Board of Directors for its approval.
- The Committee reviewed the information on related-party transactions with significant shareholders and directors that is to be included both in the half-yearly economic and financial information to be submitted to the CNMV, and in the Annual Accounts and the ACGR.
- The Committee approved the Annual Report on related-party transactions, which was published by the Company when announcing the convening of the General Shareholders' Meeting.

- Overseeing compliance with the Internal Code of Conduct on Matters Relating to the Stock Markets (ICC) and application of the policy for communicating with shareholders, institutional investors and proxy advisors, along with the procedures for maintaining relations with other stakeholders and financial, non-financial and corporate reporting policy, through appearances before the ICC Monitoring Officer's Committee and the Company's Director of Investor Relations.

- Appraisal of the ACC's operation and performance

In February 2022, the Board carried out an appraisal of the Committee's operation and performance during the 2021 financial year, as part of its annual appraisal.

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

This appraisal process ended with a highly satisfactory assessment of the Committee's operation and the work done by its Chair during the financial year examined.

- Training received by members of the Committee

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

## 5 CNMV Technical Guideline 3/2017 on Auditing Committees

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

## 6 Conclusions

The Committee has confirmed that all the matters set out in its Action Plan for the 2022 financial year have been dealt with in the proper depth.

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

In the 2023 financial year, the Committee plans to continue reviewing and monitoring the situation relating to all the matters that fall within its competence, pursuant to its Meetings Schedule and Annual Working Plan for 2023.

In view of all the foregoing, the Committee has unanimously agreed to approve this Report and to submit it to the Board of Directors so that it may be borne in mind during the process for the appraisal of the Board and its Committees for 2022.

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