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# COMPANY BYLAWS OF INDRA SISTEMAS, S.A.

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*June 2016*



## **COMPANY BYLAWS OF INDRA SISTEMAS, S.A**

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**Article 1.-** The Company shall operate under the name of “INDRA SISTEMAS, S.A.” and it shall be governed by these Company Bylaws and, in all matters upon which the said Bylaws are silent, by the Ley de Sociedades de Capital (“Spanish Stock Company Act” or “LSC”) and such other legal provisions as may apply to it.

**Article 2.-**

1. The Company has as its corporate purpose:

- a) The design, development, production, integration, operation, maintenance, marketing and repair of systems, solutions and products -including automotive vehicles, ships, aircraft and aerospace devices or vehicles- that make use of information technologies (computer, electronics and communications), as well as any part or component thereof and any kind of services relating to any and all of the foregoing, including the necessary works to be installed, in any field or sector.
- b) The provision of services in the fields of strategic and management consultancy, technology consultancy and training in any sector or field, including fields such as spatial planning or the environment. Additionally, the drafting, preparation and execution of any kind of studies and projects as well as management, technical assistance, technology transfer, commercialisation and administration of such studies, projects and activities.
- c) The provision of outsourcing services related to activities or processes pertaining to any field or sector.

2. The activities included in the company’s corporate purpose may be pursued in Spain and abroad, even indirectly, by any of the forms admitted by law and, in particular, through the ownership of stock or participation in other companies or legal entities with a corporate purpose identical, analogous, accessory or complementary to the foregoing activities.

**Article 3.-** The Company shall have its registered office in Alcobendas (Madrid), at Avenida de Bruselas 35, and it is authorized to establish branches, agencies, delegations and representative offices wherever it may be deemed necessary, including internationally, as decided by the Administrative Body of the Company .

The Management Body may also resolve to move the Company’s registered office within the same city limits.



**Article 4.-** The Company shall have perpetual existence.

**Article 5.-** The Company's authorized capital is 32.851.219,40 € (THIRTY-TWO MILLION EIGHT HUNDRED AND FIFTY-ONE THOUSAND, TWO HUNDRED NINETEEN AND 40/100 EUROS), represented by 164,132,539 ordinary class 'A' shares, of par value 0.20 € (TWENTY CENTS OF EURO) each, numbered consecutively from 1 to 164,132,539, both inclusive, and represented by means of book entries.

The authorized capital is entirely issued and paid in full.

The book entries will depict the characteristics of the shares as required by law applicable to this way of representing the shares.

**Article 6.-** Each share confers on its rightful holder the status of shareholder and shall entitle the shareholder to a right to share in the Company's profits and in the proceeds from liquidation of the company; rights of pre-emption in newly issued shares or options; attendance and voting at General Shareholders Meetings and the right to object to Company decisions and information, as well as any other rights under applicable law and the current Bylaws.

Except as provided by law as regards non monetary disbursements, in any issuance of shares in which only a portion of its par value is paid, the Board of Directors is authorized to fix the date or dates and other conditions for the remaining payments.

Whilst the Company shares are quoted on the Bolsa (Spanish stock-exchange), they shall be kept in registry books in accordance with applicable law.

Shares may be transferred by any of the methods recognized by law, according to the type of share, and pursuant to the regulations governing the transfer of shares represented by means of book entries.

**Article 7.-** The shares are indivisible. In the event of co-ownership, usufruct, hypothecation and any other instances of co-ownership as permitted by law, ownership rights shall be determined by applicable law and these Bylaws.

**Article 8.-** Upon resolution at a Shareholders Meeting adopted in accordance with applicable law, the Company may issue securities or other types of debt, with no limits other than those established by law.

When they are made available for trading on the Stock Exchange, debt issued by the Company shall be represented by means of book entries.



**Article 8 bis.-** The Company shall have a website created upon approval at the Annual Shareholders Meeting and which may be modified, moved or cancelled as decided by the Board of Directors.

The corporate website's content, access and regulation shall be accomplished at all time in accordance with applicable rules.

**Article 9.-** The Shareholders Meeting is the participatory body for Shareholders, where they hold complete power to resolve matters within their competency

**Article 10.-** The Shareholders Meeting, duly called in accordance with the provisions of these Bylaws and current applicable law, shall represent all the shareholders and be their decisions, its resolutions mandatory and binding on all shareholders, including those opposed and those who did not participate at the Shareholders Meeting, once the minutes have been approved in accordance with these Bylaws.

The Shareholders Meeting shall have the exclusive authority to decide any matters under its competence under applicable law and the Bylaws.

Any powers not vested to the Shareholders Meeting by law or the Bylaws shall be within the competence of the Board of Directors.

**Article 11.-** The Annual Shareholders Meeting shall be held within the first six months of each fiscal year, to review the management of the company, approve the annual financial statements of the preceding fiscal year, and decide on the proposed allocation of company earnings and any other matters included on the Agenda. All other meetings of the shareholders shall be considered Special Shareholders Meetings and shall be held upon resolution of the Board of Directors or when requested to do so by shareholders who represent at least, the minimum percentage of capital stock as provided by law.

The Annual Shareholders Meeting shall be effective even when it has been called or is held afterwards six first months of fiscal year.

**Article 12.-** Both Annual and Special Shareholders Meetings shall be called upon resolution of the Board of Directors in the form and within the time as established by law. The call will contain all of the requirements provided for under law and will be distributed in such a form to ensure rapid and equal access to all of the Shareholders. To that end, the call will utilize those means provided for in Law.

There shall be a period of time of at least twenty-four hours between the first call and the second call.



Those shareholders representing at least the minimum percentage of the capital stock as required by law, may request a Shareholders Meeting to be called, addressing the appropriate request to the Company Board of Directors, duly verifying they hold title to a sufficient number of shares which permit such a request under applicable law, and they must also state precisely which matters are to be dealt with at said meeting. Where this is the case, the meeting shall be called to be held within the time provided for by the law, counting from the time that the Board of Directors have been properly notified by means of public notary record, and the agenda must include those matters which form the subject of the request and any others which the Board may approve.

Moreover, those shareholders representing at least the minimum percentage of the capital stock as required by law may request that an annex to the notice of call for the Annual Shareholders' Meeting be published, in order to include one or more points in the Agenda, provided that such requests be accompanied by the reasons they should be included or, if applicable, the reasons for a proposed resolution. This right shall be exercised by sending a certified notification which must be received at the company's registered office not later than five days following the date when the call of the Annual Shareholders' Meeting was published.

The annex to the notice shall also be published at least 15 days prior to the date scheduled for the Annual Shareholders' Meeting.

At last, shareholders representing at least the percentage of capital stock as provided by law may, within five days after publication of the call, present proposals based upon resolutions already included or to be included in the Agenda for the Meeting. The Company shall ensure the distribution of these proposals and any supporting documentation which may accompany them.

**Article 13.-** Any shareholder wishing to attend the Shareholders Meeting must have title to shares registered in the registry book at least five days prior to commencement of the Shareholders Meeting.

Any shareholder entitled to attend may be represented at the General Shareholders' Shareholders Meetings through another person who need not be a shareholder. Such representation, which will be conferred specially for each Shareholders Meeting, may be given by any of the procedures provided for by Law or in the present Bylaws. A single shareholder may not have more than one representative at the Shareholders Meeting.

**Article 14.-** The right to attend General Shareholders' Meetings, as well as the rights to vote and be represented by a proxy, may be exercised by post, electronic mail, or any other form as may be stipulated in the Regulations for Shareholders Meetings so long as they adequately ensure the identity of the person participating or voting and the security of electronic communication. The calls



announcing the General Shareholders' Meetings will detail the procedure and requirements whereby the right in question may be exercised and the telecommunication devices which may be used in each case.

Within five days before any scheduled Meeting, Shareholders may request from the Board of Directors, the information or clarification which they deem appropriate regarding items on the Agenda, or they may submit written questions which they consider relevant. Furthermore, Shareholders may also request from the Board of Directors, in writing and within the same time frame, clarification which they deem appropriate regarding public information which the Company provides to the Comisión Nacional del Mercado de Valores ("National Securities Exchange Commission") since the last Shareholders Meeting, and regarding the Auditor's report, in accordance with applicable law.

**Article 15.-** Directors must attend the Shareholders Meetings. Managers and employees of the Company summoned by the Board of Directors may also attend the Shareholders Meeting. In no event may any attendees who are not shareholders have a right to vote.

**Article 16.-** The Shareholders Meeting may be held at any place within Spanish territory. The Board of Directors will determine in each instance the place for the Shareholders Meeting.

The Chairman of the Board of Directors shall preside over Shareholders Meetings, or in his or her absence, one of the Vice-Chairmen, and if both are absent, by such Director which the Board may appoint, or else such shareholder who may be appointed at the Shareholders Meeting.

The Secretary of the Shareholders Meeting shall be the Secretary of the Board of Directors or, in his or her absence, the Vice-Secretary of the Board of Directors, and if both are absent, such shareholder in attendance who may be appointed at the Shareholders Meeting.

The Chairman of the Shareholders Meeting shall have the authority to determine the validity of proxy documents and compliance with attendance requirements.



**Article 17.-** In order for the Shareholders Meeting to constitute a quorum, at least twenty-five per cent of the outstanding voting capital stock shall be required to be in attendance, either in person or by proxy, on first call. On second call, the Shareholders Meeting shall be held whatever the voting capital stock in attendance. Notwithstanding, in order to make valid any resolutions regarding an increase or reduction of capital; issuance of debt; a reorganization of the Company; elimination or reduction of pre-emption rights of new shares; any modification of the Bylaws; or a change, merger, divestiture or takeover; as well as relocation of the registered office abroad , at least fifty per cent of the outstanding voting capital stock must be in attendance at first call and twenty-five per cent of said capital stock must be in attendance at second call.

**Article 18.-** Any Shareholders Meeting shall be deemed to be quorate in order to deal with any matter with no need for call, so long as all issued shares are present or represented and those in attendance unanimously agree to hold the meeting.

**Article 19.-** Each share gives the right to cast one vote and the resolutions of the Shareholders Meeting, both Annual and Special, shall be made by a simple majority of votes, the only exception to this rule being those cases in which the law or these Bylaws require other types of majorities.

**Article 20.-** The Minutes of the each Shareholders Meeting shall be compiled by the Secretary. A list of those in attendance shall appear at the beginning along with the corporate resolutions passed. The Minutes shall be transcribed in the corresponding minute book especially reserved for Shareholders Meetings and must be approved at the end of the meeting or by the Chairman of the Meeting and two shareholders who shall act as scrutineers within a period of fifteen days following.

Corporate resolutions may be acted upon starting the date which the Minutes where they appear are approved.

The Board of Directors (the "Board") as well as shareholders representing at least the percentage of the outstanding stock of the Company as provided for by applicable law, within the time and in accordance with the requirements of said law, may require that a public notary be present to prepare the minutes of the meeting. The notarized minutes will not be submitted to the shareholders for approval and they shall be considered a resolution of the meeting.

**Article 21.-** Company management is entrusted to the Board of Directors (individually, "Director"), which shall act as a consultative body.

The Board of Directors shall be composed of a minimum of eight members and a maximum of fifteen, setting of the exact number to be decided at a Shareholders Meeting.



Without prejudice to applicable law and these Bylaws, the Board of Directors shall approve Rules which govern its organization and procedures, reporting on same and their amendments to the Annual Meeting.

**Article 22.-** In order to be named as a member of the Board, one need not be a shareholder, and a Director may be an artificial as well as a natural person; in the event that an artificial person is named, a natural person shall be designated as that Director's permanent representative for the exercise of the duties of that post.

Directors shall serve in their posts for a term of office of three years.

Any vacancies that arise on the Board which do not occur as a result of the expiry of a term of office shall be filled by a person appointed by the Board using a system of cooptation in accordance with applicable law. The term of a Director appointed by cooptation shall last until the following General Shareholders Meeting, unless such Meeting is already called, in which case the Board shall designate a new Director to serve until the next Meeting to that already called.

Directors shall not be required to provide any special bond to cover liability for their official acts, but they may be dismissed from their posts at any time by resolution at a General Shareholders Meeting.

Directors must resign from their posts in those circumstances provided for by applicable law and in those regulations approved by the Board to such effect.

**Article 23.-** The Board of Directors shall meet at least once a quarter. It shall also meet at other times as provided for by Board Rules or when in the judgment of the Chairman it would be in the best interests of the Company.

The call to meeting shall be made by the Chairman and, in his or her absence, by a Vice Chairman, and in the absence of both, by the coordinating Director. The call shall be in accordance with the Law, the Bylaws, and the Board rules.

**Article 24.-** Directors should personally attend Board meetings. In the event that the Director cannot attend, the Director may be represented at the meetings of the Board by granting the corresponding proxy in writing to another member of the Board in personal attendance. In the case of non Executive Directors, said proxy must be given to a non Executive Director.

With the exception of those cases wherein specific attendance requirements have been laid down in relation to quorums, the Board of Directors shall be deemed quorate when the majority of Directors attend, whether in person or by proxy. Resolutions shall be adopted by an absolute majority of votes of those Directors in attendance; in the case of a tie, the Chairman of the Board of Directors shall cast the deciding vote. However, when such resolutions refer to the appointment of





chief executives or permanent delegation of authority of the Board as well as approval of contracts with Directors with executive responsibilities, these resolutions shall require the favorable vote of a supermajority as provided for by applicable law.

The Board may adopt resolutions in writing without a meeting, provided that no Director objects. The Board may also meet by teleconference, videoconference, or any other analogous means. The procedures for adopting resolutions in writing without a meeting, or for meeting by teleconference, videoconference, or any other analogous means, shall be determined in the Board Rules.

In all cases a Director will recuse himself from participating in any deliberations or voting on resolutions which, directly or indirectly or by means of a related third party there is a conflict of interest, save in those resolutions which relate to his or her function as an administrator, such as designation or revocation of positions in administrative bodies or substantially analogous situations.

**Article 25.-** Discussions and resolutions of the Board of Directors shall be kept in a minute book, which shall be signed by the Secretary or Vice Secretary and approved by whomever shall have presided as Chairman.

**Article 26.-** The Board of Directors maintains the broadest powers to administer, manage and represent the Company in all matters concerning its areas of competence, limited only to those competences that by Law or these Bylaws are reserved to the Shareholders Meeting knowledge.

Directors shall discharge their duties as fiduciaries, working in good faith and in the best interests of the Company as well as respecting the principle of equal treatment of all shareholders and performing their duties with a unity of purpose and independent judgment.

Directors will also discharge their duties and comply with applicable law, the Bylaws, and other internal rules with the diligence of a reasonable businessman, taking into account the nature of the post and the functions which are attendant to the post. For this, they must have sufficient dedication and must adopt the means appropriate for proper management and control of the Company.

Board Rules will describe specific duties for Directors, stemming from the duty of loyalty, paying particular attention to instances of conflict of interest.

**Article 27.-**

1. The post of Director is to be compensated.
2. For their position qua Director, they shall receive fixed compensation and per



diems for attendance of Board meetings and of committees, which is to be paid in cash.

The maximum annual compensation will be determined at the Annual Shareholders Meeting in compensation policy approved at such.

The Board of Directors shall determine the compensation level for each Director, taking into account the duties and responsibilities assigned to each, membership on committees of the Board, and other circumstances which it deems relevant.

3. Additionally, Executive Directors will receive compensation corresponding to their executive duties as delegated by the Board and as the Board itself shall determine. This compensation shall conform with the compensation policy approved at a Shareholders General Meeting and shall be memorialized in a contract entered into between the Company and the Executive Director containing legally terms in conformance with law.

By way of example and without limiting such, compensation of Executive Directors may consist of: fixed compensation; variable compensation indexed to achievement of business, financial and strategic goals or personal effort; pension plans, deferred compensation and insurance; savings plans; reimbursements; delivery of Company shares, options or other valuable instruments tied to share price- prior approval of the Shareholders Meeting-; and exclusivity, employment, and noncompete agreements.

4. The Company will sign a contract with Executive Directors which regulates the performance of executive duties and which details all of the compensation items which may be earned in carrying out said duties in accordance with the compensation policy approved by the Shareholders.

5. The Company shall purchase civil liability insurance of its Directors.

**Article 28.-** The Board of Directors, prior report of the Nomination, Compensation and Corporate Governance Committee, shall elect one of its members to the post of Chairman and it may also, if it be deemed necessary, elect one or more Vice-Chairmen as a substitute in case of the Chairman's absence.

In the absence of the Chairman, the Vice Chair shall substitute, in order if there be more than one, and in the absence of both, by the Coordinating Director. In the event that all of these be absent, a member chosen by the Board itself shall substitute.

The duties of the Chairman shall be the following: (i) to call the meetings of the Board of Directors; (ii) ensure compliance with the law, the Bylaws, and internal regulations of the Company; (iii) preside as chairman of the meetings of the Board of Directors and the Shareholders Meetings; (iv) to direct the discussions at said meetings subject to the Agenda; (v) resolve any doubts which may arise; (vi)



authorize with his signature the minutes of the meetings of the Board of Directors and the Shareholders Meetings; (vii) endorse the certifications and abstracts of said minutes issued by the Secretary.

In the event that the Chairman is an Executive Director, the Board, without the participation of the Executive Directors, shall choose a Coordinating Director from amongst the Independent Directors, who shall be specially authorized, without prejudice to any other authority given him or her under the Bylaws or the Board Rules, to call meetings of the Board, add items to the agenda of a meeting already in progress, coordinate and meet with non executive Directors and, when applicable, direct the periodic evaluation of the Board of Directors.

**Article 29.-** The Board of Directors, after receiving a report from the Appointment, Compensation and Corporate Governance Committee, shall also appoint a Secretary; a Director may be appointed to the post, and shall be called Director-Secretary, or a person who is not a member of the Board, but in this case the person appointed shall not have the right to vote. In addition, the Board may appoint a Vice-Secretary, who need not be a Director, and who shall attend and substitute in the Secretary's absence.

The duties of the Secretary or the Vice-Secretary shall be to assist the Chairman during meetings of the Board of Directors and the Shareholders Meetings, to draw up the lists of those in attendance and the minutes, which he/she shall authorize by signing the same, and affirming the contents thereof by means of certifications which are to be issued with the endorsement of the Chairman.

**Article 30.-** Without prejudice to the powers that may be conferred on any person, the Board of Directors, after report of the Appointment, Compensation and Corporate Governance Committee, may designate, among its members, an Executive Committee, one or more Managing Directors and permanently delegate to that committee and/or the Managing Director, all or part of those powers which belong to it related to the management and administration of the assets of the Company, management of its business activities, and powers of representation of the same, and set the limits and manner of delegation.

Apart from the Executive Committee the Board of Directors may designate one or more committees, with general management and representation powers, to which it may entrust specific areas in relation to certain matters.

Under no circumstances shall any powers, which may not be delegated pursuant to law or in accordance with rules established by the Board, be delegated, nor any powers given to the Board at a General Shareholders Meeting, unless expressly authorized.



**Article 31.** - The Board of Directors will appoint an Audit and Compliance Committee from its membership.

All the members of the Audit and Compliance Committee must be non-Executive Directors of the Company and the majority of them must be Independent Directors.

Subject always to applicable law, rules regarding this Committee will be found within the Board Rules, treating such matters as its composition, technical knowledge of its members, duties, powers and rules of procedure, with a bias towards maintaining independence in the performance of its duties.

**Article 31 bis.** - The Board of Directors will appoint a Nomination, Compensation and Corporate Governance Committee from its membership.

All the members of the Nomination, Compensation and Corporate Governance Committee must be non-Executive Directors of the Company and the majority of them must be Independent Directors.

It will appoint a Chairman among its members, which Chairman must be an Independent Director.

Subject always to applicable law, rules regarding this Committee will be found within the Board Rules, treating such matters as its composition, technical knowledge of its members, duties, powers and rules of procedure, with a bias towards maintaining independence in the performance of its duties.

The Board may divide the functions of this Committee among two separate committees.

**Article 32.-** Within the first three months of each fiscal year, the Board shall prepare the annual financial statements and the management report for the previous fiscal year. The financial statements shall consist of the balance sheet, the income statement, a statement of shareholders' equity, a statement of cash flows, and the Annual Report.

The annual financial statements and the management report shall comply with applicable legal provisions and, whenever so required, be audited by the auditors appointed at the Shareholders Meeting.

As of the call date of the Shareholders Meeting where the annual financial statements and the management report shall be submitted for approval, shareholders may obtain from the Company, free of charge and at once, a copy of said documents and the Auditors' Report, if required.



**Article 33.-** Together with the Annual Report for each fiscal year, the Board of Directors will prepare a proposal for distribution of earnings in accordance with applicable law.

**Article 34.-** Upon resolution at a Shareholders Meeting or, when permitted by law the Board of Directors, adopted in accordance with the then current applicable law and these Bylaws, the Company may merge with or take over any other company, and reorganize itself as any other type of business organization.

**Article 35.-** The Company shall be dissolved for those reasons provided for under applicable law and at any time upon a resolution at a Shareholders Meeting which has been expressly called for this purpose.

**Article 36.-** Once the dissolution of the Company has been duly resolved, the words "In Liquidation" shall be added to the company name, the Directors shall cease to hold office and at the Shareholders Meeting an uneven number of liquidators shall be appointed, who shall discharge their functions as provided under applicable law.

**Article 37.-** Once the liquidation has been completed, the liquidators shall submit a final balance, a comprehensive report regarding their activities, and a proposal for division of assets among shareholders for approval at the Shareholders Meeting. Once the time for challenging the final balance has expired with no objection, or after objections have been resolved, liquidation payment to shareholders shall be made and the liquidators will publish a document declaring dissolution of the Company, with which a cancellation of registry with the Registro Mercantil shall be obtained.