Climate Change risks and opportunities analysis according to the TCFD framework

Sustainability

May 2025

indracompany.com

INDRA GROUP

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1 Executive Summary

Indra Group is committed to combating Climate Change and protecting the environment as stated in its Sustainability Policy and ESG Plan 2024-2026. In order to fulfil this commitment, the company has analysed its Climate Change risks and opportunities according to the Task Force on Climate Related Financial Disclosure framework.

In order to ensure an accurate reporting of the results of Indra's Climate Change commitments and the governance and risk management context under which these results were achieved This report describes:

i) Indra Group governance and risk management model in relation to Climate Change,
ii) the key findings of the company's analysis of physical and transition risks and opportunities,
iii) the strategy and measures adopted by Indra Group to ensure the resilience of the business and its transition for a low-carbon economy.

Climate change issues are supervised by the Board of Directors and the Sustainability Committee, which is the highest decision-making body in the company and defines Indra Group's Climate Change strategy. The effective integration of the Climate strategy is the responsibility of the Chief Sustainability Officer and the Sustainability Unit.

Indra Group's Climate Change strategy is focused **on identifying and analysing its main climate risks** (see Table 3: Indra Group's Climate Change Risk Analysis) **and opportunities,** (see Table 4: Indra Group's Climate Change Opportunities Analysis):

- **Physical risks analysis**: evaluation and identification of the impacts that the gradual changes in climate (temperature, rainfall, floods) and the potential extreme weather events may have on the facilities and operations of the company.
- **Transition risks analysis**: assessment on how the company can move towards a low-carbon economy identifying the strategy to follow in terms of compliance with environmental legal requirements, reduction of emissions and energy efficiency, among others. This analysis includes the risks that may arise from economic changes and legislation, as well as those associated with investors, markets, or reputational aspects.

The climate scenarios used as reference, in both qualitative and quantitative terms, are:

- **IEA Stated Policies Scenario (STEPS)**, which provides a more conservative benchmark for the future, as it does not take for granted that governments will reach all the announced goals.
- **IEA 2°C Scenario (2DS),** which describes an energy system consistent with emissions trajectory that recent climate science research indicates would give an 80% chance of limiting global temperature increase to 2°C.
- **IEA Net Zero Emissions by 2050 Scenario (NZE)**, which shows what is needed across the main sectors by various actors, and by when, for the world to achieve net zero energy related and industrial process CO2 emissions by 2050.
- **IPCC RCP 2.6 "very stringent" pathway**, which calls for reducing emissions by 2020 and reaching zero by 2100 to keep temperature rise below 2°C and states that transition risks are the most relevant.
- **IPCC RCP 8.5 "business as usual" scenario**, which illustrates that physical risks are the most relevant due to the increase in climate-related phenomena and chronic phenomena of Climate Change.

Indra Group's **main transition risk** relates to the **potential financial, reputational, and competitive** impact of increasingly stringent **climate-related regulations** around the world. These compliance risks can have a macro impact on the company and could affect the company's access to capital and markets.

Moreover, **Indra Group is exposed to several acute physical risks** due to the fact that the company's operations are based on the deployment of projects in multiple locations. However, the main risks of Indra Group's physical locations are related to temperature increases, extreme heat events and droughts, risks to which the **company is not particularly vulnerable**. Nevertheless, at an operational level, Indra Group is taking steps to make its operations more climate resilient.

With the aim of **progressively minimizing the impact of the risks of Climate Change** that may affect its business, Indra Group is implementing **contingency and risk mitigation mechanisms** (see Table 5: Indra Group's Climate Change adaption measures). All aspects related to Climate Change are **fully integrated into the company's strategy** via the initiatives defined as part of the **ESG Plan 2024-2026**, which contains a specific pillar for the Environment and Climate Change.

In terms of **climate change opportunities, Indra Group** is **well positioned** to harness each of the ones identified thanks to its **highly innovative portfolio of products and services** and its efforts to improving its ESG performance and making more efficient and sustainable its operations and supply chain. The company is also implementing a strategy in order to take advantage of the opportunities that Climate Change poses (see section 4.3 Climate Change opportunities).

Indra Group publishes material environmental risks and opportunities on a yearly basis in the **corporate Sustainability Report** and in the Indra Group's responses to **the CDP Climate Change questionnaire**.

2 TCFD recommendations in a nutshell

TCFD Recomendations	Disclousure	Further information /References
Governance Disclose the organisation's governance of Climate Change-related risks and opportunities		
a) Board oversight of risks and opportunities related to Climate Change.	At Indra Group, the **Board of Directors** is the **highest and most important body responsible for Climate Change governance** and oversight of the company's sustainability management, including its climate strategy. The **Sustainability Committee** is the delegated body that reports directly to Indra Group's Board of Directors and aims to **address climate challenges and opportunities** and facilitate the inclusion of climate-related criteria as part of the company's decision-making process.	Sustainability report 2024 page 115 Response to CDP Climate change 2024 (C4. Governance)
b) Description of management's role in analysing and assessing risks and opportunities related to Climate Change.	At management level, the **Chief Strategy Officer** (CSO) ensures the effective integration of the climate strategy into the company's management strategy. The CSO leads the **Corporate Sustainability Unit** and oversees the implementation of the initiatives included in the ESG Plan, including regular analysis of climate-related risks and opportunities.	Sustainability report 2024 page 115 Response to CDP Climate change 2024 (C4. Governance)
Strategy Disclose the actual and potential impacts of Climate Change-related risks and opportunities on the organisation's business, strategy, and planning, where such information is material		
a) Description of risks and opportunities related to Climate Change identified by the organisation in the short, medium and long term.	Based on an analysis of several Climate Change scenarios, Indra Group has identified its **main physical and transition risks and opportunities**. Indra Group's main **transition risk** is related to the potential **financial, reputational**, and **competitive impact** of increasingly stringent climate-related regulations around the world. In addition, Indra Group is **exposed to several acute physical risks** due to the fact that Indra Group's operations are based on the deployment of projects in multiple locations. In terms of **Climate Change opportunities, Indra Group is well positioned** to take advantage of them with its highly innovative technological solutions in the fields of mobility, energy, smart cities, and digitalisation.	Sustainability report 2024 page 116-117 Response to CDP Climate change 2024 (C3. Risks and Opportunities)
b) Description of the impact of Climate Change-related risks and opportunities on the organisation's business, strategy, and financial planning.	The Climate Change risks and opportunities identified by the company could affect the **company's resilience at various levels throughout its value chain**. • At a macro level, Indra Group does not operate in a high emission or energy intensive industry, but the **company may be indirectly affected** through its value chain. In addition, with operations in more than 140 countries, **there is a compliance risk** that requires an important level of control. • At a financial level, **access to capital markets** is increasingly dependent on a **company's ability to successfully manage sustainability issues**. Indra therefore addresses financial risk through its **sustainability strategy** and an **ambitious carbon reduction target** aligned with an SBT methodology. • At the market level, Indra Group needs to have a deep understanding of its **customers' expectations** regarding climate-related risks and low-carbon product opportunities. Indra Group has a range of **key enabling technologies** that contribute to a low carbon economy and is working to become a climate resilient supplier. • At an operational level, **Indra Group is taking steps to address climate resilience** by ensuring the resilience of its work centres and providing alternatives such as remote certification of project milestones. In addition, Indra Group is working on the climate resilience of its supply chain, as disruptions could affect the delivery of services to clients	Sustainability report 2024 page 116-120 Response to CDP Climate change 2024 (C3. Risks and Opportunities and C5. Business strategy)
c) Description of the organisation's resilience under different climate scenarios.	Indra Group has carried out an analysis of the risks and opportunities related to Climate Change in relation to the company's activities by **analysing the following scenarios** IEA STEPS, IEA 2DS, IEA NZE, IPCC RCP 2.6 and IPCC RCP 8.5. This analysis allowed the identification of climate-related risks and opportunities for the company's activities **over a 30-year period starting in 2019**.	Sustainability report 2024 page 120-123 Response to CDP Climate change 2024 (C3. Risks and Opportunities and C5. Business strategy)
Risk Management Disseminate how the organisation identifies, assesses, and manages risks related to Climate Change.		
a) Processes for identifying and	Indra Group undertakes a **thorough analysis of the risks and opportunities** related to Climate Change that may affect the company.	Sustainability report 2024 page 116-127

<table>
<tr><td>assessing risks related to Climate Change</td><td>The identification of key environmental risks and opportunities is carried out by internal experts from corporate support departments, using a combination of analysis, tools and processes, and with the support of external experts.</td><td>Response to CDP Climate change 2024 (C3. Risks and Opportunities)</td></tr>
<tr><td>b) Processes for managing Climate Change-related risks</td><td>With the aim of progressively minimising the impact of Climate Change risks that may affect its business, Indra Group is implementing contingency and risk mitigation mechanisms throughout the company (e.g., resilience of work centres and business continuity) and its value chain (e.g., procurement strategy). In addition, the company has implemented an ambitious carbon reduction goal, supported by the ESG Plan, to facilitate the company's transition to a low-carbon economy.
Indra Group is well positioned to take advantage of the opportunities offered by enabling technologies that contribute to a low-carbon economy. The company is conducting an analysis of the contribution of the current portfolio of activities to Climate Change mitigation and adaptation objectives in line with the EU Green Taxonomy.</td><td>Sustainability report 2024 page 116-127
Response to CDP Climate change 2024 (C3. Risks and Opportunities)</td></tr>
<tr><td>c) Integration of processes for identifying, assessing, and managing Climate Change-related risks</td><td>Indra Group's climate risk management is integrated into the company-wide risk management and control system. The results of this analysis are presented to the Sustainability Committee and decisions are agreed on how to mitigate the risks or take advantage of the opportunities identified.</td><td>Sustainability report 2024 page 127
Response to CDP Climate change 2024 C3. Risks and Opportunities)</td></tr>
<tr><td colspan="3">Metrics and targets Disclose metrics and targets used to assess and manage risks and opportunities related to Climate Change, where such information is material</td></tr>
<tr><td>a) Metrics used to assess risks and opportunities related to Climate Change.</td><td>Indra Group uses GHG emissions as the main indicator of its performance and compliance with the climate objectives of the ESG Plan and the emissions reduction target.
The ESG Plan takes a holistic approach to the company's environmental management and therefore addresses other targets and indicators related to environmental performance (water, energy, waste, materials).
To take advantage of the opportunities presented by the Climate Change challenge, the company is analysing the alignment of its offer with the EU Climate Taxonomy.</td><td>Sustainability report 2024 page 89-103
Response to CDP Climate change 2024 (C7 Enviromental Perfomance)</td></tr>
<tr><td>b) Calculation of Scope 1, 2 and, where appropriate, Scope 3 GHG emissions and related risks</td><td>Indra Group discloses its Scope 1, 2 and 3 emissions in the Sustainability Report. The main results in 2024 were:
<table>
<tr><th>Indra Group’s carbon footprint</th><th>2019 (base year)</th><th>FY2024</th></tr>
<tr><td>Scope 1</td><td>2,733</td><td>1,831</td></tr>
<tr><td>Scope 2</td><td>6,198</td><td>829</td></tr>
<tr><td>Scope 3</td><td>507,063</td><td>446,361</td></tr>
<tr><td>GHG emissions</td><td>515,994</td><td>449,020</td></tr>
</table></td><td>Sustainability report 2024 page 148-149
Response to CDP Climate change 2024 (C7 Enviromental Perfomance)</td></tr>
<tr><td>c) Targets used to manage climate risks and opportunities and performance against targets</td><td>Indra Group has developed an ambitious emissions reduction roadmap for the company, which was approved by the Science Based Targets Initiative (SBTi) in 2025.
Indra Group commits to reduce its absolute 1 and 2 GHG emissions by 75% by 2026 and 90% by 2030, and its intensity 3 GHG emissions from purchased goods and services, by 45% by 2026, its intensity 3 GHG emissions and 55% by 2030, compared to a base year of 2019, with the intention of achieving carbon neutrality by 2040.
This ambitious target is supported by the ESG Plan 2024-2026, which addresses the initiatives needed to reduce the company's greenhouse gas emissions.
Indra Group's performance against the target is disclosed in the Sustainability Report. Key achievements in 2024 were:
<table>
<tr><th>Indra Group’s carbon footprint</th><th>FY2024</th><th>Target 2024</th></tr>
<tr><td>Scope 1</td><td>1,831</td><td>1,873</td></tr>
<tr><td>Scope 2</td><td>829</td><td>1,016</td></tr>
<tr><td>Scope 3</td><td>446,361</td><td>471,371</td></tr>
<tr><td>GHG emissions</td><td>449,020</td><td>474,260</td></tr>
</table></td><td>Sustainability report 2024 page 140-143
Response to CDP Climate change 2024 (C7 Enviromental Perfomance)</td></tr>
</table>

	(*) Scope 3 most relevant categories, procurement of goods and services, business travel, commuting and use of sold products	

Table 1: TCFD Recommendations

3 Governance

3.1 About Indra Group

Indra Group is a business holding that **promotes technological progress**, comprising Indra in the fields of **Defence, Air Traffic, and Mobility** (under the Indra brand); **and Information Technologies** (under the Minsait brand), **recognized in Spain and Latin America** for its capabilities in digital transformation and information technologies. Indra Group promotes a safer and more connected future through innovative solutions, trusted relationships, and the best talent. Sustainability is part of its strategy and culture, to respond to present and future social and environmental challenges. .

In line with this vision, the organization of Indra Group is structured into **four business areas** linked by a technological base: Defence, Air Traffic, Mobility, and Minsait. In all its areas, technology is at the core of its business model, which, however, presents differentiated business dynamics.

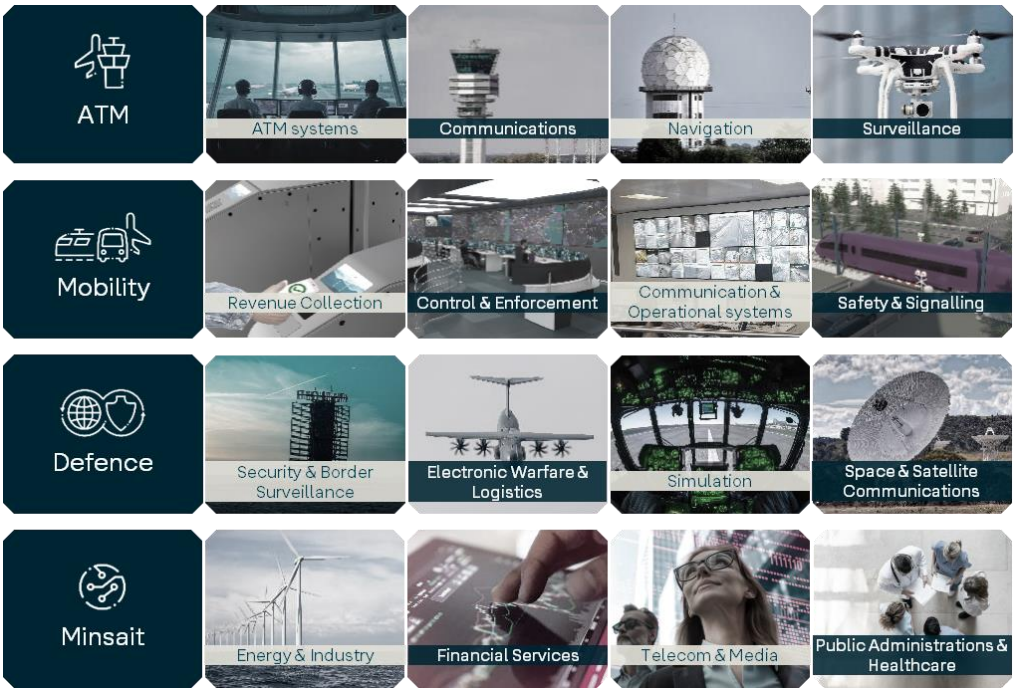


Figure 1: Indra Group main technolgy per business area

Defence

Indra is a **reference in Europe in the field of defence systems**, being one of the three companies with the highest participation in European Defence Fund (EDF) projects. **Indra has recognized international experience with its own solutions** in the segments of air defence, systems embedded in aerial, naval, and terrestrial platforms, border security and surveillance, electronic defence, simulation, and space (e.g., radar systems, command and control systems, communication systems, simulators, among others).

Air Traffic (ATM)

Indra is one of the **world's leading providers of systems and equipment for air traffic management**, with **references in more than 170 countries**. It is one of the few companies in the world that has a portfolio of next-generation solutions capable of managing a flight door-to-door, from take-off to landing. Indra's technology is present in ~200 control centers, ~1,700 Instrument Landing Systems (ILS), and ~400 secondary radars worldwide. Indra is one of the industrial partners within the framework of the Single European Sky initiative. Additionally, Indra contributes to the transformation of the sector with the development of innovative initiatives in multiple areas such as U-Space (unmanned traffic management) and virtual control towers. In the future, Indra aims to be a global reference in air traffic management based on space infrastructure through the Startical project.

Mobility

Indra has a **broad portfolio of technological solutions for the implementation of more sustainable mobility**. These solutions include ticketing and toll systems, information and control systems for multiple infrastructures and modes of transport, railway safety and signaling systems, as well as consulting and transportation planning capabilities.

The Mobility projects developed by Indra extend to more than 100 cities in 50 different countries, seeking to offer society more sustainable, safe, and efficient modes of transport. **Indra participates** in the most important **national and European innovation initiatives for the digitalization of transport**, such as Mobility 2030 or Europe's Rail.

Information Technologies (Minsait)

Minsait brings together a comprehensive **offering of technological solutions that encompass strategy, implementation, transformation, and operations**. Minsait's offering combines proprietary product solutions (with more than 100,000 companies connected in the solutions ecosystem), the implementation of third-party solutions, digital business (business consulting, cybersecurity, advanced technologies), and the provision of traditional IT services (IT outsourcing, business process outsourcing, infrastructure management, and user management).

Minsait has specific end-to-end value propositions tailored to each industry, designed to generate value by addressing clients' challenges in each sector and ensuring the cybersecurity of operations:

- **Energy and Industry**: In the energy sector, thanks to a varied offering of proprietary products, **Minsait** has the capacity to **offer comprehensive solutions to its clients, currently immersed in the energy transition**. In industry and consumption, Minsait fosters the competitiveness of its clients through the evolution towards more digital operating models (Industry 4.0), and also has proprietary solutions for airlines and hotels, which optimize processes and improve customer experience.
- **Telecom and Media**: **Minsait** drives the **transformation and modernization of customer service channels and omnichannel** models, with an end-to-end vision from consulting to technology implementation. Minsait also collaborates in the cloud transformation of applications in this sector, or in the evolution of telecommunications network management solutions.
- **Public Administration and Healthcare**: Through its technology, **Minsait contributes to the digital transformation of public administrations and healthcare services**, with the aim of optimizing processes and simplifying the relationship with citizens. Additionally, Minsait has a business line focused on the management of electoral processes, having participated with its technology in more than 400 electoral processes.
- **Financial Services**: Innovative solutions for the transformation of core banking to the cloud. **Development and implementation of new digital models for** customer relationship and distribution of **banking and insurance products**. In payment methods, Minsait Payments' offering covers the entire value chain of the market. Additionally, the offering of outsourcing services and workplace management generates efficiencies for clients.

Strategic Plan Leading the Future

The **Board of Directors** approved the **Strategic Plan 2024-2026** Leading the Future in February 2024. This Plan has two horizons: 2026 as a medium-term vision and 2030 as a long-term aspiration.

Indra Group will work to reinforce its position as the market reference in sustainability under the guidelines of the new **ESG Plan 2024-2026**, integrated into the Strategic Plan, which establishes the following commitments:

- Accelerate the roadmap for decarbonization.
- Adopt eco-design criteria in all new products.

- Strengthen the supervision of ESG risks by the governing bodies.
- Incorporate best practices for responsible use of Artificial Intelligence and data privacy in the Group's solutions.
- Increase the presence of women in management and leadership positions.
- Improve sustainability in the Group's supply chain.

For more information about Indra Group's business model, the markets in which it operates, and its strategy, it is recommended to refer to the investor presentation available on Indra Group's corporate website.

Indra Location

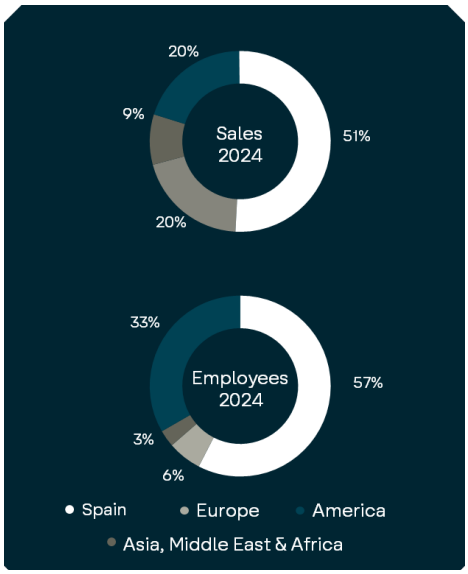


Figure 2: Indra Group's distribution of sales and employees.

Indra Group operates locally in more than **50 countries, across which it employs over 60,000 people**. In addition, its commercial activities spread across more than 140 countries, meaning that Indra Group's commitment to sustainable development has an almost global reach. Thanks to its far-reaching international presence, 50% of its annual sales come from outside of Spain.

The company's headquarters are located in Spain, where Indra Group is the leading technology company in the industrial sector. However, the company also has a major presence in Latin America and Europe. Most part of Indra Group's sales and employees are concentrated in these three geographies, with more than **70% of its purchases made through suppliers based in Spain.**

Indra Group's type of industry and the location of its offices directly determines the risks to which the company is exposed and the opportunities from which it can benefit, both analysed in this report.

3.2 Climate Change governance and management

At Indra Group, the **Board of Directors** is the highest and most important body responsible for Climate Change governance and supervision of the company's sustainability management, including the climate strategy.

To this end, in December 2019 the Board of Directors approved the creation of a **Sustainability Committee** which reports to the Board of Directors. The Sustainability Committee aims to tackle the climate challenges that arise over the coming years and facilitates the inclusion of climate related criteria as part of the decision-making process of the company. It centralizes and oversees the performance of key indicators, as well as the management of climate-related risks and opportunities. Its functions include tracking the ESG Plan progress, designing the ambitious emissions reduction roadmap for the company, and supervising the objectives and principles of the Sustainability Policy.

The Sustainability Committee holds five scheduled sessions every year in order to monitor Climate Change performance and climate-related issues, therefore in all meetings Climate Change issues are part of the agenda.

The Board of Directors and the Sustainability Committee are Indra's largest decision-making and supervisory bodies on Climate Change. The management of climate issues is under the direction of the **Chief Strategy Officer** who belongs to the Management Committee and regularly reports to the

Sustainability Committee and the Board on the policies, the main risks and opportunities and the company's performance and objectives in this area.

All aspects related to Climate Change are fully integrated into the company's strategy through the initiatives defined within the framework of the ESG Plan 2024-2026, which has a specific pillar of Planet and climate action. The Group's new Strategic Plan 2024-2026 has integrated these aspects into the cross-cutting Sustainability pillar.

The **Corporate Sustainability Unit** contributes to set the emissions and renewable energy targets in collaboration with other corporate units and defines the actions needed to meet the targets set and coordinates the monitoring procedures. The Sustainability Unit oversees the implementation of the initiatives included in the ESG Plan and monitors the progress of the KPIs set, planning corrective actions if needed. Close cooperation is established with the corporate units that have more impact in the achievement of the emission reduction targets of the company.

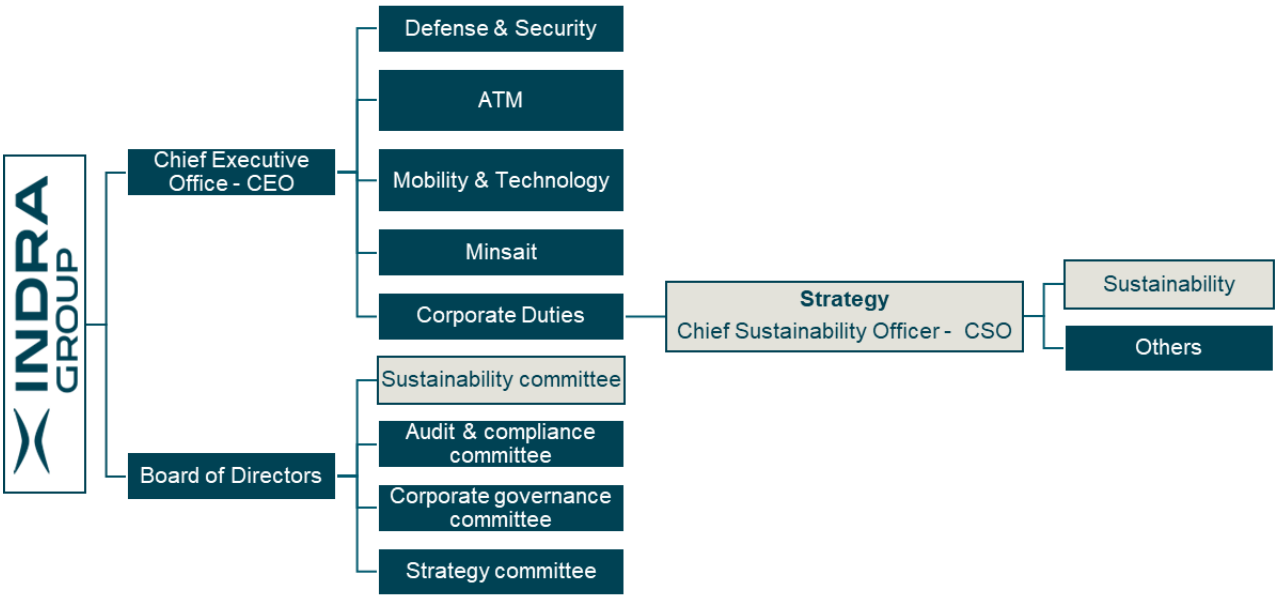


Figure 3: Company organizational chart

4 Strategy

4.1 Scenario Analysis

For the **study of the Climate Change resilience of the organization**, Indra Group has carried out an analysis of the company's Climate Change related risks and opportunities through scenarios analysis, in accordance with the recommendations of the TCFD.

In approaching the scenario analysis, the main questions Indra Group sought to answer was **how physical and transitional climate risks could affect the company's business model** throughout its value chain and how **Indra Group's business model should be in order to be aligned with the Paris Agreement**.

To this end, Indra Group has analysed the physical and transition risks and opportunities regarding the company's activity:

- **Transition analysis**, to assess how Indra Group can move towards a low-carbon economy identifying the strategy to follow in terms of compliance with environmental legal requirements, reduction of emissions and energy efficiency, among others. The company considers the risks and opportunities that may arise with economic and legislation changes, as well as those associated with investors, markets, or reputational aspects.
- **Physical analysis**, to identify the impacts that the gradual changes in the climate (temperature, rainfall, floods) and the potential extreme weather events may have on the facilities and operations of the company.

This analysis has been carried out considering **five scenarios**, both in quantitative and qualitative terms and has enabled the identification of climate-related risks and opportunities for the Group's activities, **over a period of 30 years** beginning in 2019.

Scenarios	Description	Approach
IEA Stated Policies Escenario (steps)	Explores where the energy system might go without a major additional steer from policy makers. It provides a **more conservative benchmark for the future**, because it does not take it for granted that governments will reach all announced goals	In this scenario, there is a balance between transition and physical risks. Indra Group considers market risk as the most significant one, due to changing client behaviour, which will demand lower carbon products and services.
IEA 2ºC Scenario (2DS)	Describes an energy system consistent with emissions trajectory that recent climate science research indicates would give an 80 per cent chance of **limiting global temperature increase to 2°C**.	In this scenario, there is a balance between transition and physical risks. Indra Group considers market risk as the most significant one, due to changing client behaviour, which will demand lower carbon products and services.
IEA Net Zero Emissions by 2050 Scenario (NZE)	Shows what is needed across the main sectors by various actors, and by when, for the world to achieve net zero energy related and industrial process CO2 emissions by 2050 while meeting other energy related SDGs. It is consistent with **limiting the global temperature rise to 1.5°C** with no or limited temperature overshoot (with a 50% probability)	In this scenario, transition risks are the most relevant ones. Both market and regulatory risks are the ones with the highest impact on Indra Group.
IPCC RCP 2.6 "very stringent" pathway	Represents a "very stringent" pathway. According to the IPCC, RCP 2.6 requires that carbon dioxide (CO2) emissions start declining by 2020 and go to zero by 2100. RCP 2.6 is likely to **keep global temperature rise below 2 °C** by 2100.	In this scenario, transition risks are the most relevant ones. Both market and regulatory risks are the ones with the highest impact on Indra Group.
IPCC RCP 8.5 "business as usual" scenario	In RCP 8.5 emissions continue to rise throughout the 21st century. RCP8.5, generally taken as the basis for **worst-case Climate Change scenarios**, was based on what proved to be overestimation of projected coal outputs. It remains useful for its aptness in both tracking historical total cumulative CO2 emissions and predicting mid-century (and earlier) emissions based on current and stated policies.	In this scenario, physical risks are the most relevant due to increased climate related events and chronic Climate Change phenomena

Table 2: Scenarios Analised

Indra Group favours the low warming climate models (2DS and RCP 2.6) because the company has endorsed the Science-Based Targets initiative (SBTi) and these scenarios were used in setting **Indra Group's Science Based Targets** (SBT) which **were approved by the SBTi in March 2025**.

This objective, together with Indra Group's decarbonisation plan developed in the ESG Plan 2024-2026, favours the goal of zero emissions in 2040 and models for limiting the temperature to 1.5ºC. The company is committed to zero net emissions in 2040 and has formalised this commitment according to the SBTi methodology.

Detailed information of this analysis is also included in Indra Group's responses to the **CDP Climate Change questionnaire.**

4.2 Climate Change risks

Climate related risks include (1) **physical risks** such as the disruption of operations or destruction of property and (2) **transition risks** such as policy constraints on emissions, reputation risk, market demand and supply shifts.

Impact	Value Chain	Time Horizon	Likelihood	Magnitude
Physical				
Acute				
Indra Group's business is based on rolling out projects in multiple locations that may be more exposed to several climate-related risks (e.g., weather events such as cyclones or floods). The company may suffer from **reduced revenues** due to reduced production capacity. Similarly, Indra Group may face **increased operational expenses (OpEx)** such as insurance premiums or clean-up costs, as well as breaches of contract that may result in economic penalties. Supply chain disruption and increased procurement costs are possible consequences of severe climate events	Upstream, Direct operations; Downstream	Medium term	High	High
Chronic				
Climate Change is causing extreme weather variability, changes in rainfall patterns, and rising average temperatures and sea levels. As a company operating in more than 140 countries, it is important to understand the chronic trends in Climate Change that may affect its sites and employees over time. All of these changes can result in **reduced revenues** due to reduced production capacity and **increased capital expenditure (CapEx)** to adapt facilities.	Direct operations	Long term	High	Low
Transition				
Policy and Legal				
A large number of sustainability and Climate Change regulations have been passed in recent years and this trend is expected to continue. Indra Group is already complying with current regulations and is constantly monitoring new and forthcoming regulations in order to be up to date. However, if the company does not comply with current regulations, it may be **exposed to fines**.	Upstream; Direct operations	Short term	Low	Medium
Reputational				
Reputational risk is highly relevant to Indra Group as its success is based on its reputation, which has a direct impact on its **ability to attract and retain talent and build long-term relationships** with customers.	Downstream	Short term	High	High
Market				

Growing investor interest in ESG performance and shifting customer preferences towards green technology could result in lower revenues for Indra if the company is unable to understand and meet market expectations. The company's supply chain is also exposed to climate risks, such as supply chain disruption due to an extreme weather event or reduced availability of critical components, which can **increase operational expenses (OpEx)**.	Upstream, Direct operations; Downstream	Short term	High	Medium
Technology				
As a technology provider, Indra Group is obliged to keep abreast of technological innovations that enable customers to achieve more energy-efficient operations and lower carbon emissions. Therefore, Indra faces the risk of **losing business opportunities** if it falls behind in the highly competitive development of technologies (energy savings, low-carbon services, etc.) and cannot meet market needs	Direct operations; Downstream	Medium term	High	High

Table 3: Indra Group's Climate Change Risk Analysis

4.2.1 Physical risks

Indra Group's main physical risk is related to **business disruptions associated with any potential weather phenomena**. Any such weather phenomena could restrict access to the company's facilities, damage equipment, cause power cuts to the electricity supply and telecommunications networks or affect the company's utility supply.

The main potential **financial impacts associated with physical risks** are:

- **Decreased revenues** due to reduced production capacity because of **disruptions** associated with any potential weather phenomena.
- **Economic penalties** associated with **breaches of contracts** due to inability of conveying with the requirements established (e.g.: delivery deadlines) because of disruptions caused by climate events.
- Increased **operational expenditures** (OpEx) like **insurance premiums** because of its locations or recovery expenses associated with the damages causes by climate events.
- Increased **capital expenditures** (CapEx) destined to the **adaptation** of the company's **facilities** to chronic physical risks.

4.2.1.1 Acute physical risks

Driven by extreme weather events, acute physical risks are fully integrated into the group' Sustainability strategy. This type of risk can affect the company because part of the company's activity is based on rolling out projects using export models: Indra Group delivers projects on behalf of clients in multiple locations. Additionally, an extreme weather event could also impair the ability of Indra Group professionals' to safely travel and thus disrupt the ability to deliver its products/services (e.g.: to certify project milestones).

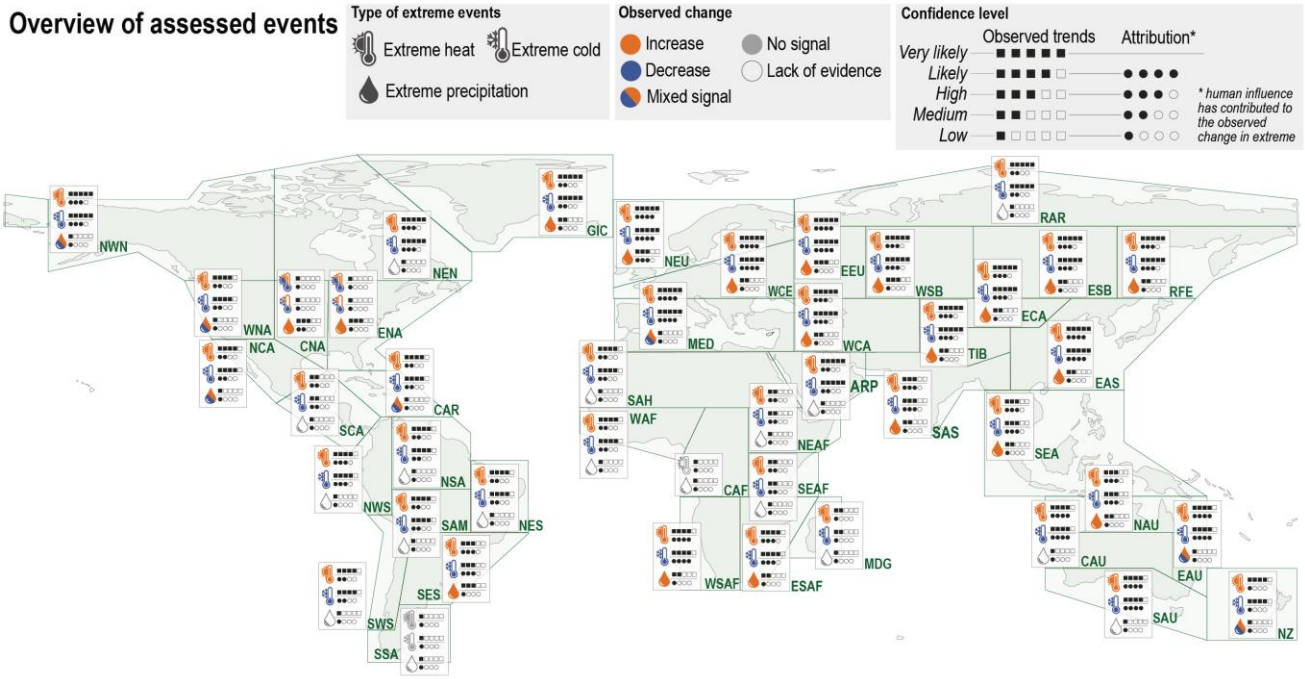


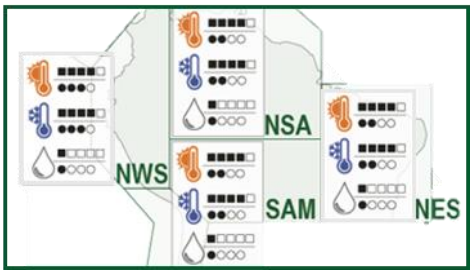
Figure 4: Overview of observed changes for cold, hot, and wet extremes and their potential human contribution in main countries where Indra Group is present (+ 1,000 employees).
Source: "Weather and Climate Extreme Events in a Changing Climate. In Climate Change 2021", Sixth Assessment Report of IPCC, Figure 11.4.
(https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Chapter11.pdf)

Thus, Indra Group is aware that the **main potential acute physical effect is linked with the geographical areas** where it operates, some of which have a significant level of exposure and vulnerability to extreme weather events.

Within major regions where the company operates (+1,000 employees), most of the climate risks are related to **rising temperatures** and **extreme heat events**, in addition the company operates in other areas with certain risk of severe storms and tropical storms. The main climate risks by area are:

Mediterranean Area

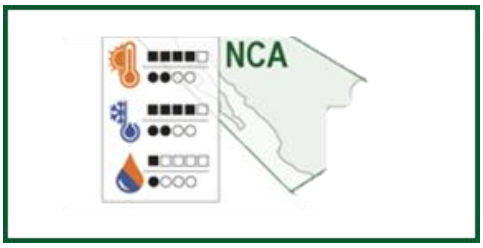
Indra Group concentrates a large part of its activity in the Mediterranean region, employs over 34,800 individuals in Spain and more than 2,000 in Italy. Climate models indicate a high probability of a significant increase in the intensity and frequency of **extreme heat events** in these countries, while extreme cold events are projected to decrease. Furthermore, under scenarios of a global temperature increase of 2°C or more, the intensity of heavy precipitation and storms is expected to rise.



South America

Indra Group's operations in South America are concentrated in Brazil, Chile, Colombia, and Peru, with more than 7,100 employees in Brazil, over 4,100 in Colombia, over 1,100 in Chile and more than 3,600 in Peru. These regions are expected to experience an increase in the intensity and frequency of extreme heat events.

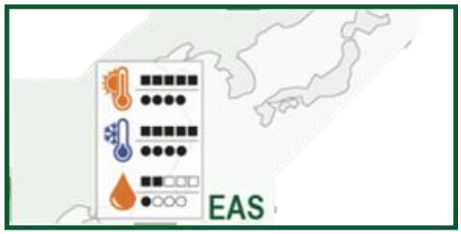
Brazil has an elevated risk of **urban flooding**, particularly in the eastern zone due to the South American Monsoon (SAM). This risk could increase with the rise in frequency and number of extreme precipitation events, especially under scenarios of global temperature increases above 2°C. However, these events are not particularly relevant to Indra Group's operations, as its presence in Brazil is concentrated in São Paulo and Brasília, where the risk of urban flooding is lower.



Central America

In Central America, Indra Group has more than 3,300 employees in Mexico. Climate models predict a significant increase in the intensity and frequency of extreme heat events in this region. However, an increase in heavy rainfall events is not anticipated.

Mexico is situated in an area with a high risk of **tropical storms** and hurricanes. While climate models indicate a reduction in the number of these events, they also predict an increase in their intensity, including higher wind speeds and increased rainfall, even with a 1.5°C rise in global temperature. This escalation in intensity heightens the severity of such weather events, posing potential challenges for Indra Group's operations.



Southeast Asia

Indra Group's main site in Asia is located in the Philippines[1], where the company employs more than 1,500 individuals. This region is one of the most vulnerable to weather events. Although an increase in the number and intensity of extreme heat events is expected, the temperature rise will be lower than the global average, yet still significant.

The primary climate risks in the Philippines include an **increase in the intensity of rainfall**, particularly under scenarios of global temperature increases above 2°C, and an increase in the intensity of cyclones, which are already prevalent in the area.

[1] According to the Global Climate Risk Index 2021 report, the Philippines is the 4th country in the Long-Term Climate Risk Index (CRI) of the 10 countries most affected by Climate Change from 2000 to 2019 (see: https://www.germanwatch.org/en/cri)

The risk of suffering damages or impacts in the workplaces located in high climate risk geographical areas due to extreme weather events consequence of Climate Change could lead to the subsequent need of recovery costs. *See section 5.3.1 Work centres resilience*.

Given that Indra Group's technology related services provide core services for many of its clients, they are the ones more susceptible to suffer the impact from a **potential business disruption**. If the activity of the company's workforce is disrupted, this might affect its ability to maintain business continuity for the services the company runs for its clients or to fulfil the milestones set for project delivery, thus leading to a potential breach of the contractual obligations agreed with clients, exposing the company to potential legal actions and penalties.

Hence, physical extreme weather events could damage the company facilities, thus increasing capital (reparation and protection of facilities) and operational costs (because of higher insurance premiums in high risks locations).

Whereas Indra Group is adapting its business to mitigate the previous exposed risks, **its supply chain could not be making the same efforts**. If climate related risks caused disruptions that suppliers were not prepared for, this could affect Indra Group's services to clients. Consequently, the climate resilience of Indra Group's suppliers is also important. *See section 5.3.4 Procurement strategy*.

Supply chain disruptions and increased sourcing costs are a possible consequence of severe climate events. They could trigger an abrupt and unexpected shift in the availability of materials used by Indra Group to deliver products and services. The creation of long-term relationships with suppliers is a key factor in the successful development of the Group's business. However, greater dependence on any of these suppliers in the Group's operations could result in a reduction in its flexibility when dealing with unexpected adverse circumstances, like a severe climate event. Although, in general, due to industry standardization, compatible components or services could be sourced from a broad number of countries and suppliers, the real climate related risk regarding supply chain is a potential sharp increase in prices.

The company also considers the **risks of breaches of contract and potential legal actions from clients** in case Indra Group fails to deliver products or services due to climate-related events. Indra Group's contracts with clients, which would vary by client, could include terms and conditions requiring recourse if service level agreements or other productivity metrics are not met. Historically, the probability of this occurring has not been high, as the company, aware of its responsibilities towards its customers, has reflected the reality of this risk in its contracts.

4.2.1.2 Chronic physical risks

As a company with operations in more than 140 countries, it is important to **understand the chronic trends that may impact Indra Group's locations** over time, especially those locations where Indra Group may be more heavily concentrated.
Although it is true that Indra Group's physical locations are not particularly vulnerable to physical impacts from Climate Change, it is worth mentioning that **Indra Group's facilities could be exposed to them in the long term** as heat waves and droughts are becoming more frequent. However, Indra Group selects consciously its facilities in order to mitigate these risks and facilitate the work of its employees. *See section 5.3.1 Work centres resilience*.

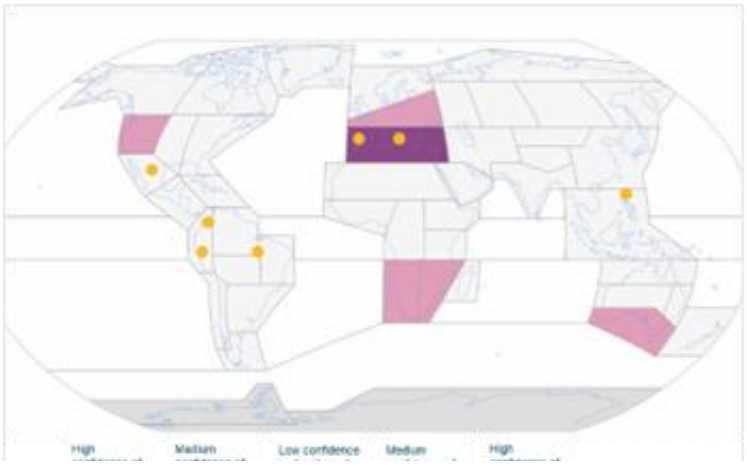


Figure 5: Hydrological Drought projection from IPCC Interactive Atlas (Interactive Atlas IPCC - Hydrological drought by region) and main countries where Indra Group is present (+ 1,000 employees).

Moreover, chronic physical risks related to **water availability** due to droughts are **not highly relevant** to the company. The highest exposure to droughts, according to IPCC data, is concentrated in the Mediterranean area where Indra Group has two of its largest business centres, Spain (34,498) and Italy (2,182), however since its business does not make intensive use of water as it is only used for sanitary purposes.

The effects on business are not considered to be high. Company suppliers are also not heavily dependent on water supply.

It is also important to note that **employees are also exposed to these chronic physical risks** and may suffer consequences such as respiratory problems due to increased levels of pollution, the spread of vector-borne diseases to previously colder areas (such as Southern Europe and Central America), loss of working capacity and productivity due to extreme temperatures and heat waves, or illness due to the emergence or re-emergence of diseases. *See section 5.3.3 Management systems.*

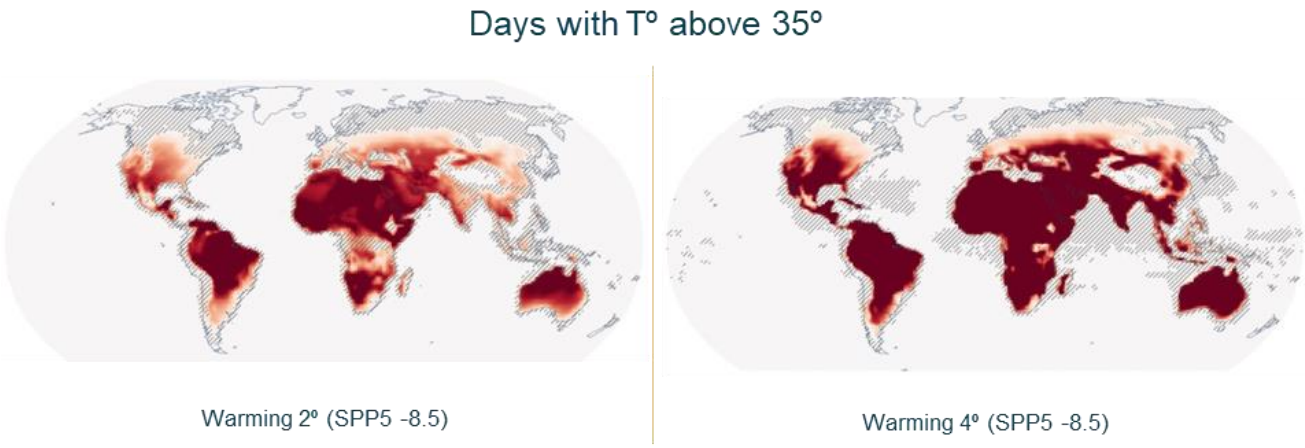


Figure 6: Comparison of "No. of days with temperature above 35°C" scenario with a temperature increase of 2°C and 4°C (IPCC 8.5 SSP5) (IPCC Interactive Atlas - T° above 35°C by region).

Indra Group already operates in countries with hot temperatures, so the company has already taken measures to adapt its workplaces, such as air conditioning, and its operations, such as reducing working hours along summer period during the hottest hours.

4.2.2 Transition risks

Indra Group's main transition risks are related to **policy and regulatory changes**, the potential **reputational damage** of a weak commitment to climate action, changes in **market expectations and priorities** or keeping **abreast of technological innovations** that can result in less attractiveness of the company's business and products.

The main potential **financial impacts associated with transition risks** are:

- **Lower availability of highly demanded technological components** (e.g., with critical minerals) which would entail an increase in production costs.

- **Loss of customers** due to reputational damages and consequently a **decrease in revenues**.
- Emergence of **new costs associated with Climate Change**, e.g.: a carbon price market in the sectors where Indra Group operates, which would mean an **increase in operational expenditures (OpEx)**
- **Fines** if legal and policy requirements are not fulfilled.

4.2.2.1 Policy and legal risks

With operations across more than 140 countries there is a significant compliance risk from both the perspective of being aware of the **applicable legislation** and the ability of the company to **comply with this legislation**. *See section 5.3.5 Climate Change compliance*

Climate related regulations have become more stringent in recent years. This increased regulation becomes more relevant as more countries adopt **zero emission commitments** by 2050 and new legislation is required in the short term to put in place a pathway to achieve these commitments.

Upcoming regulations may require extraordinary efforts to ensure that the requirements are understood so that the company can comply accordingly. Indra Group analyses new legislative trends in order to **get ahead of new legal requirements** and monitors future **Climate Change legislation** in different regions, which could translate into penalties for companies as a result of increased emissions, increased energy consumption, etc.

Indra Group already complies with the **climate-related legal requirements** of local and international regulations. It is worth highlighting the following on-going and up-coming regulations:

- The EU Taxonomy of Sustainable Activities that requires companies to disclose the contribution of their portfolio of activities to the objectives of mitigation and adaptation of Climate Change. This regulation is also applicable to other environmental objectives.
- The Spanish Climate Change and Energy Transition Law entered into force on May 20th, 2021. This law enshrines into Spanish normative the target of reaching climate neutrality by 2050 at the latest. These goals will be reviewed upward periodically starting in 2023.
- The EU Corporate Sustainability Reporting Directive (CSRD) that extends the scope and obligations of the previous non-financial reporting regulations such as the Non-Financial Reporting Directive (NFRD) or the Spanish 11/2018 Law.
- The EU Corporate Sustainability Due Diligence Directive (CSDDD) that will require companies to act with due diligence to identify, remedy and prevent/mitigate potential adverse impacts on Human Rights and the environment in their operations, their subsidiaries and value chains.

Beyond the legal requirements, **Indra Group has embraced voluntary commitments regarding Climate Change**, like its zero emissions by 2040 commitment and purchase of green energy. These commitments are adopted as mandatory by the organisation and are part of Indra Group's decarbonisation strategy.

Looking to the future, Indra Group **could be affected by new legislation on transport and imports-exports** that governments deploy in order to meet the objectives of the Paris Agreement. This new legislation may affect the company because part of the company's activity is based on **rolling out projects using export models**: Indra Group delivers projects on behalf of clients in multiple locations.

- In relation to **transport potential legislation**, Indra Group could be affected by legislation **limiting or taxing business travel**, which would significantly affect the way the company carries out its direct operations. Therefore, Indra Group is seeking to **reduce business travel** as part of its **decarbonisation strategy** and is establishing **technological plans** that allow **remote working or remote certification** of project milestones so that the company can maintain its business model despite possible travel limitations.
- Regarding **import-export**, a potential regulation could impact the company in two ways: i) **Restricting imports of materials and/or products** (e.g., with taxes on products with a higher product carbon footprint) could limit the company's access to certain ICT components and equipment necessary for the development of its solutions and increase production costs; ii) **Stronger climate-related export legislation** could limit Indra Group's access to certain

markets or increase the costs of exporting solutions to its customers. For this reason, Indra Group has implemented a plan to improve the eco-design of its products in order to reduce their environmental impact and carbon footprint. The company has carried out an LCA (life cycle assessment), as a pilot project, to incorporate eco-design techniques into the design process of the company's radars.

4.2.2.2 Reputation risks

Reputational risk is defined as the probability of negative events, public opinion, and perceptions, which adversely affect the company's income, brand, support, and public image. This is a transversal risk and is considered to be related to and interdependent with other risks.

Reputation risk is highly relevant to Indra Group because **the success of the company is based on its reputation** due to its work for public clients and its work across key economy sectors (e.g., energy, transport, security, health, public administrations, etc.). **Reputational damage** of a weak commitment to climate action could directly affects the ability to **attract and retain talent**, establish **long term relations with clients** and continue to **operate**.

It also represents an opportunity to positively enhance Indra Group's reputation by demonstrating its ability to deliver **products and services** needed for a **low carbon economy** while having an **optimal environmental performance**. *See section 5.3.7 Decarbonization pathway*

Indra Group is determined to **improve its environmental performance** and **transparency** in the reporting of climate related objectives and initiatives. The open communication with stakeholders about Indra Group's climate challenges and opportunities is considered of paramount importance to build a better reputation. *See section 5.3.6 Transparency and accountability*

To this end, the company proactively reports climate related information through various formal and informal channels:

- Sustainability Report verified by an external auditor (Deloitte)
- Corporate website
- Press releases and press notes
- CDP Climate Change questionnaire
- TCFD report
- The company is also regularly monitored by the main ESG indexes. The good results achieved by Indra Group help to build a good reputation and showcase the company's best practices in ESG, and in particular in Climate Change issues.

4.2.2.3 Market risks

In relation to market-related climate risks, Indra Group may be affected at various levels within its value chain:

- **Investors**: growing investor interest in the ESG performance of companies.
- **Customers**: shifts in customer preferences towards greener technologies
- **Suppliers**: disruption in supply and availability of critical components

4.2.2.3.1 Investor's priorities and increasing importance of ESG issues

The **increasing interest of investors in the ESG performance of companies** poses a challenge and a risk to those companies that fail to address the key concerns of investors in relation to sustainability performance and, in particular, to Climate Change. *See section 5.3.7 Decarbonization pathway*.

Indra Group is a listed company since 1999 and has also been part of the IBEX35 selective index, which includes the leading 35 companies in the Spanish securities market in terms of market capitalization and liquidity. Therefore, it is in the interest of the company to keep a transparent relationship with its **shareholders and investors** to meet the widest possible eligibility criteria, including those related to sustainability/ESG and, particularly, to Climate Change, in order to **increase the company's access to capital markets**.

The sustainability performance of the company is periodically evaluated by the main ESG analysts of the market, such as S&P, Sustainalytics, MSCI, FTSE4Good or CDP. These assessments provide useful insights into stakeholder expectations and benchmark the company's performance against its peers. Feedback is carefully considered and used to improve the company's environmental and Climate Change strategies. *See section 5.3.6 Transparency and accountability*.

4.2.2.3.2 Client priorities and shift towards greener technologies

As a technology and consultancy company, **understanding market expectations** is critical to Indra Group's success and its ability to protect shareholder value.

At a macro level, **Indra Group does not operate in a high-emission industry**. As such, the company is less affected by market shifts in sentiments (e.g.: negative attention to carbon-rich companies). However, specific markets in which Indra Group operates, such as air transport or the oil & gas energy sector, may be affected by these changes in customer preferences, indirectly affecting the company and certain company's business division. *See section 5.3.7 Decarbonization pathway*.

At an operational level, Indra Group works hard to be a **climate-resilient provider** and to deliver more **climate-efficient solutions**. Otherwise, consequences could be reduced revenues from lower sales. For example, in particular from the clients operating in the **Energy Sector** and from **Public Administration** there is an increasing demand for environmental-sustainable suppliers, establishing requirements related to environmental certifications (e.g.: ISO 14001) and carbon footprint measurement (e.g.: to provide audited carbon footprint such as ISO14064 and estimations of the emissions reduction path in a year-by-year basis).

Indra Group proactively seeks to cooperate with its customers to achieve the goals set in the 2030 Agenda and the Sustainable Development Goals. To this end, the company is conducting a series of encounters with its most relevant clients in order to debate about the role of technology in the transition to a low carbon economy. *See section 5.3.8 Circular economy and 5.3.9 Low-carbon products and services*.

4.2.2.3.3 Supply chain performance and impact on sourcing costs

Indra Group's business model is based on a comprehensive offer of proprietary solutions with a high technological component. Therefore, the company may be affected by the increase in **production costs** due to a **lower availability of critical highly demanded components**. The impact on businesses has been felt mainly through delays in receiving orders and increased order costs. *See section 5.3.4 Procurement strategy*.

The availability of technological components and, consequently, price variations may be caused by two main factors:

- On the one hand, **severe weather phenomena** can cause sudden and **unexpected supply chain disruptions**, hindering the company's access to the necessary technological components. Nevertheless, the supply chain of Indra Group relies heavily on local suppliers (78% at global level) and the climate risk analysis conducted does not show a high exposure to severe weather events as 36% of the suppliers are Spanish and they account for more than 70% of purchases.

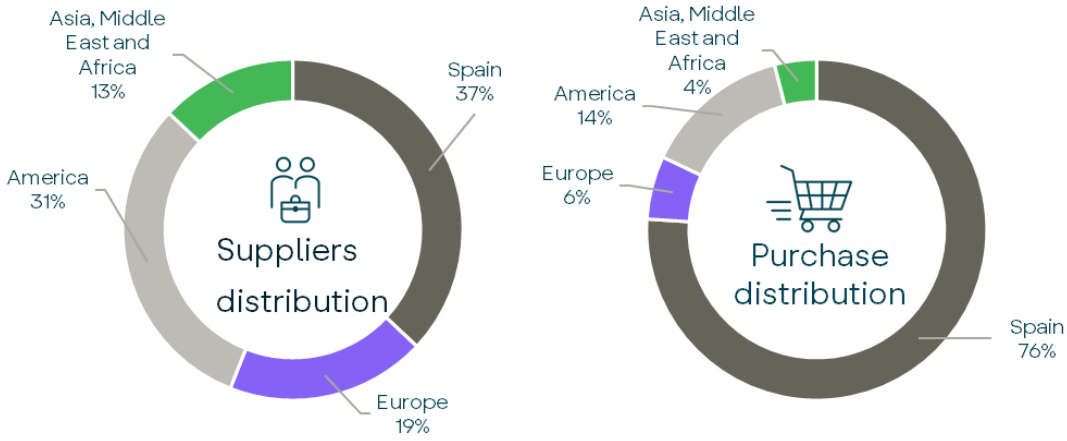


Figure 7: The Indra Group's supplier and purchasing distribution by geographical area.

- On the other hand, the **electrification** and digitalisation of various sectors of the economy such as industry and transport may lead to an **increase in demand for critical minerals** that are necessary for the manufacture of **ICT components** and equipment. This increase in demand in the medium term could hinder the supply of these minerals and lead to **price volatility**. The company's purchasing strategy as well as supplier liaison and partnership programmes are key to controlling production costs.

In Indra Group's case, the impact is mainly concentrated on the T&D business, which has a larger industrial component and is therefore more dependent on certain components and intermediate products (particularly semiconductors and, to a lesser extent, metal parts).

4.2.2.4 Technology risks

The Group is exposed to a number of technological risks that could have a significant impact on the Company in economic terms and from a credibility and image viewpoint. Technological risks are those associated with constant change in technology

As a technology provider, Indra Group is **committed to keeping abreast of technological innovations** that enable its customers to achieve more energy-efficient operations and lower carbon emissions.

Keeping the temperature rise below 1.5ºC and meeting the commitment to net zero emissions by 2050 will require a technological breakthrough with high levels of innovation to facilitate the decarbonisation of many sectors of the economy. As these solutions are needed, innovation cycles need to be accelerated.

Indra Group faces the **risk of losing business opportunities** if the technologies used or developed by the company may become obsolete and fail to meet market needs, making it necessary to make a considerable effort to maintain the Indra Group's technological development (energy saving, low carbon services, etc.). *See section 5.3.8 Circular economy and 5.3.9 Low-carbon products and services*

The key to the unique solutions and services offered by Indra Group lies in **innovation**. In this context, it is necessary not only to accommodate constant technological changes but also to be able to anticipate them sufficiently in advance to be able to adapt the company's technological resources. in order to provide a quality, up-to-date, reliable and safe service to customers. Indra Group is developing novel technological solutions to tackle the climate challenges faced by sectors that are most relevant to achieve a low carbon economy:

- Air transport emissions must fall to 210MtCO2 by 2050 form 1,019 Mt CO2 (2019)[2].

[2] Net Zero by 2050. A Roadmap for the Global Energy Sector – International Energy Agency

- Cities consume 67% of global energy use[3].
- Renewables must account for more than 60% of power generation by 2030[2].
- Annual investment in low-carbon technologies must rises to USD 1.7 trillion in 2030[2].

4.3 Climate Change opportunities

Due to Indra Group's type of business, specialised in the development of products and services with a technological and innovative core, the company is well positioned to harness the opportunities that Climate Change challenge poses. Indra Group is willing to take important steps and lead its clients to prepare and adapt to Climate Change.

In order to identify the opportunities related to Climate Change from those Indra Group will benefit, the company has analysed its offering of products and services, as well as the context of its business and has identified the following opportunities:

Opportunity	Value Chain	Time Horizon	Likelihood	Magnitude
Market: Reputation, access to financing and attraction of investment flows				
Indra Group complies with sustainability reporting regulations and works to anticipate new regulations. By reporting comprehensively on these issues, the company improves its **transparency**, builds **investor confidence**, and is **better positioned to attract new investment flows** and **access financing**	Direct operations	Short term	High	High
Market: access to new markets				
As sustainability and Climate Change have become increasingly relevant, Indra Group has started to participate in **new opportunities related to Climate Change** in each of its markets (Defence, Mobility, ATM, Information Technology) that would not otherwise exist. This can lead to **increased revenues** as the company is expanding is market share to other segment	Direct operations Downstream	Short term	High	Critical
Products and services: development and/or expansion of low emission goods and services				
By expanding Indra Group's current portfolio to include **new products and services that help mitigate and adapt to Climate Change**, Indra Group can benefit from **increased revenues** and a **better market position** relative to competitors who may not have solutions that meet their customers' sustainability needs	Direct operations; Downstream	Short term	High	Critical
Products and services: development of new products or services through R&D and innovation				
As a technology company, Indra Group is constantly working to be at the leading edge of innovative technologies. The company therefore **invests in R&D&I** and works with other partners to **develop the most innovative solutions, including sustainability requirements**, which may be needed in the future. R&D&I is an opportunity that can result in an **increase of revenues** in the medium/long term and **improve its competitiveness and positioning.**	Direct operations; Downstream	Medium/ Long term	High	Critical
Resource efficiency and energy source				
Indra Group is committed to environmental protection and is constantly working to **improve its operational efficiency** (including **energy consumption or resource efficiency**). This can **reduce operational costs, emissions, sensitivity to changes in the cost of carbon, carbon footprint and environmental impact.**	Direct operations	Medium term	High	Medium

[3] Energy Technology perspectives 2017 – International Energy Agency (https://www.oecd.org/about/publishing/Corrigendum_EnergyTechnologyPerspectives2017.pdf)

Resilience: supply chain				
Indra Group's commitment to **sustainability extends throughout its supply chain**, by incorporating corporate policies like the Sustainability Policy for Suppliers, which is mandatory for our suppliers. These types of measures contribute to making **our supply chain much more robust** and assure **Indra Group's resilience**.	Upstream; Direct operations; Downstream	Medium term	High	High

Table 4: Indra Group's Climate Change Opportunities Analysis

Indra's main climate related opportunities is related with the technological and innovative core of company's products and services that would help society to tackle the challenge Climate Change poses. This can boost the company's positioning and facilitate access to new markets and the financial market.

The **main financial impacts** associated with **Indra Group's Climate Change opportunities are**:

- **Increased revenues** due to entry into new markets and development of new low-carbon products
- Better **access to capital markets** and **lower cost of financing** with lower interest rates
- **Reduced operational costs** thanks to our resource and energy efficiency policies and measures

4.3.1 Market: reputation, access to financing and attraction of investment flows

Indra complies with Sustainability reporting obligations and works to anticipate to new regulations. By reporting comprehensively on Sustainability issues, even anticipating to the obligations of current legislation. This represents an opportunity for the company as it allows to **improve transparency**, generate **trust among investors** and become **better positioned to attract new flows of investment and access to financing**.

In fact, Indra is already well positioned thanks to its efforts regarding ESG issues and has been recognised by several ESG analysts and indices. See section *5.3.6 Transparency and accountability* and *5.3.7 Decarbonization pathway* for more information on the measures taken to harness this opportunity.

Figure 8. Indra Group is among Sustainability leaders in major ESG Indexes.

4.3.2 Market: access to new markets

In recent years, the challenge of sustainability, and in particular the challenge of adapting to and mitigating **Climate Change**, has become increasingly important to society and consequently to businesses, and is **shaping the way in which companies plan their future actions and strategies**. As a result, companies are seeing how this dynamic is **creating new market opportunities** and how they can benefit from them. *See section 5.3.8 Circular economy and 5.3.9 Development of new products and services* for more information on the measures taken to harness this opportunity.

Figure 9: The process of digital transformation has led to the creation of new opportunities and business models.

Indra Group is harnessing this opportunity and has found place and demand **for new sustainable products and services** that would not exist if the worry for Climate Change and Sustainability did not exist among its clients.

Figure 10: Indra Group new offering to tackle new market demands related to Climate Change and Sustainability

4.3.3 Products and services: development and/or expansion of low emission goods and services

Indra Group can take advantage from the **development of products and services that can help adapt to Climate Change and mitigate its effects**, an opportunity that will attract new flows of investment in the short term and can result in an increase of revenues. *See section 5.3.8 Circular economy and 5.3.9 Development of new products and services* for more information on the measures taken to harness this opportunity.

In fact, Indra Group already has an offering of key enabling technologies (products and services) that contribute to this end. The company has carried out for second year in a row an analysis of its portfolio of products and services, following the requirements of the EU Taxonomy of Sustainable Activities regulation, whose objectives (especially “Adaptation to Climate Change” and “Mitigation of Climate Change”) coincide with the ones explained in this section. The mere existence of this Regulation highlights the importance of developing these kinds of products and shows how big the sustainability opportunity is for the company. The contribution of Indra Group’s current portfolio of activities to these objectives can be seen on Indra Group’s Sustainability Report 2024.

The figures obtained from the EU Taxonomy analysis do not mean that these are the only activities with which the company contributes to Climate Change, as they have been identified under the strict requirements and selected activities of the current EU Taxonomy Regulation.

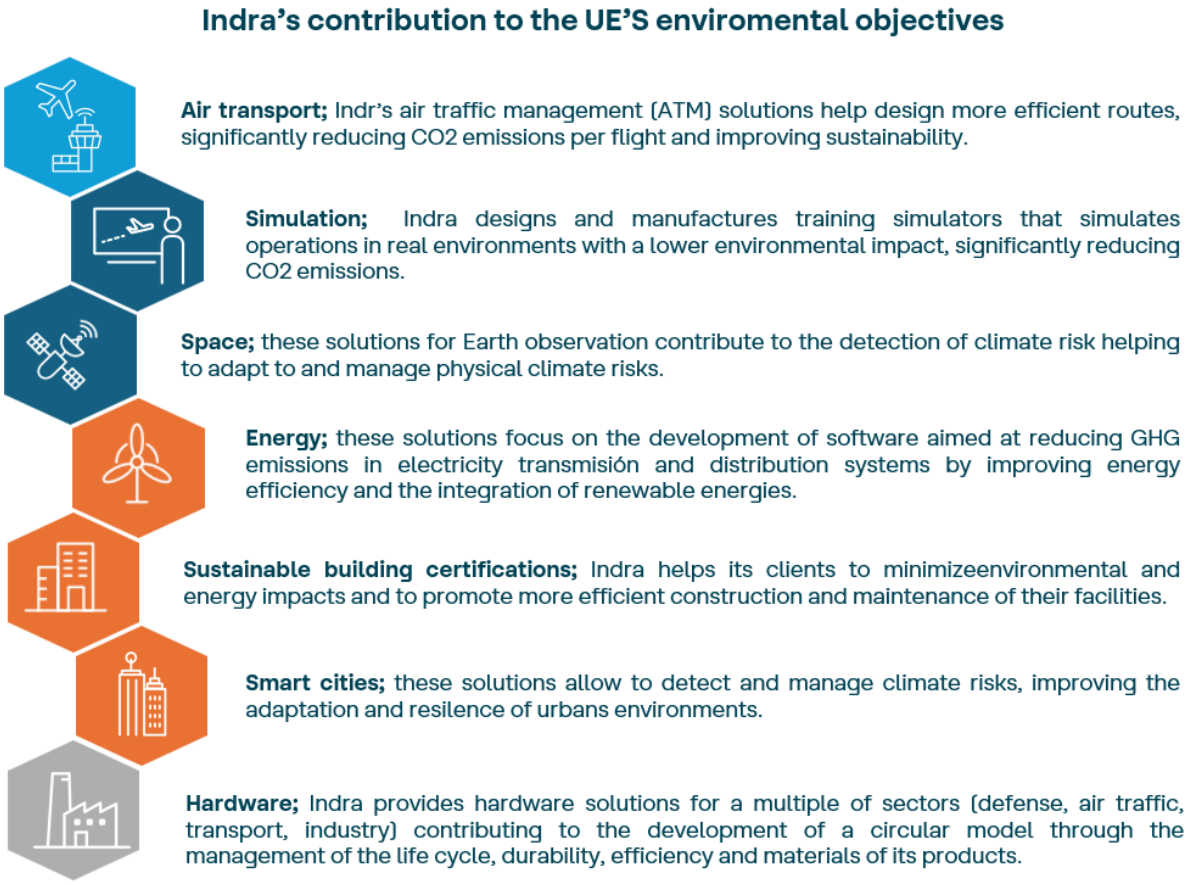


Figure 11: Indra Group activities aligned with EU taxonomy

4.3.4 Products and services: development of new products or services through Research, Development, and Innovation

As a company that operates in highly competitive sectors with a high technological component, innovation is one of Indra Group's business model pillars. **Through innovation, the company expands its future offering and achieves a key differentiation from its competitors**, even in Sustainability matters. This is illustrated by the fact that one of the objectives of Indra Group's ESG Plan 2024-2026 is to develop responsible products & services through innovation as a response to present and future sustainability challenges. *See section* *5.3.9 Development of new products and services* for more information on the measures taken to harness this opportunity.

Furthermore, since July 2023, the figure of the Chief Technology Officer (CTO) has been implemented at Indra Group, a clear and reinforced commitment to innovation from the company's governing bodies and management team.

Indra Group's innovation model is certified by the European quality standards CEN/TS 16555-1 Innovation Management System and the new Spanish standard UNE 166002:2021 R+D+i Management through AENOR. In 2023, these certifications associated with a total of 16 centres have been satisfactorily renewed, exceeding 95% of the company's innovation effort. Additionally, in 2023, Indra Group obtained, for the first time, the UNE 166006:2018 R+D+i Management: Surveillance and Intelligence System. The innovation model is detailed on the corporate website and its objectives are set out in the company's R+D+i Policy.

Through its innovative activity, the company stimulates technological and industrial progress in a multitude of key sectors for economic and social development and for the growth of the business fabric of the countries in which it operates. Indra Group is actively involved, together with the main industrial players in Europe, in the definition and implementation of a shared strategy to strengthen

competitiveness, support inclusive and sustainable economic growth and reduce environmental impact through scientific excellence and the technological development of the most advanced technologies.

During 2024 Indra Group has continued participating very actively in different research and innovation programs, as well as in the European R&D&I ecosystem. The following projects are representative examples of the R&D initiatives and projects supported by Indra Group that contribute to mitigating and adapting to Climate Change.

Horizon Europe: Indra Group takes part in the European Union's new Framework Program for Research and Innovation (R&I) running from 2021 to 2027, leading innovative projects that take on the EU's priorities for action, such as the ecological and digital transition or the achievement of the Sustainable Development Goals.

Smart Maritime and Underwater Guardian (SMAUG): within the framework of Horizon Europe, Indra Group coordinates this program, whose main objective is the underwater detection of threats in ports and their entry routes. The project is carried out through an integrated system capable of providing data related to threat analysis based on three main elements: port security infrastructures, advanced underwater detection systems and surveillance vessels.

TRANTOR: Indra Group collaborates in the development of this project that aims to develop the 5G network based on novel and secure satellite network management technologies that allow the demands and capacities of heterogeneous satellite traffic to be expanded in a cost-effective and dynamic manner. In this sense, the company's role is based on facilitating the integration of industrial solutions to operate and manage satellite networks, as well as assessing security risks and threats.

Post Quantum Cryptography Framework for Energy Aware Contexts (PQ-REACT): Indra Group participates in this initiative, which aims to develop and validate a framework for an agile and smooth transition from classical to post-quantum cryptography.

Europe's Rail

Europe´s Rail: Indra Group is one of the 25 founding members of Europe's largest rail innovation program which, with a budget of 1,2 billion euros, aims to boost the digitalization and sustainability of the sector. As part of Europe's Rail Joint Undertaking, Indra Group will develop on a large scale new digital and sustainable solutions that place the train at the centre of the new green mobility.

Connecting Europe Facility program: Indra Group participates in projects aimed at developing high-performance, sustainable, and efficiently interconnected trans-European networks in the fields of transport, energy, and digital services.

CRETA, Mobility Control and Traffic Emission Reduction: is a catalyst for synergies between 5G technology, traffic emissions measurement and advanced analytics through artificial intelligence, for the optimal management of traffic mobility. Indra Group participates through the implementation of innovative ITS systems, supported by the use of 5G communication.

sesar
JOINT UNDERTAKING

SESAR: Indra Group is a key partner in the Single European Sky ATM Research (SESAR), created by the so-called Single European Sky. The objectives of this are to triple current air traffic level capacity, reduce costs by 50%, increase safety by ten times and reduce fuel consumption, noise, and emissions per flight by 10%.

Within the SESAR program, the **ECHOES project**, co-led by Indra Group, aims to revolutionize the air navigation sector using space technology to make it more sustainable and achieve the decarbonization target set for 2050 and to provide a higher quality service in areas that cannot be covered by current terrestrial systems.

iTEC

Indra Group is part of the **iTEC Alliance**, made up of the main European navigation service providers. Within this framework, the company has established itself as a technological partner in the development of the new generation of the iCAS system, deployed in Munich, one of the busiest and most complex airspaces in Europe. This deployment in Munich is part of the iTEC alliance's plan to move towards the Single European Sky.

FCAS: Indra Group plays a key role as industrial coordinator of the largest European defence programme aimed at developing the next generation of combat air systems, including the FCAS and the EuroDron. In addition to its role as Spanish industrial coordinator of the NGWS/FCAS, Indra leads the sensor pillar internationally and co-leads the two transversal pillars, in addition to being the leader of the combat cloud pillar in Spain.

Within the framework of the European Defence Fund, Indra has been selected in all the projects to which it was submitted, a total of fourteen, remaining as a leading company in two of them.

4.3.5 Resource efficiency and energy source

The Group's Sustainability Policy and Global Environmental Policy reflect the commitment to environmental protection and the commitment of continuous improvement in this matter.

Due to its business model, Indra Group's main environmental impacts are associated with energy consumption in the workplace – electricity consumption and climate control – and with greenhouse gas emissions associated with its supply chain, business travel and employee movements. However, this can be also considered as **an opportunity to work toward more efficient and sustainable operations** and definitely reduce the company's operational costs.

Regarding energy consumption, Indra Group has a Climate Change strategy which sets out initiatives across four core areas in order to be **more efficient in its operations**. *See section 5.3.7 Decarbonization pathway* and Indra Group Sustainability Report for more information on the measures taken to harness this opportunity.

- **Energy efficiency in the workplace**: optimise electricity consumption and climate control
- Increase use of **green energy**
- Include **environmental criteria in procurement procedures**
- Actively **encourage sustainable employee mobility**: reduce business travel and commuting.

These measures will help the company take advantage from this opportunity and limiting its GHG emissions, reducing its carbon footprint and environmental impact.

An illustration of the previous measures is the internal transformation towards the use of renewable energy[4] or the commitment to making its offices and working spaces more sustainable[5]. In the same line, Indra Group works towards certifying its work centres and facilities under ISO 14001[6] and ISO 50001 standards. See section *5.3.3 Management Systems* for more information.

Lastly, Indra Group also commits with a **more efficient resource usage** by implementing LEAN methodologies in design, eliminating the use of resources from conflicting sources as

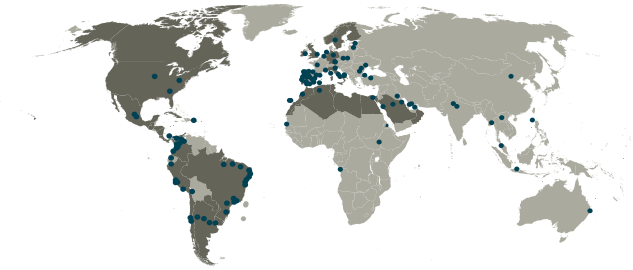


Figure 12: Indra Group's working spaces

[4] Commitment to obtaining 90% of its office electricity from renewable sources at global level by 2026.

[5] Investments to modernize the heating, ventilation or cooling systems of the facilities and inclusion of more efficient light sources to achieve greater energy efficiency.

[6] ISO 14001 certification requires high standards on a range of environmental issues such as carbon emissions, energy consumption, waste management, recycling, water use and employee awareness. By the end of 2023, 100% of the manufacturing centers in Spain and 83% of the group's offices have obtained this certification.

established in its Sustainability Policy or managing efficiently its water resources. Therefore, efficiency in the use of resources is also an opportunity that the company is trying to seize to avoid potential problems of resource availability in the communities where Indra Group operates.

4.3.6 Resilience: supply chain

Indra Group's commitment to Sustainability extends throughout its value and supply chain, which contributes to making its **supply chain much more robust** and assure Indra Group's resilience. *See section 5.3.7 Decarbonization pathway* for more information on the measures taken to harness this opportunity.

An example of this is Indra Group's work towards the inclusion of ESG requirements in its procurement strategy. Indra Group looks specifically at the **ESG risks associated with suppliers and requires them to comply with Indra Group's Supplier Sustainability Policy** in order to determine the impact of its supply chain on sustainable development, as well as to identify any operational, legal or reputational risks that might arise from its cooperation with suppliers. The objective in carrying out an ESG screening of suppliers is not only to allow Indra Group to select those that perform best from a sustainability perspective, but also to motivate suppliers to improve their ESG performance, thereby increasing their competitiveness. *See section 5.3.4 Procurement strategy*.

In addition to this, to improve suppliers' environmental performance, in 2024 the company's Environment Department offered to provide over 50 critical SME suppliers based in Spain with the tools and technical advice required to help them calculate their carbon footprints. These suppliers were offered free support from a consultancy specialising in environmental matters for a period of two months. Thanks to this initiative, 38 suppliers which did not previously calculate their carbon footprints have now published their first Carbon Footprint reports and acquired the capabilities they need to continue to perform this calculation going forwards.

5 Risk Management

5.1 Risk Governance Model

Indra Group's company-wide Risk Management and Control System is a process advocated by the Board of Directors and Senior Management, the responsibility of which falls upon every member of the company. The purpose of the system is to provide reasonable certainty regarding the achievement of the established objectives.

The Risk Management System, externally certified under the ISO 31000 standard since 2020, places a special focus on ESG risk assessment. This highlights that the company's Risk Control and Management System is compliant with the principles, processes, and best practices in terms of governance and accredits the effective integration of risk management across the group's operations, with the **special consideration of non-financial aspects related to its performance in matters of ESG and Climate Change** in the internal and external risk factor management process.

Within the framework of ISO 31000 detailed tests on the risks related to physical security, information security, supplier sustainability risks, supplier management, technological competition, investments and divestments have been carried out in 2024.

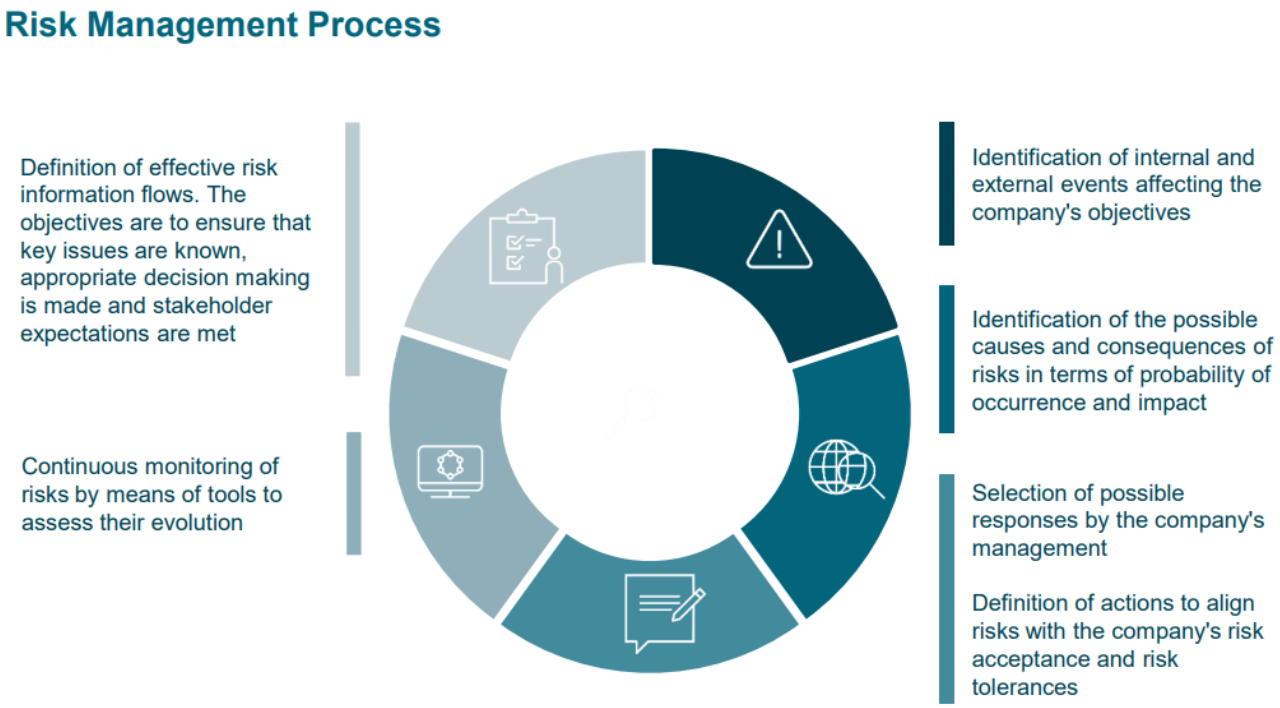


Figure 13: Indra Group identification and control of risk process

As part of the risk management cycle described above, Indra Group includes a timeline that allows identifying, assessing, and managing 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 company also performs regular updates of risk identification via the different business units.

Indra Group has a Risk Management and Control Policy, which last review was conducted in 2025 (available in our website). In addition to the Policy, Indra Group also has policies and procedures in place for its main processes to ensure compliance with the legislation in force and the best risk management practices.

5.2 Climate Change risk and opportunity model

Indra Group has the commitment to combat Climate Change and protect the environment. To this end, the company has analysed the issues related to the environment and fight against Climate Change, following the framework of the **Task Force on Climate Related Financial Disclosure**.

Indra Group has a process for identifying, assessing, and managing Climate Change risks and opportunities. The company undertakes a more **in-depth analysis** of the **risks identified** and studies the **opportunities** in relation with Climate Change that may have an impact on the company.

The identification of the main climate risks and opportunities is carried out by internal experts from corporate support divisions, using a combination of analysis, tools and processes and with the support of external experts. The processes used to determine which risks and opportunities could have a substantial impact on the organization are:

Figure 14: Indra Group evaluation of risk process

Climate risk management in Indra Group is **integrated into the multi-disciplinary company-wide risk management process** and **global risk map**. The results of this analysis are presented to the Sustainability Committee and decisions are agreed to mitigate them or to take advantage of the opportunities identified.

This analysis is reviewed annually to adapt the risks and opportunities to the company's circumstances, such as changes in the market, stakeholder requirements or possible changes in the organization (e.g., new locations or business units).

5.3 Climate Change adaptation measures

With the aim of progressively minimizing the impact of the risks of Climate Change that may affect its business, Indra Group is implementing **contingency and risk mitigation mechanisms**.

Moreover, taking into account the results of the risk and opportunities analysis carried out, Indra Group has defined the following **measures to manage the risks and harness the opportunities** associated with Climate Change:

Climate Change adaptation measures	Climate Change risks	Climate Change Opportunities
Work centres resilience		
• Work centres weather exposure risk assessment • Corporate insurance programme	• Acute physical risks • Chronic physical risks	• Resilience: facilities and work centres
Business continuity		
• Business continuity and disaster recovery plans • Remote working and certification of project milestones	• Acute physical risks • Market risks	• Resilience: facilities and work centres
Management Systems		

• Monitor climate-related risks through EMS • Monitor health-related risk through OHSMS	• Acute physical risks • Chronic physical risks • Market risks	• Resource efficiency and energy source
Procurement strategy		
• Supplier engagement and partnership programmes • Supplier Management Mode • Supply chain monitoring	• Acute physical risks • Market risks	• Resilience: supply chain
Climate Change compliance		
• Code of Ethics and Legal Compliance • Environmental compliance	• Policy and legal risks	• Market: reputation, access to financing and attraction of investment flows
Transparency and accountability		
• Periodical ESG analysis • Investor information	• Reputation risks • Market risks	• Market: reputation, access to financing and attraction of investment flows
Decarbonization pathway		
• Ambitious carbon reduction goal • Sustainability Master Plan	• Reputation risks • Market risks	• Market: reputation, access to financing and attraction of investment flows • Resilience: supply chain • Resource efficiency and energy source
Circular economy		
• Eco-design	• Market risks • Technology risks	• Market: access to new markets • Products and services: low carbon and new products and services through R&D&I • Resource efficiency
Development of new products and services		
• Sustainability Master Plan • Innovation model • Climate Change mitigation and adaptation portfolio analysis	• Market risks • Technology risks	• Market: access to new markets • Products and services: low carbon and new products and services through R&D&

Table 5: Indra Group's Climate Change adaption measures

5.3.1 Work centres resilience

In order to manage the **physical risks** that could affect the company's facilities, Indra Group takes into account the risk of exposure to extreme weather events when selecting its real estate and establishes **additional requirements for work centres and facilities** placed in locations with a high risk of being affected by extreme weather events.

In addition, through corporate's **insurance programme**, Indra Group takes out insurance policies against physical damage to the company's buildings and facilities and works closely with insurance companies to monitor weather-related risks and adjust coverage, as necessary.

5.3.2 Business continuity

One of the impacts of **physical risks** is the **potential for business interruption**, which could lead to a breach of contractual obligations agreed with customers.

Business continuity planning and disaster recovery are normal business practices that, when applied to climate risks, allow the company to ensure the continuity of services to its customers or to meet project delivery milestones, for example due to an extreme weather event.

Indra Group takes measures to ensure business resilience:

Continuity and disaster recovery plans	Proactively develop and test continuity and recovery plans to ensure that the company can meet its obligations to customers in the event of a disruption.
	Discussing with customers the need for redundant processes or systems, for example in different geographical locations
	Preparing **contingency scenarios** and work redeployment
	Establishing **technology strategies and plans** to increase resilience, such as migrating applications to the cloud (off-premise), remote working or remote certification of project milestones

5.3.3 Management systems

Management systems are an appropriate tool for managing risks related to Climate Change, both physical and transitional.

In order to monitor **environmental risks**, Indra Group has implemented an **Environmental Management System (EMS)** based on **ISO 14001 standard and the European EMAS** (Eco-Management and Audit Scheme) regulation, for which internal and external audits are carried out on a regular basis.

Through the EMS, Indra Group not only manages key environmental issues such as carbon emissions or energy consumption, but also serves as a basis for carrying out environmental risk analyses to identify the business impact on the environment and define future steps for the transition to a low-carbon economy.

The company also has the commitment to have its work centres with the highest energy consumption in Spain certified with ISO 50001 by 2026, which helps to evaluate and prioritize the implementation of new energy efficiency technologies and improve efficiency energy use, and energy consumption. Indra Group's corporate headquarters and the two work centers of major consumption are already certified under this standard, in 2024

Risks associated with Climate Change, particularly **chronic physical risks**, have a significant impact on human health. For this reason, the company also has ISO 45001 certification for Occupational Health and Safety Management Systems (OHSMS) in its main companies in Spain and in the Group's subsidiaries in Italy, Brazil, Colombia, Peru, UK and Australia[7], which guarantee the identification of risks related to workers' health and safety and the implementation of preventive measures to ensure safe and healthy working conditions. The company also has the commitment to have the 80% of its employees in the principal geographies certified with ISO 45001 by 2026, which helps to evaluate and prioritize Human Health risks.

5.3.4 Procurement strategy

Supply chain disruptions and **increased supply costs** are potential impacts of climate-related risks that could affect Indra Group's business continuity. The company is therefore taking steps to address both physical and market transition risks related to its supply chain.

While industry standardisation generally allows compatible components or services to be sourced from a wide range of countries and suppliers, the real climate-related risk in the supply chain is a **potential price spike**. The company addresses this risk through supplier engagement and partnership programmes.

In addition, since the major disruptions to global supply chains (particularly semiconductors) caused by the pandemic, Indra Group has implemented plans to mitigate global semiconductor shortages and continuously **monitors supply chains** to assess the need for additional measures. These mitigation plans

[7] 65% of Indra's employees are covered by a certified health and safety management systems.

facilitate the company's monitoring of other components that may be affected by similar situations in the context of the wider electrification of the economy.

On the other hand, while Indra Group is adapting its business to mitigate the risks outlined above, its **supply chain may not be making the same efforts**. To manage this risk and encourage change in its supply chain, Indra Group has a specific **supplier management model** in which it has integrated ESG principles at all stages.

During the 2024 financial year, the Group implemented an ESG (environmental, social and governance) risk analysis for **100% of the suppliers registered in the systems**. This marks a milestone in supply chain management. Until 2023, this type of ESG risk analysis was exclusively conducted for critical suppliers. However, in view of the importance of maintaining comprehensive control over the sustainability of all the Group's partners, the analysis has been extended to all other suppliers in 2024.

5.3.5 Climate Change compliance

As Climate Change regulations have become more active in recent years, **transition risks** related to **legal compliance** are one of the company's main climate challenges.

Indra Group has a company-wide compliance model that is structured through the Code of Ethics and Legal Compliance, which provides the framework of reference and commitment related to legal compliance and company policies. The Code of Ethics and Legal Compliance states that the company must "comply with environmental legislation in all territories where Indra Group is present and operates".

In order to comply, the **company keeps abreast of new** (emerging) climate-related reporting **guidelines and regulations** and new carbon/energy transition laws. In addition, Indra Group has processes and support tools (WORDLEX) in place to ensure that the company's country managers and environmental managers are informed and prepared to comply with legislation that has already come into force, as well as the regulatory landscape that lies ahead.

In terms of the environmental issues, the monitoring of compliance with legislation is structured through the **EMS based on the ISO 14001 standard**, for which internal and external audits are carried out on a regular basis.

5.3.6 Transparency and accountability

Due to the **increasing importance of ESG issues** for customers, investors and society, Indra Group needs to **address reputational and market risks** related to Climate Change, which also represents an **opportunity** to be more prepared, resilient, transparent and reinforce investor confidence. Thus, the company is proactively working to improve transparency in reporting on climate-related targets and initiatives.

The company has included **Climate Change action plans as a key pillar of the company's ESG Plan 2024-2026**. One of the strategic pillars is the Planet and climate action Pillar, which relates to the environment and Climate Change and aims to "combat Climate Change and protect the environment" in line with the company's Sustainability Policy.

To manage these actions plans, the company has established the following actions:

- **Leadership and accountability**; in 2019 the company established the Sustainability Committee at the heart of the Board of Directors as a strong driver in the sustainability performance of the company.
- **Informing investors**; one of the fundamental roles that Indra Group must play with respect to climate is the provision of information, helping to ensure material information gets to the investor community in a timely manner.

Indra Group's sustainability performance is regularly assessed by the market's leading ESG analysts, such as S&P, FTSE4Good, MSCI, CDP or Sustainalytics, and the company carefully studies the areas for improvement highlighted by these assessments. In fact, **Indra Group is already well positioned** thanks to its ESG efforts and has been recognised by several ESG analysts and indices:

Paticipation in specific social and environmental assesstments:

Figure 15: Indra Group's badges on social and environmental assessments

Prominent presence in major ESG indices

Figure 16: Indra Group's results in ESG indexes

5.3.7 Decarbonization pathway

Looking to the future, the company is addressing **physical and transition risks** by setting an **ambitious carbon reduction goal** based on an SBTi methodology. This ambitious target, supported by the ESG Plan 2024-2026 and Indra Group's EMS based on the ISO 14001 standard, will help the company to establish more efficient processes and operations that will support its continued leadership in a changing business and regulatory environment.

To reduce the potential impact, the company's **ESG Plan 2024-2026** includes energy measures aimed at both efficient and greener energy consumption, eco-design of products and responsible sourcing:

Energy efficiency and green energy consumption	Eco-design	Responsible sourcing
Implement energy efficiency-measures in working premises and, in particular, in production centres to reduce energy intensity. The company also has the goal to achieve 90% renewable energy at global level and to have its work centres with the highest energy consumption in Spain certified with ISO 50001 by 2026.	Reduce the impact that Indra Group products have on the company's total Carbon Footprint especially in scope 3 related emissions, it is key to reduce and optimize this category.	Indra Group wants to reduce the impact of its purchases on the company's carbon footprint, for this it is implementing actions with its most critical suppliers, such as obtaining their primary emissions data and providing them with tools to calculate their carbon footprint.

In addition, an **internal carbon pricing project**[8] was set up in 2021 to measure and price the Group's CO_2 emissions. The aim of the project, which is supported by the Sustainability Committee, is to integrate the "CO_2 factor" into its business processes and decision-making procedures, thereby encouraging the implementation of measures to reduce greenhouse gas emissions

5.3.8 Circular economy

As a high value-add technology provider, Indra Group offers a wide range of proprietary solutions. Given the specific nature of its products, the company understands that eco-design is a key enabler for Climate Change mitigation and the development of low carbon products. For this reason, its main contribution to helping create a **circular economy** is as follows:

- **Improving durability**: Products are designed to have a long service life of 10 to 20 years, and are highly reusable, upgradeable, and repairable.
- **Reducing the presence of hazardous chemical substances**: The eco-design approach determines which materials and products to use while also laying out the technical criteria for their manufacture and use.
- **Increasing the recycled content and enabling high-quality remanufacturing and recycling**: Products are composed principally of hardware and electronics. These parts can be readily

[8] A shadow pricing model has been chosen for the project, meaning that a price of €65 is applied to every tonne of CO_2. More information on this initiative can be found in the Sustainability Report 2024.

recovered at the end of the product's service life, meaning that on average, 94% of its components by weight can be reused or recycled.

- Increasing **energy efficiency** and **reducing product's carbon footprint**.

As part of the ESG Plan, **Indra Group is implementing a plan to increase the eco-design of its products**.

In 2021, as first steps, the company launched a pilot project aimed at incorporating eco-design techniques into the design process for the company's radars to reduce the environmental impact and continually improving its performance without affecting quality or its applications. As a result of the pilot project, the life cycle emissions of the new radar design are 12.7% lower than the previous product. In order to achieve this, a detailed LCA (life cycle assessment) was carried out that allows the company to identify eco-design methods and strategies that might be extrapolated to other areas and products.

As part of the Responsible Products & Services pillar, the ESG Plan aims to **incorporate eco-design criteria into all new products** by 2027. To achieve this, the company has established an eco-design training plan to ensure 100% of design and product development engineers are trained by 2025. In 2024, 54% of the engineers were successfully trained. Other initiatives are also being introduced to Indra Group's Engineering and Technology processes in order to incorporate sustainability criteria into the design and development process:

- Updates to the product catalogue to include information on a product's energy consumption, service life and weight.
- Adjustments to product design, NPI (new product introduction) and gate review procedures following an evaluation.
- Automatic environmental footprint calculation being added to the PLM (product lifecycle management) tool.

5.3.9 Development of new products and services

As a technology and consultancy company, understanding market expectations is fundamental.

In order to manage the risk of failing to meet customers' climate requirements, the company has included **Responsible Products & Services as a key pillar of its ESG Plan**, in line with the Sustainability Policy objective of "promote technology with impact on sustainable development". This pillar aims to give visibility to the company's products and services that contribute to mitigating and combating Climate Change, and also to create a new range of services that contribute to the sustainability of Indra Group's customers.

In addition, the **Employees, clients & other stakeholders pillar** also aims to strengthen the dialogue that the company establishes with its customers in order to **identify the main priority areas and requirements in terms of sustainability**. In this context, the annual customer satisfaction survey includes an assessment of the importance that customers attach to climate-related issues, such as carbon footprint or energy efficiency, in their relationship with Indra Group.

These two pillars, together with **Indra Group's innovation model, minimise the risks associated with technological development** and the loss of market opportunities. Innovation is one of the pillars of Indra Group's business model. Through its innovation strategy, the company aims to promote innovative technological ideas that respond to the challenges of the company's activities. The Innovation Committee is the governing body of the innovation model and is made up of the Strategy and Innovation Management, representatives of all business units and technology experts. Its mission is to **ensure alignment between innovation, strategy and offer**, promoting collaboration and transversality to maximise synergies between markets and generate a real impact on the company's business.

Indra Group is well positioned to take advantage of opportunities in enabling technologies (products and services) **that contribute to a low carbon economy**. On an annual basis, Indra Group conducts an analysis of the contribution of its current portfolio of activities to the objectives of Climate Change mitigation and adaptation, in line with the requirements of the EU taxonomy.

As a result of this analysis, the company has identified **key technologies in its portfolio that contribute to Climate Change mitigation and adaptation**, such as renewable energy technologies, microgeneration and smart grids, carbon efficient buildings, low carbon transport technologies and systems. These are critical to meeting the challenge of Climate Change and will attract new investment flows. Indra Group also sees an opportunity in the move to net-zero aviation, which relies on more efficient air traffic flows. Indra Group is a leading technology provider of innovative air traffic management systems that will enable more efficient operations and thus contribute to the desired reduction in aviation emissions.

6 Metrics and Targets

6.1 Major risk and opportunities

Considering the outcome of the Climate Change related analysis, the major risk and opportunities identified are:

- Indra Group's main **transition risk** is related to the potential **financial, reputational, and competitive impact** of increasingly stringent climate-related regulations around the world.
- Indra Group is **exposed to several acute physical risks** due to the fact that company's operations are based on the deployment of projects in multiple locations.
- Indra Group is well positioned to take advantage of them with its highly innovative technological solutions in the fields of **mobility, energy, smart cities, and digitalisation** in terms of **Climate Change opportunities**.

Climate related risks

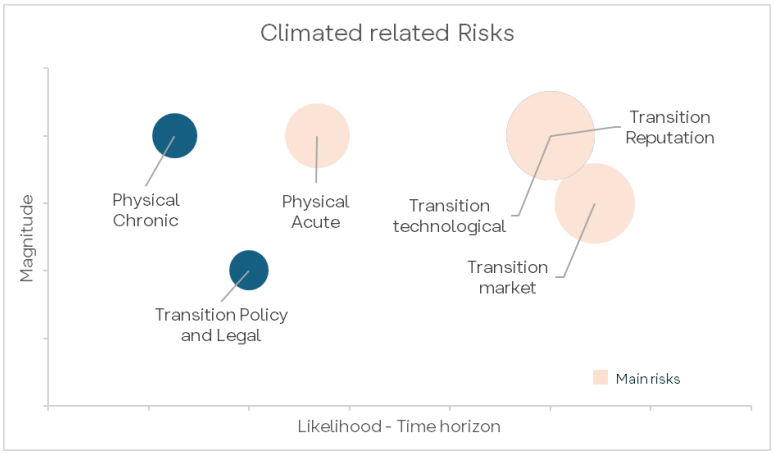


Figure 17: Indra Group's climate related risks[9]

Climate related opportunities

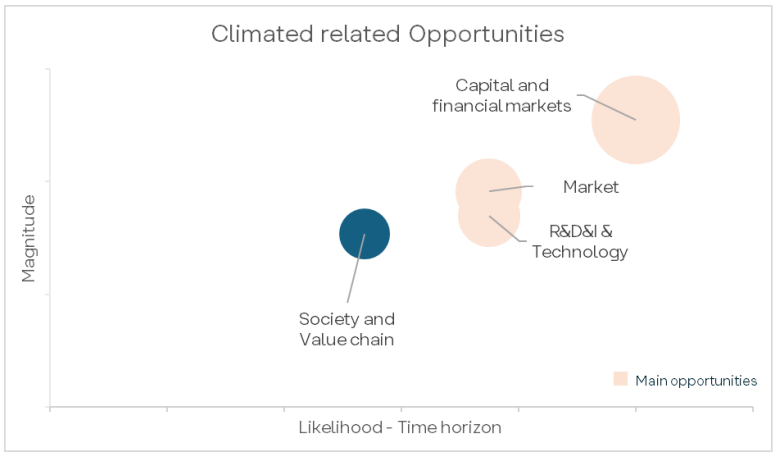


Figure 18: Indra Group's climate related opportunities[9]

[9] Methodological note: The prioritization of the Climate Change risks and opportunities identified is made according to the assessment of the probability; time horizon and magnitude (see tables in chapters 4.2. Climate Change risks and 4.3. Climate Change opportunities). The risks and opportunities have been represented in the above matrices according to their prioritisation, the size of the points representing their impact on the value chain. For better understanding, Indra Group's main risks and opportunities are shaded in "Orange."

Risk identifier	Primary financial effect of the risk	Time horizon	Anticipated financial effect (annual)	Primary response to risk	Cost of response to risk (annual)
Physical – acute	Decreased revenue due to the stop of production	Medium term	465 - 532 M€	Business continuity plan and insurance	7[10] - 800[11] M€
Transition – Reputation	Losing financial and capital opportunities due to the decrease of reputation	Short term	113 - 226M€	ESG Plan 2024-2026	1 - 2 M€
Transition – technological	Losing business opportunities if it falls behind in the highly competitive development of technologies	Medium term	46 - 799 M€	ESG Plan 2024-2026 and "Leading the future" Strategic Plan	3.87[12] - 177 [13] M€

Table 6: Risk Financial Effects

Opportunity identifier	Primary financial effect of the opportunity	Time horizon	Anticipated financial effect	Primary response to opportunity	Cost of response to opportunitty
Capital and financial markets	Increased access to capital at lower/more favourable rates	Medium term	11 - 23 M€	Sustainability department	1 - 2 M€
R&D&I & Technology	Increased revenues resulting from increased demand for new products and services	Short / Medium term	7.5 - 23 M€	R&D&I Programs	3.87[12] – 177[13] M€
Market	Increased revenues resulting from increased demand for products and services	Short / Medium term	15 - 46 M€	R&D and commercial	3.87[12] – 177[13] M€

Table 7: Opportunities Financial Effects

6.2 Decarbonization roadmap

Indra Group recognises the importance for the company of reducing emissions and intends to be an active agent in this collective effort to reduce the impact of Climate Change. To achieve this, in 2024, the Sustainability Committee designed an **ambitious emissions reduction roadmap** for the company, which was approved in 2025 by the Science Based Targets Initiative (SBTi) and sets science-based objectives for 2030, with the intention of achieving carbon neutrality in 2040.

This ambitious target is supported by the **ESG Plan** and Indra Group's Environmental Management System on the ISO 14001 standard. The ESG Plan 2024-2026 addresses the initiatives that are needed to reduce the company's GHG emissions, involving all the areas that are required to succeed in achieving them.

Indra Group uses GHG emissions as the main indicator of its performance and compliance with the ESG Plan and the emission reduction target. The company monitors its GHG emissions and their evolution to manage the progress of its strategies and carry out risk management and disclose its Scope 1, 2, and 3 emissions via the Sustainability Report.

Emission calculations are based on the Greenhouse Gas Protocol (GHG Protocol), the accounting and reporting standard CSRD. Main results can be seen below, this information is detailed in the Sustainability Report 2024.

[10] This value corresponds to the insurance expenditure at Indra centres.

[11] These guarantees are designed to ensure the punctual execution of contracts or their guarantee periods. They may also apply to tenders submitted.

[12] This value corresponds to the expenditure on R&D&I that may be eligible for inclusion in the EU Taxonomy.

[13] This value corresponds to the expenditure on R&D&I that is included in the accounts report for development expenses.

Indra Group's carbon footprint (tCO2e)	2019	2020	2021	2022	2023	2024	2024 vs 2019 (% reduction)
Scope 1. Direct emissions	2.733	1.764	1.759	1.681	2.035	1.831	-33%
Scope 2. Indirect emissions	6.198	2.923	1.897	1.211	1.182	832	-87%
Scope 3. Indirect emissions	507.063	375.417	335.583	378.127	430.129	446.356	-12%

Table 8: Indra Group carbon footprint

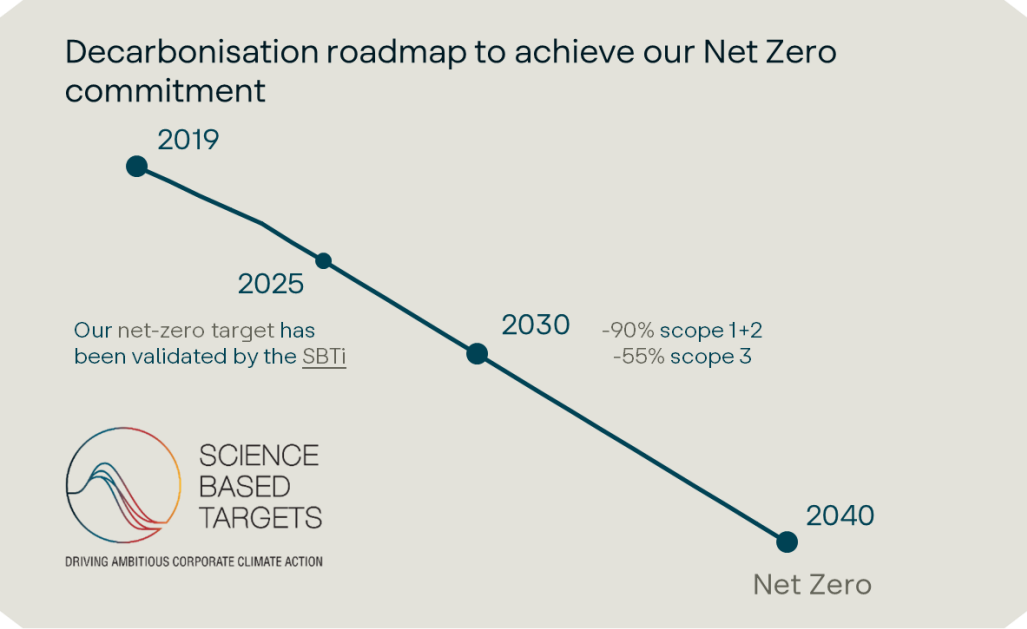


Figure 19: Decarbonisation roadmap to achieve our Net Zero commitment, approved by SBTi

Indra Group's 2024-2026 ESG Plan takes a more **holistic approach to the company's environmental management** and therefore addresses other objectives and metrics related to environmental performance. This approach allows a more accurately assess and manage the risks and opportunities related to Climate Change. To this end, Indra Group monitors other environmental metrics as energy efficiency and purchasing green energy, circular economy and use of materials waste management, water consumption. The performance results of these indicators can be found in the Sustainability Report 2024.

As a technological company, Indra Group is well positioned to harness the opportunities that the Climate Change challenge poses. With the aim of monitoring its position, the company carried out an **analysis of the opportunities that Climate Change** offers for the company and see how well aligned Indra Group's product offering is with the EU's Climate Taxonomy. This information is detailed in the Sustainability Report 2024.

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como el futuro

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