Report by the Appointments, Remuneration and Corporate Governance Committee on the modification of the Director Remuneration Policies for the 2018-2020 and 2021-2023 financial years

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

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1 INTRODUCTION

This report has been prepared by the Appointments, Remuneration and Corporate Governance Committee (the "**ARCGC**") at Indra Sistemas, S.A. (hereinafter, "**Indra**" or the "**Company**"), pursuant to the contents of Article 529 *novodecies*.1 of the Spanish Companies Act, which establishes that any modification or substitution of the Director Remuneration Policy during the period for which it has been approved will require the prior approval of the General Shareholders' Meeting, pursuant to the procedure established for its approval, and Article 529 *novodecies*.4 of the Spanish Companies Act, which establishes that the board of directors' proposal must be reasoned and accompanied by a specific report from the appointments and remuneration committee, and that both documents must be published on the corporate website from the moment that the General Shareholders' Meeting is convened.

This document represents the Committee's report (hereinafter, the "**Report**") justifying its proposal for the modification of the Director Remuneration Policies for the 2018-2020 and 2021-2023 financial years (the "**Remuneration Policies**"), relating to the resolutions submitted for approval by the General Shareholders' Meeting under points 7.1 and 7.2 on the agenda.

2 MODIFICATION OF THE DIRECTOR REMUNERATION POLICIES FOR THE 2018-2020 AND 2021-2023 FINANCIAL YEARS

- Under item 7.1 on the agenda of the Ordinary General Shareholders' Meeting, approval is sought to discontinue the deferral of payment of the Variable Annual Remuneration ("VAR") that accrued in the 2020, 2021 and 2022 financial years and remains pending payment, and that is received in its entirety in the form of Company shares, the beneficiaries of which are, among other management personnel, the executive directors.

This change is made for the same purpose indicated in the new Director Remuneration Policy for the period between 2024 and 2026, which is submitted for approval under item eight on the agenda, in order to bring this payment item into line with the market practices employed by comparable companies and thus strengthen the Company's ability to retain, attract and recruit talent, placing Indra in a competitive position in relation to comparable companies without changing the mixed form of remuneration (shares/cash) or any other conditions governing its receipt.

The ARCGC believes that there would be no point in maintaining the deferral of the allocation of shares in the form of VAR for previous financial years when the analysis carried out with external advice shows that this is not a competitive practice but rather one that applies to businesses that belong to regulated sectors in which Indra does not operate, and it would also be advisable to review this issue in view of the fact that this system is complementary to the Medium-Term Incentive (a scheme that is wholly paid in the form of shares) structured as a performance share, with a timeline of 3 years. The ARCGC has confirmed that there is no budgetary restriction on bringing forward the allocation of these shares, and that removing this deferral will also reduce the complexity of the internal management processes that the current model entails.

It is proposed therefore to make the early payment of the shares accrued and pending allocation, and this will occur on the date determined by the Board during the 2023 financial year.

- Item 7.2 on the agenda of the Ordinary General Shareholders' Meeting proposes approval of an update to the maximum number of shares to be allocated to the executive directors (former CEOs Cristina Ruiz and Ignacio Mataix, and Executive Director and Managing Director of IT Luis Abril) in relation to the Medium-Term Incentive for 2021-2023, in the event of maximum over-compliance of 150% with all the targets included in this incentive, which would amount to a maximum gross total of 1,287,998 shares, equivalent to 0.73% of the share capital.

This update means replacing the maximum number of shares, set at 1,254,320 at the time at which this agreement was adopted (equivalent to 0.71% of the share capital), with the proposed figure, since although the difference is insignificant, given the possibility that all the targets in this incentive may be over-achieved by 150%, it is necessary to provide for the increase in the maximum number of shares that will result from the increase in the fixed remuneration received by former CEO Mr Mataix, and from the incorporation of the current Executive Director and Managing Director of IT, Luis Abril as a beneficiary.

As a consequence, the ARCGC hereby issues this Report detailing its reasons, so that it may be submitted to the Ordinary General Shareholders' Meeting, together with the proposed Resolutions modifying the Director Remuneration Policies for the 2018-2020 and 2021-2023 financial years.

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