Report by the Appointments, Remuneration and Corporate Governance Committee regarding the Director Remuneration Policy for Directors for 2024, 2025 and 2026

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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 issued by the Appointments, Remuneration and Corporate Governance Committee (the "**Committee**" or the "**ARCGC**") of Indra Sistemas, S.A. (hereinafter "**Indra**" or"**The Company**") in accordance with Article 529 novodecies paragraph 1 of the Ley de Sociedades de Capital ("Spanish Corporate Act" or "LSC"), which provides that "*The directors' remuneration policy shall be adjusted in accordance with the remuneration system established in the by-laws and shall be approved by the general shareholders'meeting at least every three years as a separate item on the agenda.*", y en el artículo 529 *novodecies*.4 de la LSC que establece que "*The board of directors' proposal for the remuneration policy shall be motivated and must be accompanied by, a specific report from the appointments and remuneration committee. Both documents shall be placed at the disposal of the shareholders through the company website, from the time of the call to convene the general meeting".* This document is the supporting report (hereinafter, the "**Report**") issued by the **ARCGC** for submission, toguether with the Remuneration Policy for Directors for 2024, 2025 y 2026 ("**Remuneration Policy**") to the next General Meeting of Shareholders.

2 RATIONALE FOR THE NEW REMUNERATION POLICY

Pursuant to Article 529 novodecies paragraph 1 of the LSC *"proposals for new remuneration policies for directors should be submitted to the general shareholders meeting prior to the end of the last financial year of application of the previous policy. The general meeting may decide that the new policy apply from the date of approval and for the following three financial years"*

In accordance with said Article, the approval of a new Remunerarion Policy for the period of 2024, 2025 and 2026 is proposed to the *general shareholders'meeting*, and its entry into force from the date of its adoption.

The Remuneration Policy proposed for approval is consistent with the Company's business strategy, objectives, values, sustainability and long-term interests; and is responsive to stakeholder interests and in line with appropriate and effective risk management.

Moreover, this Policy is continuist with the previous Remuneration Policy for Directors 2021-2023 approved by the *general shareholders'meeting* on June 30 2021, taking into consideration the backing generally expressed by shareholders to the remuneration policies proposed by the Board of Directors - given that the remunerations policy for 2021-2023 was approved with 73.17% favourable votes, 0.66% votes against and 26.45% abstentions (bearing in mind the fact that SEPI has a policy of abstaining in relation to these resolutions, representing its abstention the 98.98% of the total abstentions)- and, in preparing it, national and international remuneration practices and recommendations as well as the guidelines of proxy advisors and institutional investors have been followed.

This Policy incorporates certain updates to adapt it to the Company's governance structure and some modifications to bring it more in line with the practices of comparable companies that contribute to Indra's better positioning in terms of retaining and attracting talent, such as the elimination of the deferral of the payment of annual variable remuneration in shares, provided for in the previous Directors' Remuneration Policies and which is not a common practice except in

financial institutions whose regulations require it. However, the remuneration mix (shares/cash) is maintained.

The ARCGC has been advised by Mercer Consulting, S.L. in the work of adapting the remuneration scheme for directors contemplated in the Policy proposed to be submitted for approval at the 2023 General Shareholders' Meeting, having positively assessed the independence of said external advisor prior to its contracting.

The main novelties of the Policy are the following:

- The updating of the CEO's fixed remuneration, which was increased in April 2022 within the limits provided for in the 2021-2023 Remuneration Policy, in order to bring it into line with the new governance structure under which the Company moved from two joint and several CEOs to a single CEO, with the resulting increase in his duties and responsibilities.

  Provisions is also made for the fixed remuneration paid to the Executive Director and Managing Director of IT, who was also appointed in April 2022.

- The maximum cost of payments in kind to Executive Directors is updated, in order to bring these into line with market prices.

- The 3-year deferral of 30% of the Variable Annual Remuneration ("VAR") paid in the form of shares no longer applies. This change has been made 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 remuneration mix (shares/cash) or any other conditions governing its receipt.

- The maximum weighting of the qualitative targets set for VAR is reduced, while the weighting of quantitative targets is increased.

- With regard to Medium-Term Incentive (MTI), the possibility of partial consolidation in the event of compliance or over-compliance with operational targets is removed, as it has been confirmed that it does not act as a tool for motivation or retention, since its application accounts for an insignificant percentage of this incentive.

- As regards the Typology of MTI targets, the main new developments are as follows:

  - The number of targets has been reduced, with the removal of those that were formerly known as "strategic plan targets", in which the Board evaluated the initiatives completed at the end of the period, since this gave rise to a discretional advantage that was very difficult to quantify.

  - The weighting of the ESG targets has been increased from 10% to 15%, in line with the Company's commitment in this area, which it considers to be strategic.

- The set of targets entitled “Operational Performance Targets” will now be known as “Economic, Financial and Operational targets forming part of the Strategic Plan”, and it weighting increases up to (65%)

- The “Action Performance Targets” are retained, with the same indicators and weighting (20%). The weighting of 10% established for the Relative TSR metric is considered reasonable, since it should be borne in mind that the Performance Share mechanism is, by its very nature, already indexed and centred on the revaluation of the share price.

- The power of the Board of Directors to adjust the final result of the variable remuneration of executive directors is limited to a maximum of 10%, upwards or downwards. The exceptional circumstances that may justify the exercise of this power by the Board of Directors shall be detailed in the corresponding Annual Remuneration Report.

- With regard to the Long-Term Savings Plan, a maximum annual contribution is established for the new CEO, along with the moment at which the right to receive the amount accumulated in this Plan will be triggered (provided that his contract remains in force, and bearing in mind his age and career projection), while the maximum amount that an executive director may receive in this regard is maintained.

- With regard to the remuneration paid to directors as members of the Board and its Committees, a breakdown of the gross annual amount received by the members of the Strategy Committee (formed in September 2021) has been included. In addition, the remuneration for the Lead Independent Director is established bearing in mind the special dedication required for this position, which was set with external advice from WTW, based on the remuneration of this position in Ibex 35 companies (median of the comparison group).

- It is proposed to set the maximum annual limit of the remuneration of all the directors in their capacity as such at € 2,750,000, as it is proposed to this Meeting to increase the maximum number of members of the Board of Directors to 16.

3 CONCLUSIONS AND VALIDITY OF THE NEW REMUNERATION POLICY FOR DIRECTORS

The principles, foundations, structure and remuneration concepts of the proposed Remuneration Policy comply with the provisions of the LSC and are adapted to national and international remuneration trends.

For the preparation of the Compensation Policy and this Report, the Committee:

- Has verified the adequacy and alignment of compensation with respect to the market, relying on compensation studies prepared by internationally renowned consulting firms;

- Asserts that the proposal put forth by the Board is substantially in line with the provisions regarding corporations contained in section 4 of Article 217 of the LSC, which provides that:

"The compensation of administrators must in any event have a reasonable proportion to the importance of company, the economic situation at all times and market standards for comparable undertakings. The established compensation system should be aimed at promoting the long-term profitability and sustainability of the company and incorporate the precautions necessary to avoid excessive risk-taking and the reward of unfavourable outcomes."

- has taken into account national and international trends and best practices in compensation policies for Directors and Senior Managers and taken into account the views of Shareholders and proxy advisors; and
- has analysed regulatory changes, developments in the regulatory system and supervision practices in compensation matters.

In light of the above, the Committee has concluded that the proposed Remuneration Policy is in line with regulations, recommendations and best practices, following the criteria of good governance and transparency. Accordingly, the Committee issues this Report on regard to the Remuneration Policy for 2024, 2025 and 2026, which is proposed for approval at the General Shareholders'Meeting, to be held in June 2023.

Pursuant to Article 529 novodecies of the LSC, this Policy will come into force on the date on which it is approved, and will remain in force for the following three financial years (2024, 2025 and 2026), without prejudice to any incentives that remain pending payment and were awarded under the terms of previous policies notwithstanding and any adjustments or updates that may be made by the Board of Directors, where applicable, pursuant to the terms of the Policy itself, and any amendments that may be approved from time to time by the General Shareholders' Meeting.

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