



**indra**

ANNUAL REPORT 2012

# EVERY CHALLENGE COUNTS



The full 2012 Annual Report is available at:  
[www.informeannual2012.indracompany.com](http://www.informeannual2012.indracompany.com)

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# 1

## PRESENTATION



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Key financial  
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Letter from the  
chairman & CEO

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Letter from the  
Managing Director  
& COO

# PRESENTATION

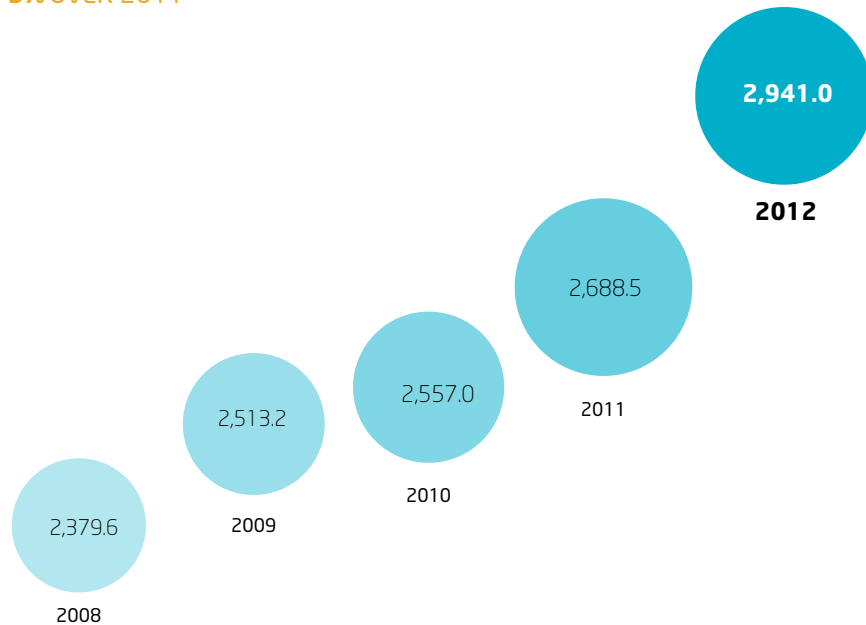
## 1.1 KEY FINANCIAL FIGURES

### REVENUES

(In millions of euros)

# 2,941 M€

+ 9% OVER 2011

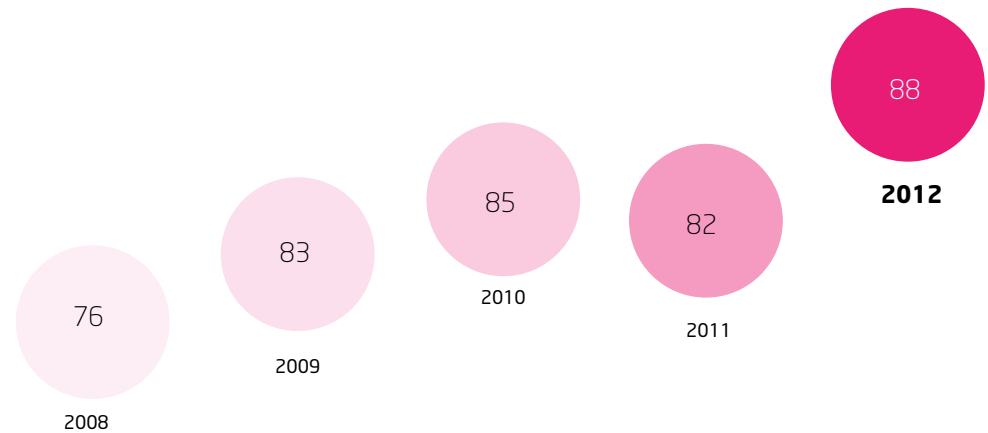


Revenues growth from 2008 until 2012

### PROFESSIONALS

# 38,577

+ 2,847 MORE THAN 2011



Highly qualified staff percentage

	2008	2009	2010	2011	Objective 2012 <sup>1</sup>	Actual 2012	Objective 2013
<b>Economic performance</b> (in millions of euros)							
Order intake	2,579.3	2,697.4	2,882.0	2,975.8	> Revenues 2012	3,193.2	≥ Revenues 2013
Revenues	2,379.6	2,513.2	2,557.0	2,688.5	+ 6.5% - 7.5% s/2011	2,941.0	Slightly positive growth
Order book	2,428.3	2,578.9	2,899.2	3,230.9		3,470.3	
Net debt	148.7	134.6	274.9	513.6		633.3	
EBIT	270.5	285.4	251.9	267.8	8%-9%	217.2	≈ 8% (Recurrent EBIT)
Recurring EBIT	270.5	285.4	251.9	267.8	8%-9%	248.8	≈ 8% (Recurrent EBIT)
Net profit	182.4	195.6	188.5	181.0		132.7	
Recurring net profit	182.4	195.6	188.5	181.0		157.3	
<b>Social performance</b>							
Investment in R&D&i (in millions of euros)	152	1752	184	189		193	
Final workforce (no. of people)	24,806	26,175	28,608	35,730		38,577	
Percentage of highly-qualified professionals	76	83	85	82		88	
Percentage of male/female professionals	64/36	64/36	65/35	64/36		64/36	
<b>Environmental performance</b>							
Direct CO2 emissions (tons)	1,443	1,381	2,012	1,204		1,583	

Objective announced at the beginning of the 2012 financial year and published in the 2011 Annual Report.



Javier Monzón  
Chairman and CEO

## JAVIER MONZÓN

**Dear shareholder:**

Throughout 2012, Indra has continued to make progress in the development of its corporate project.

The company's strategic objectives include consolidating our position in Latin America, which is a region where we are already a global player and that still offers important opportunities for growth. 2012 has marked the first full year following the integration of the Brazilian company Politec in Indra. We have fulfilled the plans in line with our objectives and forecasts, and we are optimistic of Indra's future prospects for growth and profitability in Brazil. The company's overall development in the region, as well as in specific countries such as Mexico, Colombia, Chile and Peru, has been extremely positive for our company.

**“The number of key customers and global clients who place their trust in our solutions and know-how has increased”**

In Europe, despite the more complex global environment for this financial year, we have attained positive growth rates to consolidate our global position. Although the downward trends for all the macroeconomic parameters in Spain have had a greater impact than expected, we have made the necessary management decisions so as to maintain our market position, competitiveness and future potential.

On the other hand, 2012 has been a very positive year in the Asian, Middle Eastern and African markets, where we have continued to carry out important commercial operations that have resulted in contracts throughout the year, and to identify business opportunities that will translate into future contracts.

This progress would not have been possible without the continuity of our operations aimed at developing and adapting our offering to the requirements of new customers in a growing number of regions as well as evolving our solutions in order to address the new needs of existing customers. Since its founding, Indra has always been an innovative company that offers proprietary high-tech solutions, and future developments will maintain and even boost this profile.

Ensuring customer satisfaction while preserving our profitability parameters and the quality of our deliverables has led us to update our management processes and our organisation so they are in line with our profile as an expanding global company that has multiple customers, operates in numerous regions and has an extensive and complete offering. In summary, we are a multi-centre company that manages its resources and talent through diversity.

All of this has made it possible to increase the number of key customers and global clients who place their trust in our solutions and know-how. We currently have

a significant number of such customers in all the key geographic markets.

During this financial year, profitability has been affected by the smaller margins of acquired businesses (which we are improving) and by the situation of the Spanish market. Despite this, our profitability profile remains in the top industry levels, and we should improve this with the measures that have been implemented.

Bearing in mind the overall situation of the financial markets and the attitude of investors, we have placed a special focus on managing the balance sheet, generating cash flow, developing working capital and adjusting the investment levels required for updating our offering. Indra has announced that in 2013 it will continue to be a company with positive organic growth, maintaining attractive profitability levels, generating positive cash flow and actively managing its balance sheet. In this context, we have announced the shareholder remuneration policy for this financial year and the next, without increasing our debt levels.



The Board is convinced that these actions will preserve our company's future potential as well as the trust of our shareholders and other stakeholders: customers, suppliers, professionals and each of the communities where we operate. The talent of our professionals is essential for creating sustainable value, and our commitment to them is to maintain a highly ambitious corporate project while meeting our objectives and maintaining a solid track record that will enable them to establish an attractive professional career.

Indra remains at the cutting edge of the best practices for transparent accountability and corporate governance. The report that follows describes the company's progress in light of the principles of the Compact, and it has been prepared according to the principles of the Integrated Reporting Pilot Programme of the International Integrated Reporting Council (IIRC), the G3.1 guidelines of the Global Reporting Initiative for the A+ application level, and the AA1000 APS (2008) Accountability Standard. All of this results in a balanced and responsible presentation of our financial, environmental and social performance that has been verified externally.

**Javier Monzón**  
Chairman and CEO

**"In 2013 Indra will continue to be a company with positive organic growth, maintaining attractive profitability levels, generating positive cash flow and actively managing its balance sheet"**





#### REVENUES

2,941 M€  
+9%

#### ORDER INTAKE

3,193 M€  
7%

## JAVIER DE ANDRÉS

#### Dear shareholder

In 2012, Indra proved that it has the necessary strength and flexibility to face a complex global macroeconomic environment and successfully fulfilled all the objectives that it had publicly stated.

Revenues amounted to €2,941 billion, which represents a growth of 9% compared to 2011 (approximately +1% without the effect of acquisitions), placing it at the highest end of the range forecast for 2012, between 8% and 9%. Order intake amounted to €3,193 million, which represents a rise of 7% compared to the previous financial year (approximately -2% without the effect of acquisitions).

EBIT was €217 million, 19% less than the previous year, and the Net Profit was €133 million, 27% less than the previous year. During the period, €32 million was incurred in non-recurring costs, in line with the costs forecast for the financial year and used to adapt the efficiency of production resources to the Spanish market.

The Recurring EBIT (the recurring EBIT not including non-recurring costs) was €249 million, 7% less than in 2011, which results in a Recurring EBIT Margin of 8.5%, within the medium range of the company's objective for 2012 (between 8% and 9%). The Recurring Net Profit (the Net Profit before non-recurring costs) amounted to €157 million, 13% less than the previous year.

At the close of the financial year, the net working capital reached a level of 104 days of annualised revenues in accordance with the established objective (100-110 days of revenues).

In accordance with its policy of investing in the development and adaptation of its Solutions offering, the company continued to make investments (net tangible and intangible investments) for a total value of €74 million (within the target range of €65-75 million). In addition, €53 million were also paid out during the financial year (net of divestitures) for financial investments, including those derived from the acquisition of Indra Navia.

Obtaining these results required intense managerial efforts since it was necessary to offset the negative growth--stronger than predicted--of the Spanish market with greater activity in other geographic areas, despite which the company was able to increase the generation of free cash flow during the financial year.

**Spain** continues to be Indra's primary market, representing 43% of the company's total revenues. Spain's continued weak macroeconomic situation and the acceleration of tax adjustments, along with more pressure on prices, have caused an 18% drop in revenues in this geographic area as well as a deterioration of profitability. The rise in the company's total revenues is primarily due to other geographic areas, which in 2012 grew by 45% (25% without the effect of acquisitions).

**Latin America** has become Indra's second biggest market, representing 25% of the company's total revenues and recording a growth of 54%. Brazil (including the successful integration of Politec), Mexico, Colombia, Peru and Chile maintained significant growth during the financial year, while Indra's presence was consolidated in other countries in the region.

There was also strong revenue growth in **Asia, the Middle East and Africa** (111%), driven by winning major contracts in various fields of the company's operations, including radar systems to control 70% of Indonesia's air space, a new air control centre (Calcutta) and the management of traffic and toll systems on motorways in India, the implementation of a risk management solution (ETRM) for Caltex (Australia), and an infrastructure protection system for phosphate processing plants (PPP) in Morocco.

As far as the main operating segments, in 2012 **Services** recorded a growth of 21%, primarily driven by the effect

of companies acquired in 2011 and the overall rise in activities outside of the Spanish market. The **Solutions** segment, which was also affected by the fall of the Spanish market, recorded growth of 4%. It should be remembered that Solutions are key to our company's differentiated business model and therefore they are our priority (they represent 64% of our business). In this sense, in 2012 investments continued to be focused on maximising the value of our solutions, with the primary investment areas being: commercial solutions for energy and industry, core banking and insurance, air simulation systems, and radar and satellite communications.

Regarding **vertical markets**, we should also stress the strong performance of four markets that showed double-digit growth figures: Public Sector and Health (32%), Financial Services (20%), Energy and Industry (13%) and Transport & Traffic (12%).

In 2012, the company launched a number of global plans in order to improve its profitability and adapt Spanish resources and operating costs to its deteriorated situation.

**We should first mention** the actions taken to improve commercial capabilities and access to Indra's markets, strengthening our leadership in key geographic areas and improving our positioning with customers. This includes opening new subsidiaries in Norway, Turkey, South Africa and Saudi Arabia.

**Secondly**, we have continued to develop and adapt our offering so as to meet the needs of each geographical area. The objective of these offering plans is to boost the commercialisation of Indra's proprietary offering in order to improve our leadership in specific market segments.

**Thirdly**, key aspects include the plans adopted to improve the efficiency of production and delivery processes to the pace required in order to be more competitive and to increase repeat orders (Global Delivery Model and Technology and Product Management Model), along with specific plans for optimising management processes.

Finally, our commitment to the **global and efficient management** of human resources has enabled us to increase our workforce in all geographic areas, including Spain. In the case of Spain, this growth has been largely due to the growing influence of professionals specialised in exports, as well as to the need of maintaining a suitable workforce (since falling revenues are due more to pressure on prices than to a drop in business). We are also continuing with our policy of recruiting and retaining the best talent in the segments and the geographic areas that we wish to lead.

These action plans have enabled the company to improve its stability and guarantee its future potential, despite the difficult economic situation. The position achieved in 2012 by Indra in various international geographic markets makes it possible to forecast significant growth for them in 2013. This growth will offset the fall in activity that the company

expects will continue in Spain. Therefore, the overall revenue growth will be positive, with favourable progress in terms of cash flow.

In the above context, the company forecasts that it will achieve the following **objectives in 2013**:

- > A slight rise in sales
- > Order intake in line with or higher than revenues
- > Recurring EBIT margin (before non-recurring expenses) of approximately 8%
- > Net working capital between 100 and 110 days of annualised revenues
- > Net tangible and intangible investments of approximately €70 million.

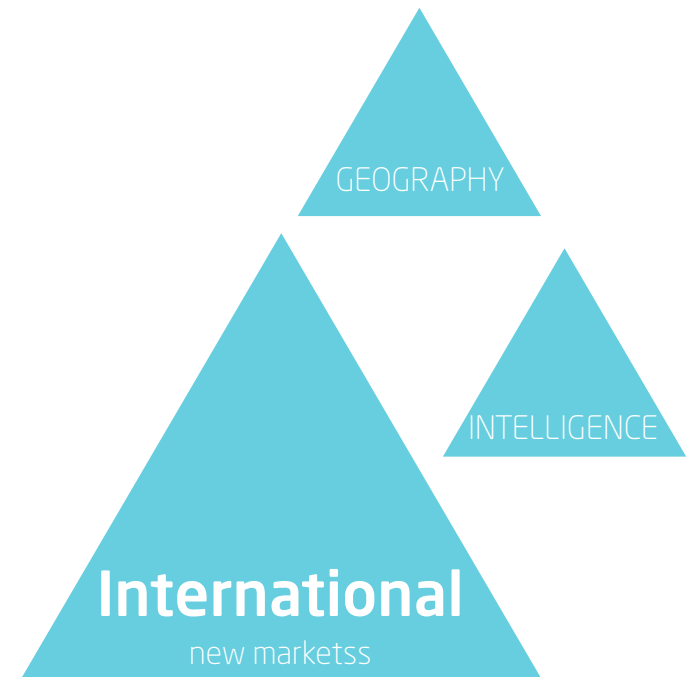
We are aware that in order to achieve these objectives, it is necessary to make additional efforts on several fronts. Firstly, it is important to stress that balance sheet management will be of paramount importance this year and in the coming years. We will also be expanding our position in international markets with a focus on developing and adapting our solutions. Finally, in 2013 we will continue to prepare plans for the improved efficiency of resources and operating costs, as well as various actions for optimising our management processes and increasing production efficiency.

Indra is a great company with a robust culture of innovation and a strong commitment to its customers and to the talent required for achieving its objectives. We work

by focusing on the future in order to maintain our profile as a company that is based on growth, sustainability and profitability. Thank you very much for your support and trust.

**Javier de Andrés**

Managing Director and COO



# 2.

## GOVERNANCE MODEL

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Ensure growth

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Control mechanisms  
for management

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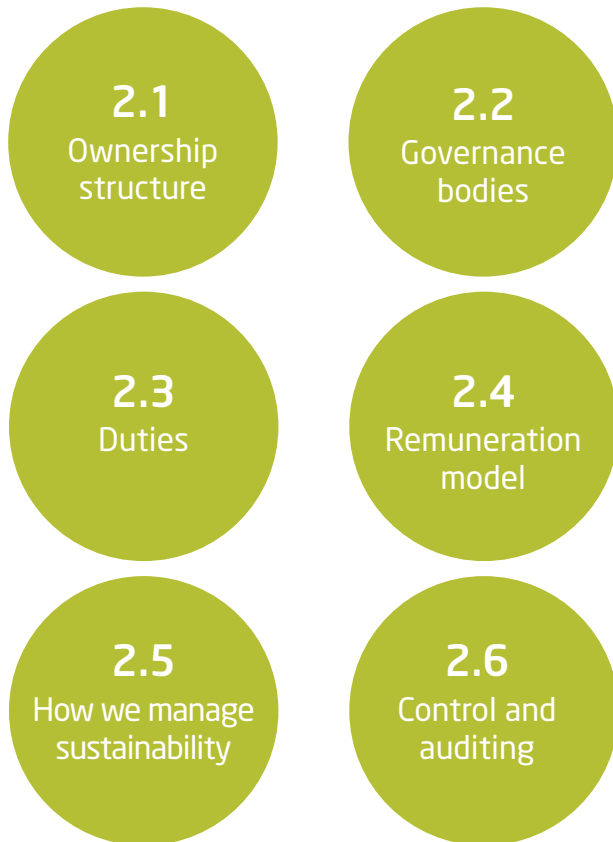
Price evolution

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Members of Dow Jones  
Sustainability World  
Index and Dow Jones  
STOXX Sustainability  
Index

# 2. GOVERNANCE MODEL

In this chapter:



## Indra maintains governance bodies which guarantee its growth

Indra's governance model is a set of principles that make up the management system of the company and that establish:

- > An appropriate distribution of rights and responsibilities between the various shareholders in the company
- > Control mechanisms to guarantee the efficient and ethical management of the Company (the creation of value and shareholder interests)

Indra maintains governance bodies and standards with the purpose of guaranteeing the good governance of the Company and contributing to its growth. To do this, Indra reviews the composition of the Board of Directors and its Committees every year, along with their operation and governance standards, checking that they comply with the best practices in this regard.

## GOVERNANCE MODEL

# 2.1 OWNERSHIP STRUCTURE

At 31st December 2012, the company's share capital stood at 32,826,507.80 euros, fully subscribed and paid up, and represented by 164,132,539 ordinary shares with a nominal value of 0.20 euros each, all of the same class. All the shares are officially listed on the four Spanish stock markets.

The ordinary shares have been listed on the continuous market since 23rd March 1999 in the Information and Communications Services sector and the Electronics and Software subsector. Indra has also been listed on the selective index IBEX 35 since 1st July 1999, which includes the thirty-five most representative companies

from the Spanish stock market in terms of market capitalisation and liquidity. At 31st December 2012, the share weighting on the Ibex35 index stood at 0.51%.

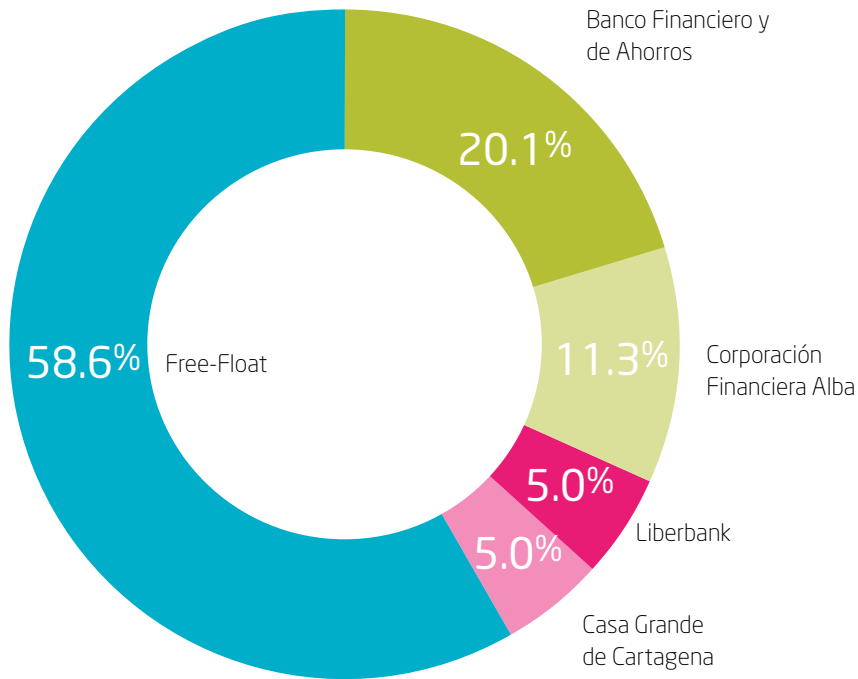
On 14th April 2000, MEFF Renta Variable began the contracting of Call and Put options on the company's ordinary shares.

Indra forms part of major international indexes, such as the Dow Jones STOXX Broad Market Index, which includes the main European listed companies, and the IT Services and Technology STOXX Europe indexes, which list the leading European technological shares. Since 18th September 2006, Indra's shares have been listed on the Dow Jones Sustainability World Index (DJSWI) and the Dow Jones STOXX Sustainability Index (DJSI STOXX), which select companies that make the greatest effort to adapt their activities to meet sustainability criteria from among the largest companies in the world and in Europe, respectively.



## GOVERNANCE MODEL

# 2.1.1 SHAREHOLDING STRUCTURE



The company does not have a nominal register of its shareholders and therefore the shareholder composition can only be identified through the information that shareholders communicate directly or make public in application of current legislation regarding significant stakes (that generally obliges shareholders to declare stakes of over 3% of the share capital), and through the information that the company Iberclear provides, which Indra collects for holding its general shareholders' meetings.

Shareholders	Shares	% s/Share Capital
Banco Financiero y de Ahorros	32.997.372	20.1%
Corporación Financiera Alba	18.587.155	11.3%
Liberbank	8.212.805	5.0%
Casa Grande de Cartagena	8.216.238	5.0%
Free-Float	96.118.969	58.6%
<b>Total shares</b>	<b>164.132.539</b>	<b>100.0%</b>

In accordance with the above, from the information collected by the company, at 31st December 2012 its largest shareholder is Banco Financiero y de Ahorros, with a stake of 20.1%, followed by Corporación Financiera Alba, with a stake of 11.3%, Liberbank, with a share of 5.0%, and Casa Grande de Cartagena with a 5.0% stake in Indra's share capital. Also, according to the records of the Spanish Stock Exchange Commission (CNMV), Fidelity Management & Research reported on 11th August 2011 that it has a stake of 9.96%.



## GOVERNANCE MODEL

# 2.1.2 DISTRIBUTION OF THE SHARE CAPITAL

The distribution of the share capital by sections, according to information from the General Shareholders' Meeting of June 2012 is as follows:

Number of ordinary shares owned by shareholders	Shareholders	Total shares	Stake in the share capital
Up to 500	54,494	7,698,959	4.69%
Between 501 and 2,000	6,678	6,726,639	4.10%
Between 2,001 and 5,000	1,354	4,239,125	2.58%
Between 5,001 and 10,000	454	3,290,157	2.00%
Between 10,001 and 20,000	198	2,847,671	1.73%
Between 20,001 and 30,000	90	2,198,615	1.34%
Between 30,001 and 50,000	69	2,656,569	1.62%
Between 50,001 and 100,000	65	4,547,352	2.77%
Between 100,001 and 500,000	73	14,742,450	8.98%
Between 500,001 and 2,000,000	19	19,620,818	11.95%
Over 2,000,000	9	95,564,184	58.22%
<b>Total</b>	<b>63,503</b>	<b>164,132,539</b>	<b>100.00%</b>

At 31st December, the number of own shares in treasury shares stood at 11,041 shares, representing 0.01% of all the company's shares.

## GOVERNANCE MODEL

# 2.1.3 STOCK MARKET INDICATORS

### Main stock market indicators for 2012

Total No. of shares (31-12-2012)	164,132,539
No. of ordinary shares in free circulation -free-float- (31-12-12)	96,118,969
Nominal share value	0.20€
Average daily trading in shares	1,139,410
Average daily trading (in thousands of euros)	9,513
Trading days	256
Trading frequency	100%
Minimum daily trading (in shares) (30th October)	81,925
Maximum daily trading (in shares) (31st May)	9,661,719
Total actual trading (thousands of €)	2,435
Total annual trading (in shares)	291,688,892
Total traded shares over total ordinary shares	178%
Total traded shares over ordinary shares in free circulation	303%
Minimum annual closing share price (12th July)	6,103
Maximum annual closing share price (20th February)	11,000
Average closing share price	8,541
Market capitalisation at 31st December (thousands of €)	1,644.6
Net earnings per share (EPS) (in euros)	0.8159
Cash flow per share (CFPS) (in euros) <sup>(1)</sup>	1.5724
Book value per share (in euros) <sup>(1)</sup>	6.7605
Share price/EPS (PER) <sup>(2)</sup>	12.28
Share price/CFPS (CFP) <sup>(2)</sup>	6.37
Share price/Book value per share (BV) <sup>(2)</sup>	1.48
EV / Revenues <sup>(3)</sup>	0.77
EV / EBITDA <sup>(3)</sup>	7.59

(1) The total number of the company's shares was considered as: 164,132,539 shares

(2) The listing at 31st December 2012 was used

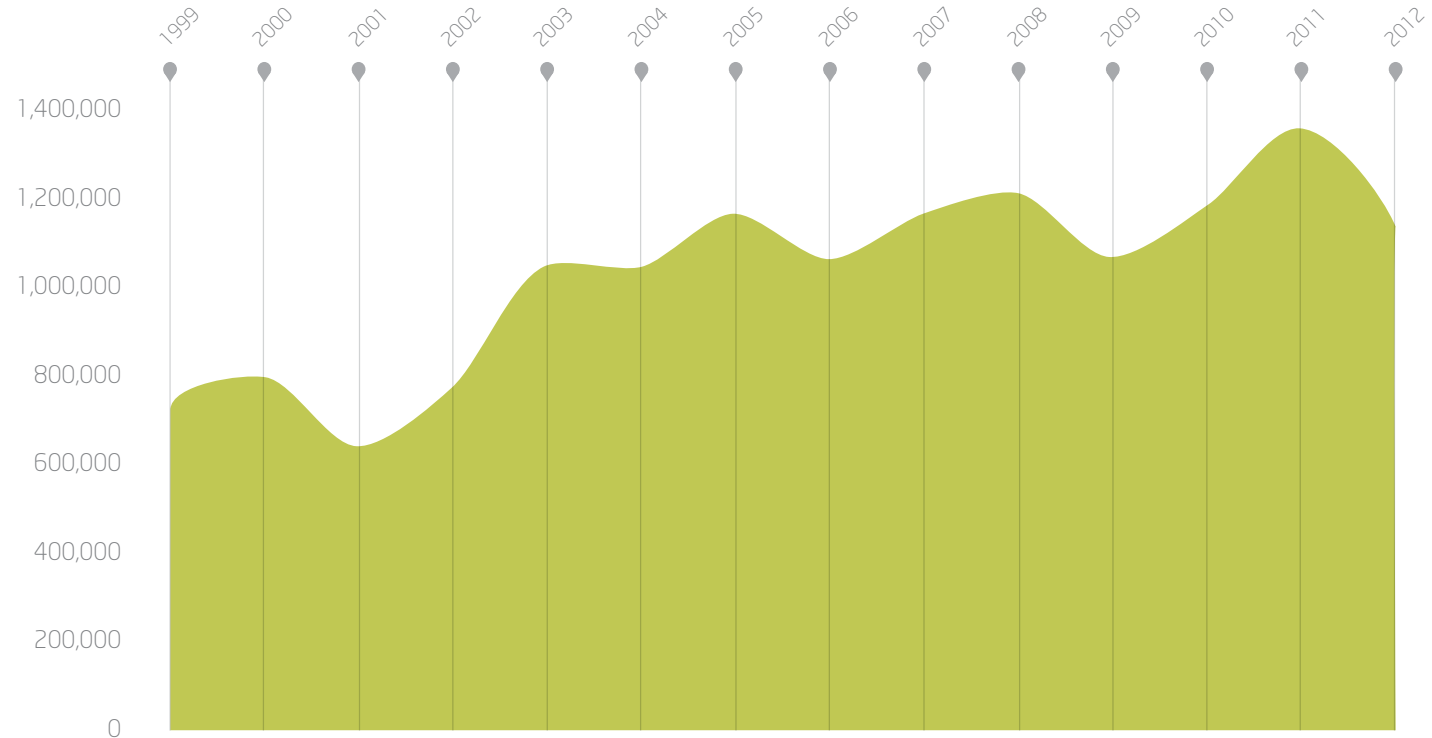
(3) The Enterprise Value (EV) was calculated at the close of the financial year: market capitalisation at 31st December 2012 + the company's Net Debt on that date (€633.3 million).

# 2.1.4 TRADING VOLUME

**100%**

Order intake frequency

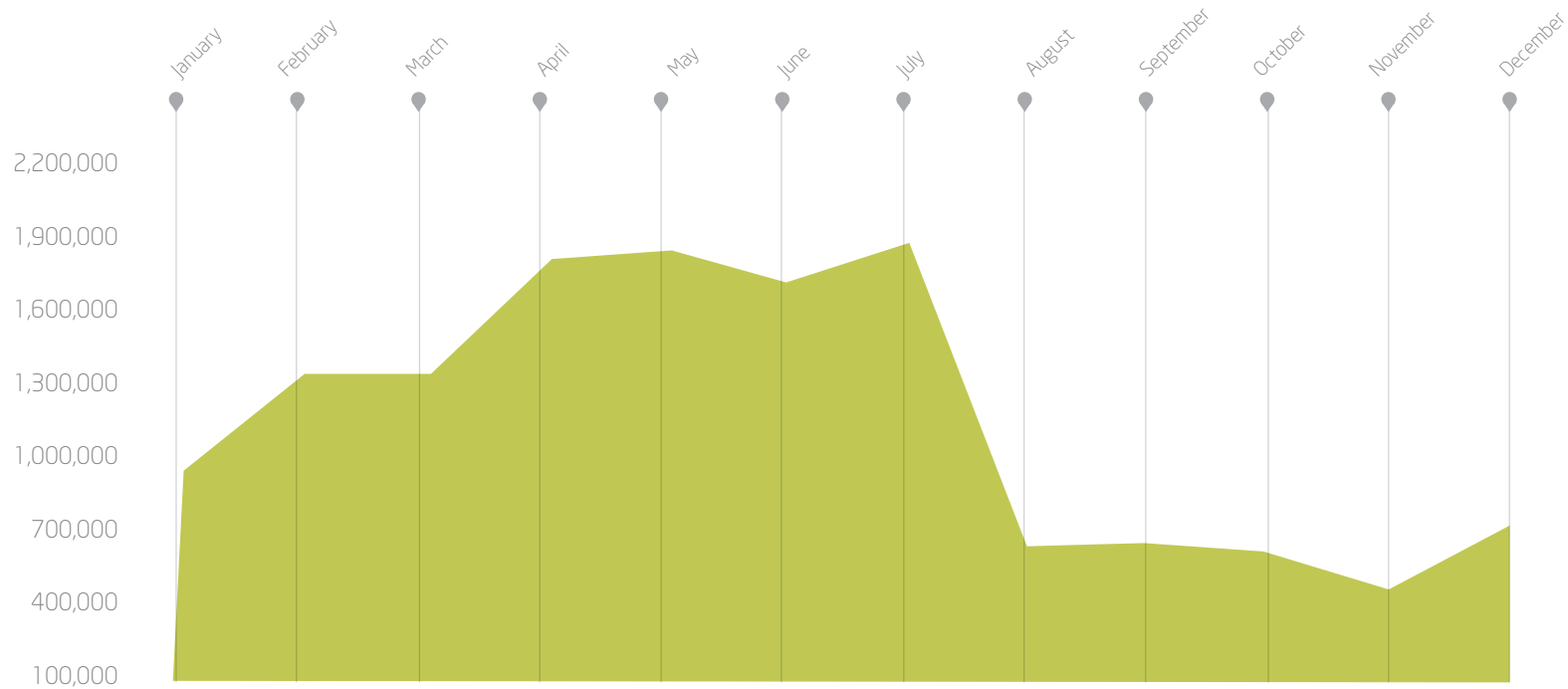
Annual progress of the average daily trading volume (shares)



The trading frequency of the shares was 100% throughout the year (256 days). The average daily trading was 1,139,410, 17% less than the previous year.

The information from 1999 includes the April - December period and excludes the extraordinarily high volume negotiated one week after the IPO (23rd-30th March 1999), which distorts the ordinary volume.

### Monthly progress of the average daily trading volume (shares)



291 million shares were negotiated on the market in 2012, equivalent to 1.78 times the total number of ordinary shares and 3.03 times the number of ordinary shares in free circulation (or free-float). The actual

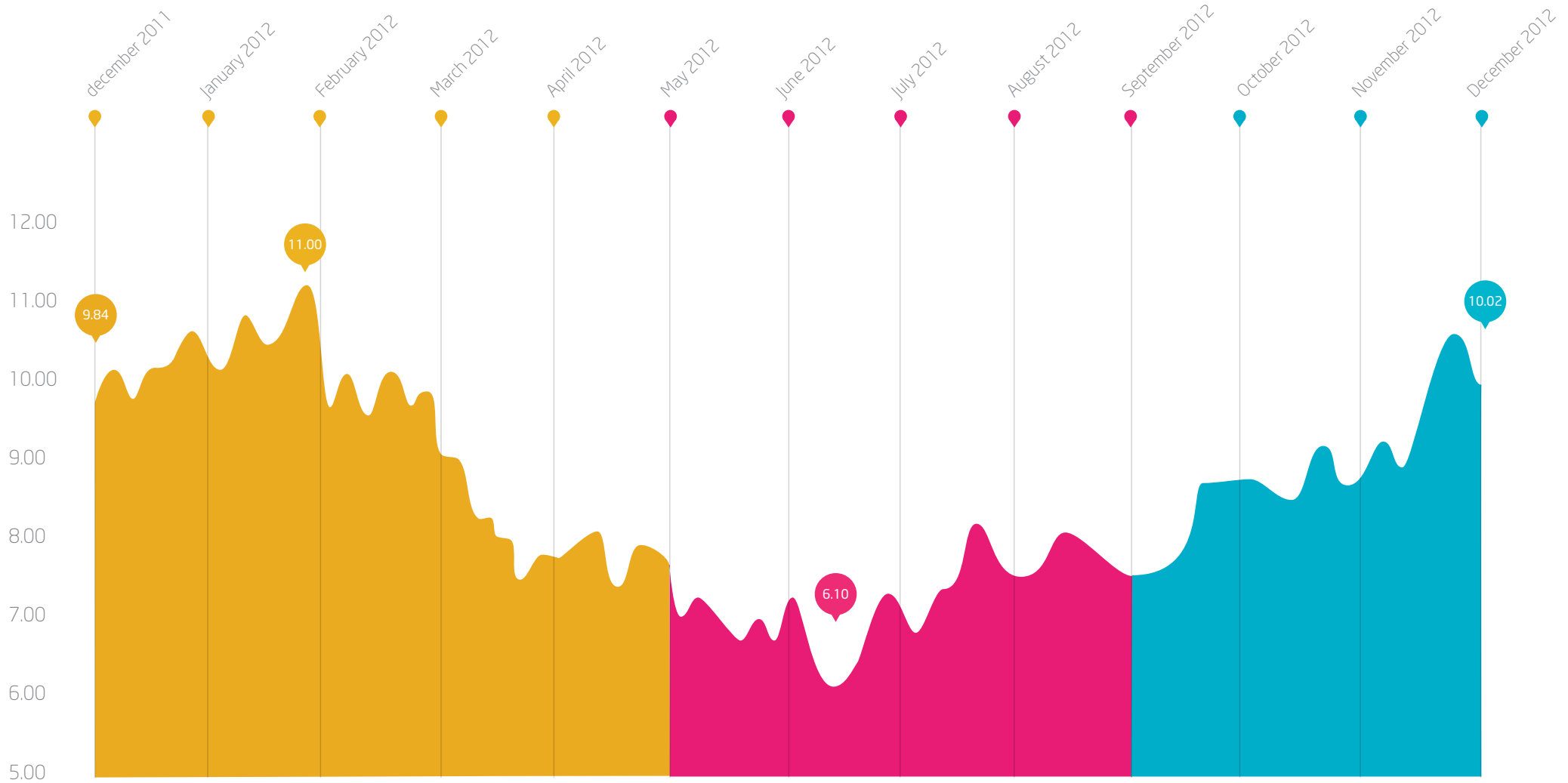
trading value was 2,435 billion euros, 47% lower than the previous year. The average daily trading and its progress in 2012 is shown in the graph below.

## GOVERNANCE MODEL

# 2.1.5 SHARE PERFORMANCE

	Minimum	Maximum	Average	Close of month
January	9,774	10,740	10,277	10,065
February	9,544	11,000	10,547	9,544
March	9,188	10,260	9,818	9,188
<b>1st quarter</b>	<b>9,188</b>	<b>11,000</b>	<b>10,198</b>	
April	7,468	9,140	8,152	7,838
May	7,250	8,164	7,706	7,250
June	6,704	7,439	7,056	7,326
<b>2nd quarter</b>	<b>6,704</b>	<b>9,140</b>	<b>7,624</b>	
July	6,103	7,440	6,770	7,213
August	6,855	8,250	7,593	7,623
September	7,540	8,174	7,906	7,540
<b>3rd quarter</b>	<b>6,103</b>	<b>8,250</b>	<b>7,415</b>	
October	7,640	8,900	8,267	8,800
November	8,578	9,280	8,882	9,013
December	8,992	10,735	9,643	10,020
<b>4th quarter</b>	<b>7,640</b>	<b>10,735</b>	<b>8,880</b>	

The close of trading maximum, minimum, average and end-of-month prices of Indra's shares during each of the months of the financial year are listed below, along with the progress of the shares throughout the year.



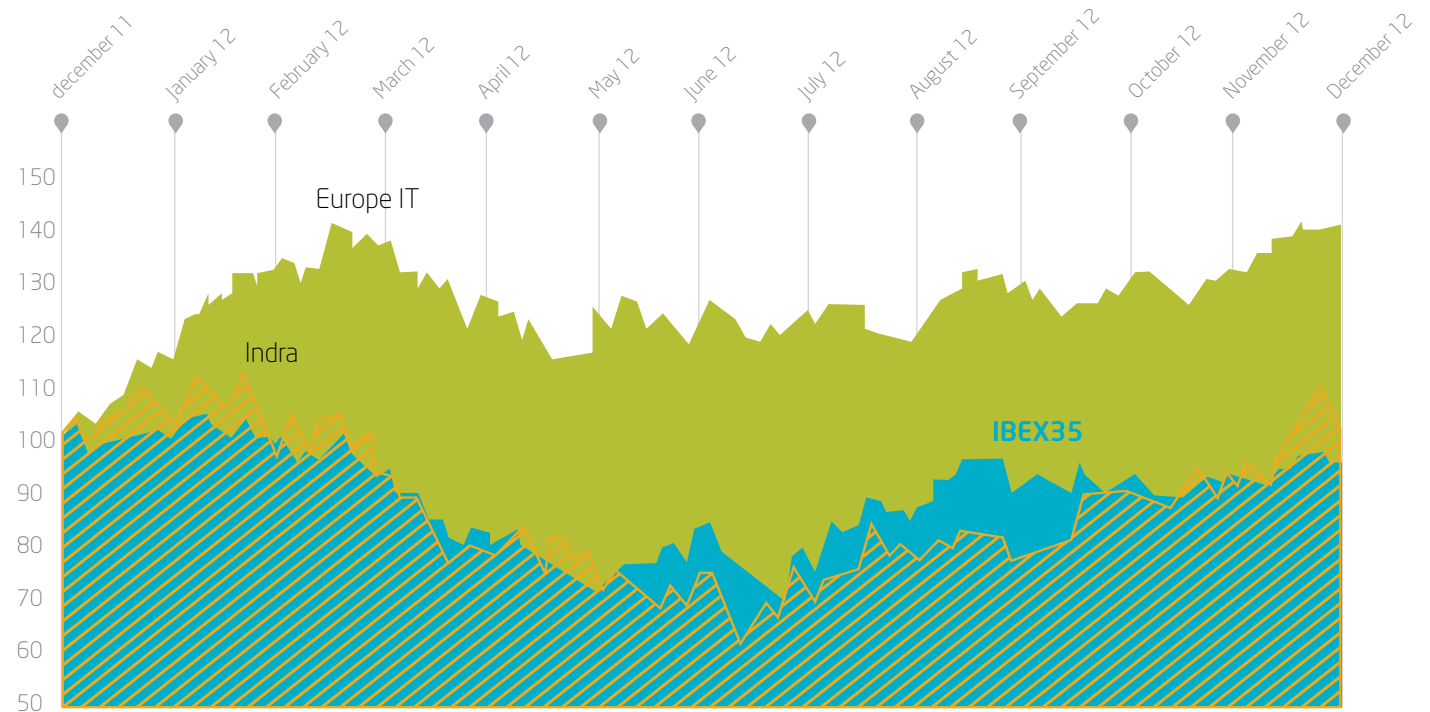
## SHARE PERFORMANCE OF INDRA

Source: Bloomberg

Information for the declaration of the Wealth Tax: the average share price in the fourth quarter of 2012 was 8.88 euros (published in Official State Gazette No. 50, dated 27th February 2013).

## GOVERNANCE MODEL

# 2.1.6 INDRA AND THE SECTOR



Source: Bloomberg  
At the close of the 2012 financial year, Indra's shares had accumulated an increase in value of 124% from the date of the IPO (22nd March 1999), compared to a loss in value of 18% in the IBEX 35 and in the European IT.

The financial and economic tensions that persisted in 2012 in capital markets have become more concentrated in the Euro Zone, particularly in Spain, where the sovereign debt crisis and the economic recession accentuated doubts about whether public accounts could be balanced and also the sustainability of the banking system, triggering its recapitalisation plan. The performance of European share indexes showed great divergence, with the IBEX recording a fall of 5% and the German DAX an increase of 29%.

A similar polarity also occurred in the technology sector: the share prices of leading companies in the European IT sector increased by an average of 39%, but with extensive variations ranging from -6% to +105%. The STOXX EUROPE IT sector index closed the year with a gain of 37%.

In line with the progress of the Spanish market, Indra recorded large falls in the first half of the year that exceeded 30%, then recovering in the second half and closing with a

gain of 2% at the end of the year.

The following graph shows Indra's progress compared to the IBEX 35 and to the average of leading European Service and IT companies (over a base of 100).



## GOVERNANCE MODEL

# 2.1.6 DIVIDEND FOR THE YEAR

The dividend proposed by the Board of Directors for approval at the General Shareholders' Meeting is 0.34 gross euros per share. Therefore:

### DIVIDENDS PER SHARE CHARGED AGAINST THE 2012 FINANCIAL YEAR

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<b>Gross dividend per share</b>	<b>0,34</b>
Variation in the ordinary gross dividend per share 2011	-50%
% of dividends over net result (payout)	42%
Profitability per dividend (over 31.12.12 closing price)	3.4%

## GOVERNANCE MODEL

# 2.1.7 INVESTORS RELATIONS

During 2012, Indra continued to develop an active communication policy in order to ensure the highest level of transparency and information for the financial markets, making numerous presentations to institutional investors and analysts in Spain, the rest of Europe and the United States. 393 investors were visited throughout the year.

At 31st December 2012, the total number of entities that were drafting coverage analysis reports on Indra stood at 28. Also, in December 2012, the number of investment firms that recommended "Buy" stood at 32%, those that recommended "Hold" 18%, with the rest recommending "Sell". Also, the average target price of the 28 analysts at the end of the year was €9.42.

In order to respond to all the questions and information requirements of its shareholders, Indra has provided them with a specific department, the Shareholder Office (telephone No. 91.480.98.00, [accionistas@indracompany.com](mailto:accionistas@indracompany.com)). In 2012, this telephone number dealt with 1,439 enquiries, related to a wide variety of matters connected to the company's business, its growth forecasts, the dividend, the Shareholders' Meeting, the share price etc. The Shareholder magazine also continues to establish itself

as a means of communication aimed especially at small shareholders.

In the "Shareholders and Investors" section of the [www.indra.es](http://www.indra.es) website, aside from the contents required by Circular Resolution 1/2004 of 17th March of the CNMV, which implements the Transparency Act, other useful information for shareholders and investors is included, such as the option to join an e-mail distribution list. This way, subscribers regularly receive from the Shareholder Office all the information the company publishes externally: press releases, statements, relevant events, financial results and the annual report.

In the aforementioned "Shareholders and Investors" section of the web site, shareholders are continually provided with detailed and up-to-date information about the company:

- Key financial figures as well as financial and stock market information.
- Corporate governance information.
- Quarterly financial statements in PDF and Excel format, for easier handling and management of information.
- Information regarding dividends.

- The latest presentations for investors and analysts.
- The investor's diary, including an annual calendar of scheduled events with analysts and investors and the planned dates for the publication of quarterly results.
- Analyst recommendations regarding Indra, including the latest report published by them.
- Information about the next Shareholders' Meeting and the meetings of the previous two years, as well as the option of following meetings online the date they are held.
- Annual report in PDF and interactive format for easy use.

Indra is also a member of the Spanish Association of Investor Relations (AERI) and of the Spanish Issuer Association (EE) in order to ensure best communication practices with its shareholders and the financial community in general.

# GOVERNANCE MODEL

## 2.2 GOVERNANCE BODIES

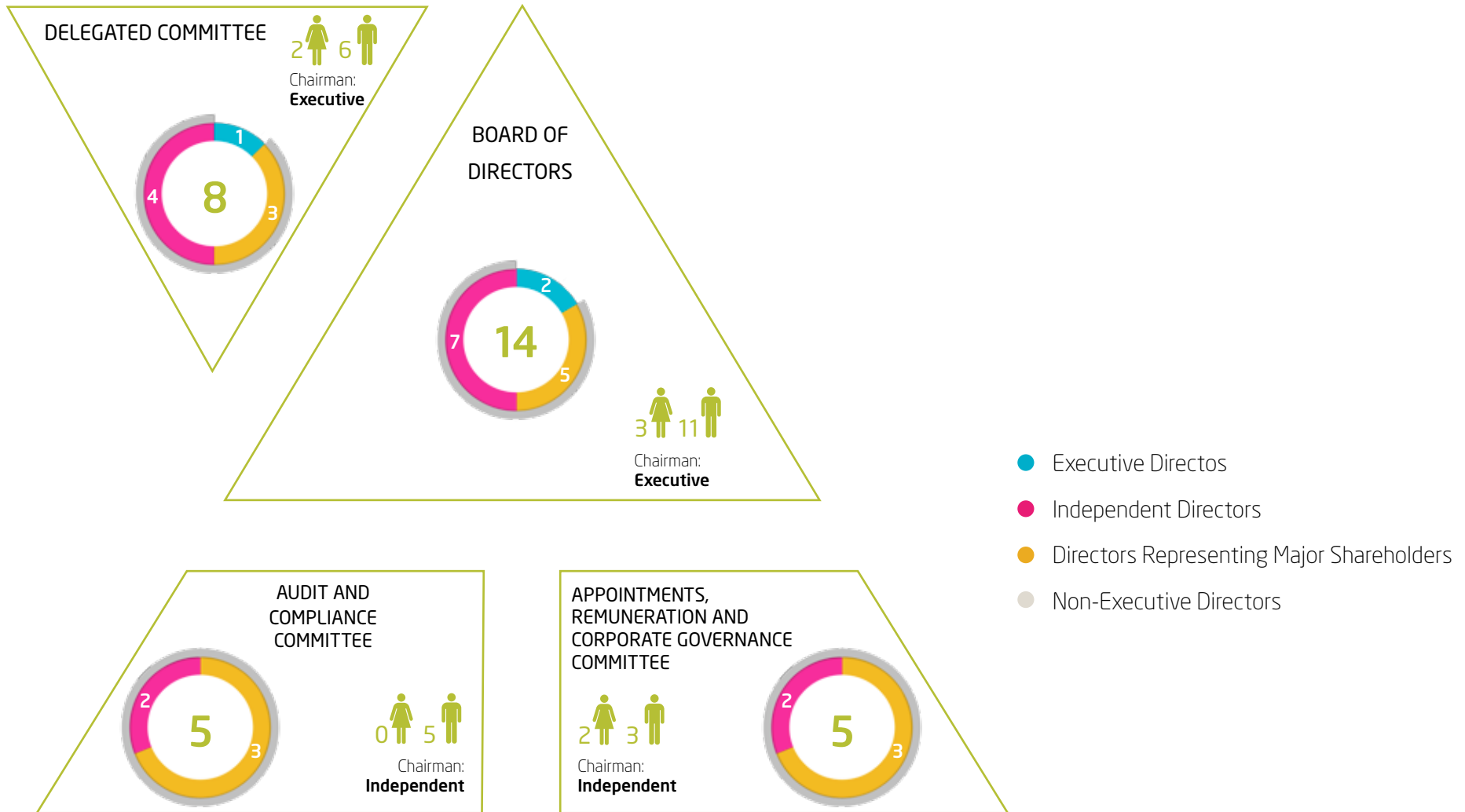


1. Executives
2. Representing Medición y Diagnósticos S.A., subsidiary of the shareholder Caja Madrid
3. Representing Administradora Valtenas S.L., subsidiary of CajAstur
4. Representing Participaciones y Cartera de Inversión S.L., subsidiary of Caja Madrid
5. Representing Casa Grande de Cartagena, S.L.

Composition of the Governing Bodies on 31st December 2012

# GOVERNANCE MODEL

## 2.2 GOVERNANCE BODIES



## GOVERNANCE MODEL

# 2.3 DUTIES

As established by Indra's "Regulations of the Board of Directors and its Committees", the company has 3 committees to which the Board of Directors delegates duties:

- Delegated Committee.
- Audit and Compliance Committee.
- Appointments, Remuneration and Corporate Governance Committee

The Audit and Compliance Committee and the Appointments, Remuneration and Corporate Governance Committee have powers regarding data, advice and proposals to the Board.

The three committees must always inform the Board of the matters that are dealt with and the resolutions that are adopted in their sessions. Except in the case of the Delegated Committee, the decisions made by the committees are considered to be proposals for resolutions or reports for the Board.

Below is a description of the duties of the Board and each of its Committees.

<sup>1</sup> <http://www.indracompany.com/accionistas/reglamentos-internos>

## Board of Directors

The Board of Directors is the most senior governing body of the Company, except for those duties reserved exclusively for the General Meeting.

The main duty of the Board is to ensure that the executive bodies and the management team act in accordance with approved strategies and defined objectives.

Specifically, in accordance with article 14 of the Board Regulations, the Board of Directors is responsible for the approval of:

- > The annual strategy, objectives and budgets.
- > The risk management policy and the definition of the control and information systems.
- > The financing, treasury shares and shareholder remuneration policy.
- > The corporate structure.
- > The acquisition or disposal of assets worth more than 30 million euros.
- > Related transactions, in accordance with legal and internal regulations.
- > The creation or acquisition of stakes in special purpose entities or in territories considered to be tax havens.

- > The policy for communicating with shareholders, markets and public opinion in general. Specifically:
  - a. The preparation and approval of the Annual Accounts and the information submitted for the approval of the General Meeting.
  - b. The approval of periodic financial information.
- > Proposals for the remuneration of directors.
- > The appointment and contractual conditions of Senior Managers.
- > The general Corporate Responsibility policies.
- > The Corporate Governance policies, the operating rules for the Board and its Committees, and their assessment.

**The main duty of the Board** is to ensure that the executive bodies and the management team act in accordance with approved strategies and defined objectives.

## Delegated Committee

The Delegated Committee is responsible for monitoring the company's businesses and operations, except for the aforementioned duties assigned to the Board of Directors.

Also, in cases where it is warranted by the importance of the matter, the resolutions adopted by the Committee shall be submitted for ratification by the full Board. This shall also apply for any matters the Board sends to the Delegated Committee for examination, for which the Board reserves the right to make the final decision.

**The Delegated Committee** is responsible for monitoring the company's businesses and operations.

## Audit and Compliance Committee

The responsibilities and competencies of the Audit and Compliance Committee are included in article 31 of the Articles of Association and in article 19 of the Board Regulations:

### > To supervise financial information

- > To supervise the preparation and submission of regulated financial information.
- > To inform the Board regarding the financial information that the Company must make public periodically. The Committee must ensure all quarterly and six-monthly accounts are drawn up following the same accounting criteria as the annual accounts.

### > To review the internal control and risk management systems.

- > To supervise the effectiveness of the Company's internal control, internal auditing and risk management systems.
- > To ensure the independence and effectiveness of internal audit duties.
- > To propose the responsible party and the budget for the internal audit service.
- > To ensure that Senior Managers consider the conclusions and recommendations contained in the reports by the Internal Audit service.

- > To establish and supervise the operation of a procedure that will enable employees to communicate with the Committee confidentially regarding potentially important irregularities.

### > To manage the relationship with the external auditor

- > To act as a communication channel between the Board and external auditors.
- > To assess the management team's response to recommendations.
- > To submit the proposal for appointing external auditors.
- > To assess the work of external auditors and its independence.

### > To inform the Board about the creation or acquisition of holding companies or companies registered in tax havens.

### > To review informative brochures for admission to securities trading.

### > To inform the General Shareholders Meeting about matters for which it is responsible.

**The Audit and Compliance Committee** supervises financial information, reviews the internal control, manages the relationship with the external auditor.



## Appointments, Remuneration and Corporate Governance Committee

The Appointments, Remuneration and Corporate Governance Committee has the following responsibilities, as stated in article 20 of the Board Regulations:

### > To report on the composition and operation of the Board of Directors and Board of Advisers

- > To report on the professional profiles required and the selection criteria. The Committee shall ensure that the selection procedures include criteria that promote gender diversity.
- > To assess the suitability of the knowledge, skills and experience of the proposed individuals.
- > To verify that the nature/type of board members is maintained: independent, representing substantial shareholders or executive.
- > To submit a report to the Board for the purpose of the annual assessment by the Chairman of the Board.
- > Prior to the re-election, to submit a report to the Board regarding its prior performance.
- > To report proposals for appointments or removals of the

Secretary and Vice Secretary of the Board.

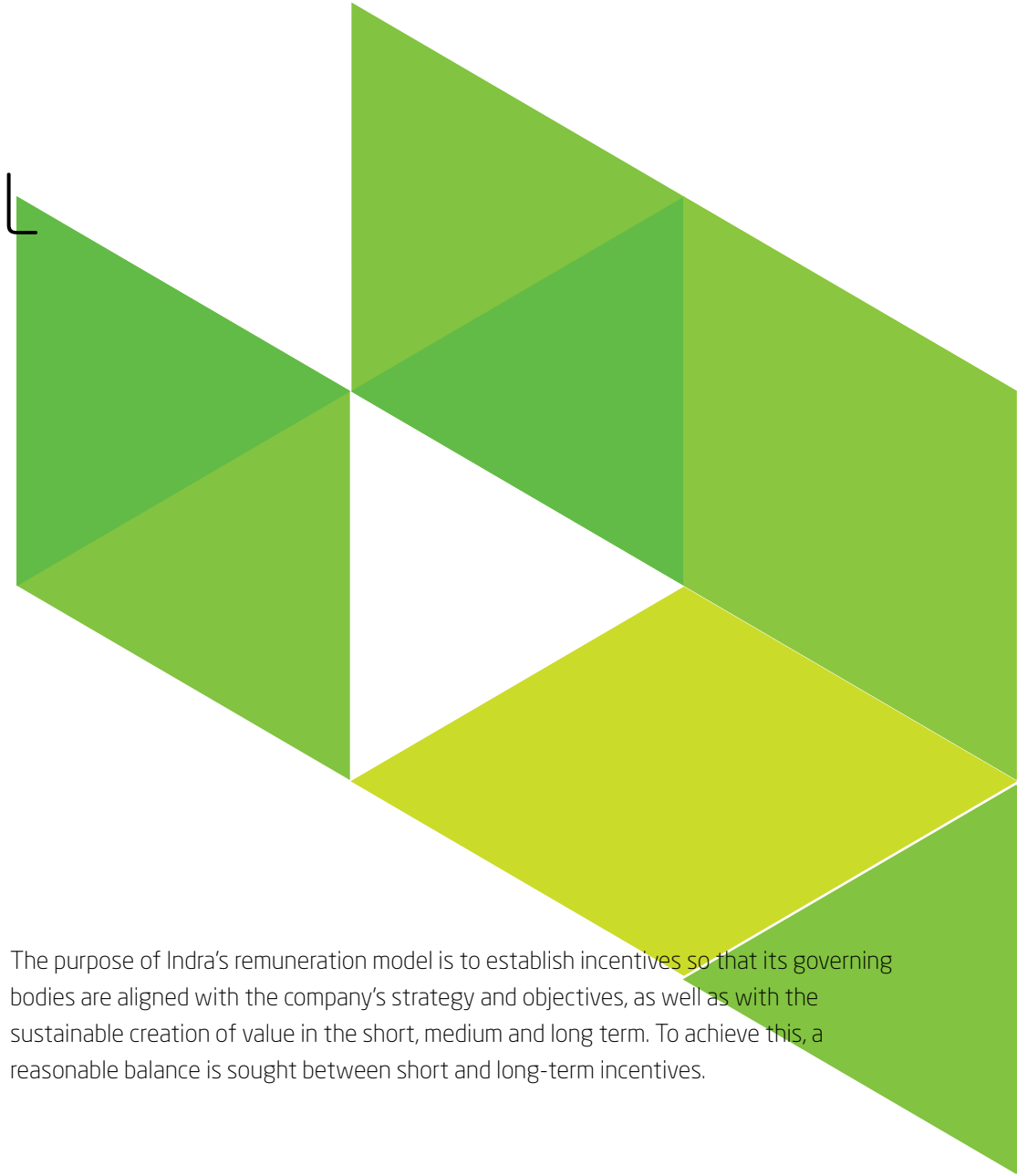
- > To submit proposals to the Board regarding the system, members and remuneration amounts for directors.
- > To inform the Board about succession planning for the Chairman and Senior Managers.
- > **To review the rules for Corporate Governance and Corporate Responsibility.**
- > To regularly analyse the policy, rules, procedures, practices, efficiency and compliance of the Company in the area of Corporate Governance and Corporate Responsibility.
- > To submit to the Board the changes that it believes are necessary for the Company's rules of Corporate Governance.
- > **Composition and assessment of senior management:**
- > To inform the Board about proposals for appointments and removals of Senior Managers, their remuneration conditions and the terms and conditions of their employment contracts.

- > To submit a report to the Board about the annual performance evaluation of Senior Managers
- > **To inform the Board beforehand of any transactions related to directors, major shareholders or ones represented on the Board, Senior Managers or people linked to them.**
- > **To submit proposals to the Board for internal rules that will govern the operation of the Board of Advisers.**

Summarised version of the duties of Indra's governing bodies. For the detailed description, please visit:

<http://www.indracompany.com/accionistas/reglamentos-internos>

# 2.4 REMUNERATION MODEL



In this chapter:



The purpose of Indra's remuneration model is to establish incentives so that its governing bodies are aligned with the company's strategy and objectives, as well as with the sustainable creation of value in the short, medium and long term. To achieve this, a reasonable balance is sought between short and long-term incentives.

## REMUNERATION MODEL

# 2.4.1 BOARD OF DIRECTORS

REMUNERATION



SHARES  
(voluntarily)

### Adequate compensation to market levels

the directors spend part of their remuneration to acquire shares of Indra voluntarily

The remuneration for members of the Board of Directors is determined in accordance with the provisions of the Articles of Association and of the Board Regulations, and in accordance with the resolutions adopted by the General Shareholders Meeting.

Indra regularly reviews the remuneration criteria and amounts of its directors so they remain at market levels at all times and in line with the best practices and recommendations in this regard.

Remuneration structures are usually defined for three-year periods. The structure currently in force (2011-2013) was

defined in 2011 based on advice from expert independent firms (Egon Zehnder and PwC).

As a result of the expert analysis and as proposed by the Appointments, Remuneration and Corporate Governance Committee, the profit-sharing remuneration structure was abolished and therefore the remuneration of directors is composed solely of a fixed salary that is determined according to the position held by each board member. The purpose of this measure is to separate the remuneration of directors from short-term objectives and variables.

However, all the board members have announced their decision to use a large part of their remuneration (a third of the gross remuneration, which is equal to approximately 50% of the net remuneration) for the purchase of Indra shares, with a commitment to hold them until the end of their terms.

To see the individual breakdown of the total remuneration accrued by each of the members of the Board of Directors during the 2012 financial year, please see the Consolidated Annual Accounts Report of the Annual Report on the Remunerations of Directors and Senior Managers.

# REMUNERATION MODEL

## 2.4.2 SENIOR MANAGEMENT

The remuneration of the Senior Management is determined by the Board of Directors as proposed by the Appointments, Remuneration and Corporate Governance Committee. Since 2002, Indra has established the remuneration framework for its senior managers

for medium-term periods, usually of three years. The remuneration framework that is currently in force applies to 2011-2013. Independent external experts (Egon Zehnder) helped define it.

The objectives of the remuneration model are:

- To motivate the continuity of senior managers.
- To focus their management appropriately and competitively according to the situation, perspectives and objectives of Indra.

As a result, Indra's remuneration model has the components:

ANNUAL REMUNERATION		MEDIUM-TERM REMUNERATION	
<b>Fixed salary in cash</b> (fixed for the 3-year period)	<b>Variable remuneration in cash subject to objectives</b> (between 50% and 100% of the fixed salary)	<b>Variable remuneration in cash</b> (between 1.9 and 3 times the annual fixed salary)	<b>Variable remuneration in shares</b> (Between 15% and 25% of the gross remuneration)

<sup>1</sup> **Objectives** (criteria for receiving variable remuneration)

**Overall company**

- Revenues
- Order Intake
- Profitability
- Inversiones
- Working capital
- Net debt

**Individual management**

Financial:

- Revenues
- Order Intake
- Contribution margin and profitability
- Investments
- Working capital

Non-financial:

- internat. development
- Generation of new offerings
- Acquisitions and integration of new businesses
- Implementation of processes
- Cost reductions
- Mgmt improvements

<sup>2</sup> **Objectives** (criteria for receiving variable remuneration)

- Annual objectives
- Strategic medium-term objectives defined by the Board

The following criteria have been used to determine the terms and amounts of the remuneration components:

- The variable remuneration represents a substantial and even increasing portion of the total remuneration.
- The medium-term remuneration should be significant and increasing.
- The remuneration related to stock market value should be more significant, but not excessively so.

Indra believes that this remuneration model establishes incentives for ensuring the sustainable creation of value in the short, medium and long term. For additional information about the Remuneration Model, please see the Annual Report on the Remunerations of Directors and Senior Managers.

## GOVERNANCE MODEL

# 2.5 CONTROL AND AUDITING



Since 1999, Indra has had an Audit and Compliance Committee that, among other duties, is responsible for supervising the effectiveness of the company's internal control, internal audits and risk management systems, as well as discussing with external auditors any significant weaknesses of the internal control system detected during audits.

A description of the Committee's duties appears in the "Duties of Bodies" chapter. Additional information is available at: <http://www.indracompany.com/accionistas/organos-de-gobierno>

For a detailed description of the Audit and Compliance Committee's activities during the financial year, please refer to the Committee's Annual Report, which is available at: <http://www.indracompany.com/accionistas/memoria-anual-de-la-comision-de-auditoria>

### INTERNAL AUDIT

Indra has an Internal Audit department that reports to the Audit and Compliance Committee and reviews the company's various operational and corporate processes/units in order to

determine whether the controls established for mitigating the company's inherent risks are sufficient and work properly.

The Audit and Compliance Committee is responsible for supervising the operation of the company's Internal Audit department and for reviewing the appointment and replacement of its supervisors.

Within the framework of this duty, the Committee supervised the actions of the Internal Audit Department during the 2012 financial year, which is the final financial year of the 2008-2012 Comprehensive Audit Plan.

The Internal Audit department informed the Committee about the degree of implementation of the recommendations made following the corresponding reviews, recommendations pending implementation and the estimated time periods for their execution.

As part of this supervisory work, in 2012 the Committee reviewed the Annual Internal Audit Report for the 2011 financial year and periodically assessed the actions taken and the reports issued by the Internal Audit department in

the review of the company's various organisational areas as well as of the management and control processes.

The Committee also approved the 2012 Annual Internal Audit Plan and its proposed update so it may be adapted to the company's new Risk Map.

During the 2012 financial year, a new Internal Audit Director was appointed, Natalia Fernández, replacing the former director, Odonel Hernández, who left the company. The Committee reviewed the replacement process and approved the selected candidate.

In 2012, the former Internal Audit Director and his successor appeared before the Committee in a total of three sessions.

### INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Committee is also responsible for inspecting and verifying the suitability and integrity of the financial information process as well as the correct operation of the company's internal control and risk management systems.

Within the framework of these duties, the Committee has met with the people responsible for several of the company's corporate areas in order to be informed about their status and operation, as well as to supervise the operation of information and control processes. In these meetings, aside from being informed about the above matters, the Committee also carried out active supervision by issuing recommendations for the improvement of internal control and risk management systems, which were then implemented by these areas.

### **Global Risk Management and internal control model**

In 2011, in response to growing interest from the markets, stakeholders and the recommendations of the Spanish Stock Market Commission (CNMV), Indra established a voluntary review process for its Internal Control System for Financial Information (SCIIF) with the following basic objectives:

1. To achieve improvements in the efficiency and security of financial information processes and to minimise the possibility of errors.
2. To comply with new regulatory requirements in the area of internal control and corporate governance, and to quickly adopt the best international practices.
3. To position the company as one of the leading players in terms of internal control and corporate governance.

In its Annual Corporate Governance Report for the 2011 financial year (just as in 2012), Indra included a description of its SCIIF by following the 16 basic indicators recommended by the CNMV and submitted the system's design and operation to an external audit.

In 2012, Indra carried out an assessment of its SCIIF with the verification of the Internal Audit Management Department.

The Global Risk Director also appeared before the Committee on two occasions to explain updates to the Risk Map, the action plans associated to identified risks, and the implementation status of the SCIIF, primarily in subsidiaries outside of Spain.

### **INSURANCE MANAGEMENT**

Indra has an insurance programme that includes different types of insurance (property, civil liability, transport and goods, as well as personal insurance for employees) with their respective coverage, premiums and capital covered, the preventative measures applied, the loss ratios for each type, and international insurance management.

### **CORPORATE CONTROL**

In 2012, a control procedure for subsidiaries outside of Spain was implemented.

Also, in certain geographic areas such as Latin America, the duties of administration and management control were separated by appointing a specific management control director for the region.

Finally, Indra implemented its SCIIF in Mexico, Colombia and Brazil.

### **CODE OF ETHICS AND OF PROFESSIONAL CONDUCT AND COMPLIANCE PROGRAMME**

After the Code of Ethics and Professional Conduct was updated at the end of 2009, in 2010 it was implemented in the various companies that comprise Indra.

Also, as part of the Code's implementation and update, in 2012 a "Compliance Programme" containing the policies and procedures that specified the values and principles of the Code of Ethics was published in Spain. In 2013, this Programme will be expanded and adapted to the other countries where Indra is present.

The Compliance Programme represents another step forward in Indra's commitment to continuous improvement in order to position itself at the highest standards of integrity and professionalism in its operations. The Compliance Unit is the body responsible for resolving any issues that may arise in relation to the application and interpretation of the Compliance Programme.

Also, in 2011, several training actions were launched, such as including a module about the Code of Ethics and Professional Conduct in the orientation sessions for new professionals hired by the company or the implementation of an online training module titled "Indra. Who We Are, Our Values, Brand and Work Methods" that includes a chapter specially dedicated to the Code.

Training was significantly improved in 2012 with the launch of a specific plan aimed at all the company's professionals for the Compliance Programme and the Code of Ethics

and Professional Conduct. Training took place during the 2012 financial year in all Indra companies in Spain, and the objective for 2013 is to expand training to the other countries where Indra operates.

The training plan is based on biannual activities, so all professionals will receive training on the Compliance Programme and the Code of Ethics every two years.

In 2012, Indra's Compliance Unit received 24 communications regarding the Code of Ethics and Professional Conduct, the Compliance Programme and the Supplier Code of Ethics. Most of the communications were general enquiries about the Code's operation (seven communications), minor complaints that did not require disciplinary measures (six communications), and reports of violations for which the Compliance Unit did not find any proof (eight communications). Two of the communications are still pending resolution. Disciplinary measures were only required in one case:

Indra's internal control and risk management system considers other aspects related to data security, project management, human resources, quality and the environment, administration, tax, purchasing and foreign trade, treasury, secretary of the board or the management of intellectual and industrial property rights. Additional information can be found about these items in the corresponding chapters of this Annual Report or in the Report prepared by the Audit and Compliance Committee.

**Incidents**

**Resolution**

**Unfair competition in Spain**

1 communication received

After the corresponding investigation, evidence was found that justified the dismissal of one professional and the suspension without pay of another.

**Non-compliances regarding information systems**

162 non-compliances of minor importance related to data security

Warning given to offenders

Use of unlicensed software

Repayment of amounts equal to the licence cost by the professionals responsible for installing the software or a proportional suspension without pay.



## 2.6 SUSTAINABILITY MANAGEMENT

### Corporate Responsibility to ensure our sustainability

For us, Corporate Responsibility, as a means of ensuring our sustainability, must be integrated throughout the organisation and aligned with our business and objectives. Therefore, at Indra we have established a decentralised corporate responsibility management system across the various management areas that is integrated throughout the organisation.

The Appointments, Remuneration and Corporate Governance Committee, which reports directly to the Board of Directors, is responsible for analysing Indra's Corporate Responsibility policies, regulations, procedures and practices. In addition, one of the duties of the Board of Directors is to approve general Corporate Responsibility policies. The duty of Corporate Responsibility is handled by Emma Fernández, Talent, Innovation, Strategy Senior Vice President.

Corporate Responsibility, as a means of ensuring our sustainability, must be integrated throughout the organisation and aligned with our business and objectives.

### The Master Plan for corporate responsibility

At the end of 2003, Indra decided to reassess and boost its actions in the area of Corporate Responsibility with the aim of promoting its role as a corporate citizen in line with its business objectives and making a value contribution to society as a whole. This led to the Master Plan for Corporate Responsibility, which aims to instil uniformity in all the company's policies and actions in the area of responsibility, and to establish indicators that allow improved accountability and public communication.

The Plan is reviewed annually with the participation of those internal employees who are responsible for the relations with each of Indra's stakeholders. The Master Plan establishes the appropriate framework so that Corporate Responsibility may highlight the distinctive level of promotion of knowledge and innovation in the company, and that it be aligned with the business objectives. Indra has a decentralised sustainability management model that involves the main corporate departments.

The Master Plan includes the policies, programmes and actions that the company should carry out, and they are divided into two areas:

- Stakeholder integration: Improving communication and channels for listening.
- Innovating the company's management in order to improve its sustainability.

## Management Approaches

In line with the requirements set out in the Global Reporting Initiative's Sustainability Reporting Guidelines (version G3.1), at Indra we state our management approaches explicitly in terms of our economic performance, environmental management, labour practices, work ethic, human rights and our impact on the community and society as a whole.

ECONOMIC PERFORMANCE	ENVIRONMENTAL MANAG.	LABOUR PRACTICES AND WORK ETHIC	HUMAN RIGHTS	COMMUNITIES AND SOCIETY
<ul style="list-style-type: none"> <li>&gt; Economic sustainability and profitability.</li> <li>&gt; Creation of wealth for society.</li> <li>&gt; Financial management and transparency.</li> <li>&gt; Creation of local, knowledge-intensive employment.</li> <li>&gt; Partnerships with knowledge institutions and providers for the creation of value.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Commitment to innovation for environmental sustainability.</li> <li>&gt; Minimising the impact of processes and systems.</li> <li>&gt; Progressive certification of all work centres under the ISO 14001 standard.</li> <li>&gt; Reduction of energy and raw materials consumption.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; People as the focus of innovation.</li> <li>&gt; The diversity of its professionals (understood as described in the company's Code of Ethics and Professional Conduct as a lever for innovation.</li> <li>&gt; Code of Ethics and Professional Conduct.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Endorsement of the Global Compact since 2004.</li> <li>&gt; Commitment to the Universal Declaration of Human Rights, the ILO Declaration and OECD Guidelines.</li> <li>&gt; Free market principles.</li> <li>&gt; Respect for the legal system in force in each country.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Innovation in technological solutions and services in order to contribute towards improving quality of life.</li> <li>&gt; Knowledge institutions as a target audience.</li> </ul>

Table: Summary of management approaches. For further information, visit: <http://www.indracompany.com/sostenibilidad-e-innovacion/>

Since 2007, we have been redefining these approaches through a consultation and participation process with all the people responsible internally for managing relations with each stakeholder. This process has resulted in an updated version of our Corporate Responsibility Master Plan.

Indra has identified the following stakeholders:



## GOVERNANCE MODEL

# 2.6.1 RECOGNITIONS

### SUMMARY OF EXTERNAL ASSESSMENTS REGARDING CORPORATE RESPONSIBILITY AT INDRA

	Indexes	Comments
<b>DOW JONES SUSTAINABILITY INDEXES MEMBER 2012/2013</b>	Dow Jones Sustainability World Index. Dow Jones Sustainability Index STOXX	Members since 2006. Leaders of the "Computer Services and Internet" sub-sector in 2007, 2008 and 2010
<b>OEKOM</b>	Global Challenges Index OEKOM	Members since 2010. B Prime rating.

### SUMMARY OF REPUTATION MONITORS

	Monitor	Comments
<b>MERCO</b>	Monitor Español de Reputación Corporativa (Spanish Corporate Reputation Monitor).	MercoCOMPANIES: Ranking 17 (27 in 2011) MercoLEADERS: Ranking 43 (44 in 2011) MercoPEOPLE: Ranking 28 (32 in 2011)

### SUMMARY OF AWARDS AND RECOGNITIONS

	Awards and recognitions	Comments
<b>ROBECOSAM</b>	Silver class	Awarded by the Sustainability Yearbook

## SUMMARY OF CORPORATE RESPONSIBILITY OBSERVATORIES

	Score and ranking	Main conclusions
<b>OBSERVATORY ON CORPORATE SOCIAL RESPONSIBILITY</b>	<ul style="list-style-type: none"> <li>&gt; 2012: Ranking 5. 1.84 points out of 4</li> <li>&gt; 2011: Ranking 7. 1.77 points</li> <li>&gt; 2010: Ranking 9. 1.66 points</li> </ul>	<p>The report recognises the improved exposure of Corporate Responsibility contents in Indra's Annual Report, as well as improvements to corporate governance regulations.</p> <p>Some of the areas for improvement identified by the report continue to include, just as in previous years:</p> <ul style="list-style-type: none"> <li>&gt; The mention of operating impacts that have not been considered.</li> <li>&gt; More information by country.</li> <li>&gt; Additional information about the management of Corporate Responsibility in the value chain.</li> </ul>
<b>OBSERVATORY ON CORPORATE SOCIAL RESPONSIBILITY</b>	<ul style="list-style-type: none"> <li>&gt; 2012: Ranking 3. 67 points out of 100</li> <li>&gt; 2011: Ranking 3. 66 points.</li> <li>&gt; 2010: Ranking 3. 61 points</li> </ul>	<p>The areas where Indra has obtained the highest scores are:</p> <ul style="list-style-type: none"> <li>&gt; Products and services that address social needs and change initiatives in order to favour responsible production and consumption</li> <li>&gt; Environmental management systems</li> <li>&gt; Overall effort in the area of investing in R&amp;D and promoting the sustainable use of natural resources</li> </ul> <p>On the other hand, the main areas for improvement refer to:</p> <ul style="list-style-type: none"> <li>&gt; Equal opportunities and the elimination of all forms of discrimination</li> <li>&gt; Salaries and social benefits, economic stakes and fairness</li> <li>&gt; Responsible behaviour in all countries and contributing towards the development objectives promoted by international institutions</li> </ul>

## 2.7 OUR COMMITMENTS

Indra's exposure to the various risks associated to its operations and the demand from its stakeholders for information about the company's principles of action have led Indra to make public statements regarding its position on a range of business risks and corporate behaviour. Such cases include risks of corruption and bribery, presence in tax havens, lobbying policies, the defence of human rights, relationships with the public sector, and climate change.

In some cases, these statements of principles have been linked to the company's adhesion to certain initiatives, such as the Global Compact and in 2011, the Women's Empowerment Principles.

In general, the company internally applies its public commitments through its Code of Ethics and Professional Conduct and its Compliance Programme.

The Code of Ethics and Professional Conduct is based on a series of principles drawn from the company's corporate values that must guide its work, its use of resources and the everyday actions of all Indra employees.

Adherence to the code is mandatory for all employees, regardless of the country, category, condition or company to which they belong.

For its part, the Compliance Programme, which was published in 2012 to develop and update the Code of Ethics, establishes policies and procedures stemming from the values and principles laid down in the code.

The Compliance Programme represents another step forward in Indra's commitment to continuous improvement in order to position itself at the highest standards of integrity and professionalism in its operations.

The Compliance Unit is the body responsible for resolving any issues that may arise in relation to the application and interpretation of the Compliance Programme.

The main commitments publicly assumed by the company in its various management areas are described below.

## ON COMMERCIAL ACTIVITY AND CUSTOMER RELATIONS

### INDRA'S MANAGEMENT OF THE RISK OF CORRUPTION

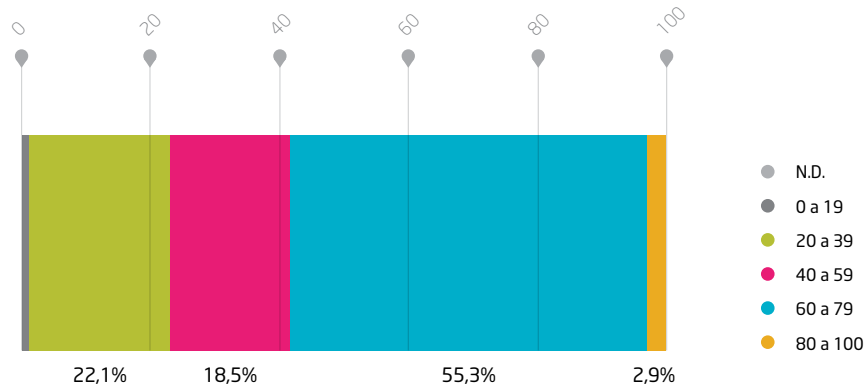
Indra carries out operations in 128 countries around the world, which means that it has had to deal with varying levels of transparency.

Specifically, in 2012, 58% of Indra's revenues were generated in countries with high levels of transparency (a score of more than 60 out of 100 according to Transparency International's index), whereas the rest were produced in countries with a relatively high risk of

corruption. This percentage has shown a downward trend in the last two years (72% in 2011 and 77% in 2010), reflecting Indra's increased exposure to emerging markets, which are the focus of its geographic growth strategy due to their potential.

To mitigate the risks of corruption and bribery in its operations and, in particular, those arising from increased exposure to countries with a low degree of transparency, Indra is strengthening the implementation of its ethical and professional conduct policies through initiatives such as updating the Code of Ethics and Professional Conduct in 2009, creating the Compliance Unit in 2011, developing the Compliance Programme, and launching specific modules for the Compliance Programme in 2012 and 2013.

Indra is aware that it must conduct its business activity not only in accordance with the law and the conditions of the free market and fair competition, but also in an ethical and transparent manner.



Graph: Distribution of Indra's revenues by the level of transparency of the countries where they are produced. Source: Transparency International, Corruption Perceptions Index 2012 <http://www.transparency.org/cpi2012/results> Prepared by the authors.

The company has also extended this commitment to all its professionals by means of its Code of Ethics and Professional Conduct, which expressly instructs its employees in the third article: "To refuse to participate in any acts of bribery when dealing with authorities and/or government employees, or to offer or grant to senior management, employees or external collaborators any benefits or advantages of any nature that are outside the realm of lawful market practices or which could be construed as being aimed at inappropriately influencing the normal progress of the commercial, administrative or professional relationships that Indra takes part in."

With the aim of involving all its professionals in the fight against corruption, Indra annually carries out various training actions and has placed at the disposal of its employees a tool for communicating any doubts they may have with regard to their work (Direct Channel).

Moreover, Indra maintains a policy of total transparency

with respect to corruption incidents related to the company's Code of Ethics and Professional Conduct. As indicated in the Code of Ethics and Professional Conduct section in the "Auditing and Internal Control" chapter of this report, in 2012 Indra did not register any incidents related to corruption or bribery.

Furthermore, Indra has an Internal Audit department that reports to the Audit and Compliance Committee of the Board of Directors. Its purpose is to review the various processes/units of the company in order to determine whether the controls established for mitigating the risks inherent to the company are sufficient and function correctly.

### **RELATIONSHIP WITH GOVERNMENTS**

Indra believes that it must carry out its business activities not only in accordance with the law and the conditions of the free market, but also in an ethical and transparent manner.

As a company that operates in the global market, it is aware of the importance of acting independently of governments and political powers, whether national, regional or local. Indra's presence in all the countries where it operates is governed by respect for their legislation and by cordial relations with public bodies and governments, always in accordance with the principles of transparency and ethical behaviour.

Taking into account the range of information technology services and solutions that Indra provides, the company's customer base includes a variety of public institutions and administrations.

In this context, the fight against bribery and corruption is a top commitment. Only under this principle can we combat situations whose consequences might compromise the free market, cause instability, inequality or insecurity on all levels, and prevent economic and social development to the detriment of the weakest.

Indra is committed to the fight against bribery and facilitating payments, as well as all forms of active and passive corruption. Accordingly, it declares that it does not make any political contributions to any parties and it publicly reports, in accordance with its transparency and accountability policy, all contributions made to non-profit entities.

### **INDRA AND LOBBIES**

In various markets, lobbies are recognised and regulated, and they constitute a legitimate scope of action before legislators and administrations, characterised by the transparency and public knowledge of these activities. Companies, as well as associations and organisations with commercial or other interests, such as non-profit entities, contract professional lobbyists who operate on their behalf before legislative authorities and public representatives, informing them of the specific technical aspects that

could be in play should a particular piece of legislation point in one direction or another. Lobbying is completely legal in these markets and always public--in terms of whom the lobbyists work for and the fees they receive as professionals--and closely regulated, forming part of the legitimate activity that companies and other organisations can carry out in defence of their interests and as agents of public life.

In this area, Indra states that it does not carry out any actions with the objective of modifying governmental policies. Indra's relationships with administrations are exclusively based on commercial or administrative purposes, and always within the framework of the law.

Specifically, Indra's subsidiaries in the US have commercial relationships with law firms since this is the method used in that country to manage and obtain information about contracts, subsidies and aid.

These contributions are made in compliance with applicable legislation on the subject and said activities are publicly declared. This information is available at: <https://lda.congress.gov/lc/home.aspx>

### **SUPPORT FOR THE FREE MARKET AND FAIR COMPETITION**

Indra's Compliance Programme includes various policies aimed at ensuring that the company's behaviour favours the free market and fair competition, in order to contribute



towards better quality goods and services on the market, reasonable price levels and an efficient market structure. The policies that comprise the Compliance Programme cover professional courtesy, donations and sponsorships, conflicts of interest, and public subsidies and aid.

In general, these policies aim to remove all types of restrictions to free competition and, specifically, those to which Indra is most exposed due to the type of activity it carries out: vertical agreements between buyers and sellers, and fraudulent aid grants from the state. The technological services sector is intensely competitive and highly fragmented, so other types of restrictions to free competition, such as horizontal agreements between competitors and abuse of a dominant position, are much less likely.

### **RESPONSIBLE MARKETING**

Indra's activity is not highly exposed to risks arising from unfair or abusive commercial practices because the services it provides are regulated by means of contracts based on requirements set by the customers themselves.

Moreover, contracts are often the result of bidding processes in which Indra openly competes with other companies. Indra's policies on respecting the free market and fair competition described above should also be taken into account in this sense.

In any case, Indra manifests its commitment to providing existing and potential customers with objective, complete,

clear and true information with respect to the solutions and services it provides, in all the communications it issues through all the channels it uses (website, press releases, media advertising, temporary architectural elements, commercial documentation, etc.).

Furthermore, Indra has numerous policies and initiatives to ensure the rights of its customers are respected and to suitably manage relations with them. These policies and initiatives are described in detail in the "Customers" chapter of this annual report.

### **FOREIGN TRADE POLICY FOR DEFENCE AND DUAL USE MATERIALS**

One of the objectives for most countries in the area of security is to prevent the illicit trafficking of defence materials and sensitive technologies to other states that could act against their security interests or become involved in terrorist activities. As a result, the exportation and importation of Defence and Dual Use Materials are activities subject to governmental control on a national level. Nearly all exportations and a large proportion of importations of Defence and Dual Use Materials are subject to authorisation or licences and, in cases in which a specific exportation or importation is not subject to authorisation or licences, it is also usual practice for the customer to require certification issued by the competent authority that the operation is in fact not subject to authorisation or licences.

In most countries there are full or partial prohibitions on the exportation of Defence and Dual Use Materials to certain countries ("countries with embargoes").

Indra is committed to the responsible trade of defence and dual use technological materials that contributes to stability, security and peace. As a result, Indra's Compliance Programme requires the most rigorous application of the legislation in force by all its professionals.

Moreover, the processing of licences or authorisations not only affects Indra as an exporter or importer, but also its suppliers, which are required to obtain from the authorities in their countries the licences or authorisations necessary for exporting their materials and technologies.

### **POLICY ON INFORMATION SECURITY**

Indra's Code of Ethics and Professional Conduct stresses how important it is for the company, given the nature of its activity, to maintain the confidentiality of the information it works with, including know-how, intellectual and industrial property, and other intangible assets owned by Indra or any third parties it deals with. It also requires all company professionals to properly use, maintain and manage the resources (technological, economic and material, among others) that Indra places at their disposal for their work.

Based on these general principles, the Compliance Programme develops a General Policy on Information Security that pays special attention to Indra's industrial and intellectual property rights as well as those of third parties, the integrity of information systems and data protection. The "Customers" chapter of this report contains more detailed information about the company's policies and strategy as well as its performance in 2012 in this area.

## ON RELATIONSHIPS WITH LOCAL COMMUNITIES AND THE ENVIRONMENT

### INDRA'S PRESENCE IN TAX HAVENS IN 2012

Indra's activity in countries considered to be tax havens is not fiscally motivated. Instead, its aim is to develop the company's international business, always with the approval of the Audit and Compliance Committee and the Board of Directors.

Specifically, in 2012, Indra had a significant presence or carried out projects in the following countries that are considered to be tax havens according to the latest list published by the OECD or the Tax Justice Network organisation .

- > The Philippines: Indra has a work centre in the Philippines with over 700 professionals; it forms part of the company's Software Labs and supports Indra's operations all over the world. The company also carries out major projects in this country, such as managing the commercial service for Manila's water companies (Maynilad and Manila Water) and modernising the country's justice administration system. Moreover, Indra's commitment to the local community in the Philippines is evident in a number of social action projects. For additional information, please see <http://www.indracompany.com/pais/filipinas>
- > Panama: the company's presence consists of a work centre with 170 professionals that, as part of the network of Software Labs, supports Indra's operations

around the world. Indra also carries out major projects in Panama, such as modernising the information management systems for the Panama Maritime Authority (AMP). For additional information, please see <http://www.indracompany.com/pais/panama>

- > Bahrain: Indra has a subsidiary in the country, whose inauguration was reported in the 2011 Annual Report, that employs approximately 30 professionals to provide support for a major project in the area of healthcare

Additionally, in 2012, Indra carried out isolated activities in the following countries or territories considered by the aforementioned institutions to be tax havens: Andorra, Antigua and Barbuda, Belize, Bermuda, Cyprus, the Dominican Republic, Gibraltar, Grenada, Ireland, Luxembourg, Malta, the Netherlands, the Netherlands Antilles, Puerto Rico, the Seychelles, Singapore, Switzerland and Uruguay.

In 2012, Indra opened new offices in Norway, Saudi Arabia, Turkey and South Africa, but none of these countries is considered to be a tax haven by Spain.

As a whole, Indra's 2012 revenues in places considered to be tax havens represented 3% of the company's total revenues.

### HUMAN RIGHTS AT INDRA

Indra maintains an active policy for managing the various aspects of human rights related to work that affect its activity and relations with its professionals:

- > Child labour and forced labour: even though, given the nature of its activity, which requires highly qualified professional profiles, Indra has a low risk of incurring in child labour or forced labour situations, as a signer of the Global Compact, it openly manifests its opposition to all types of exploitation situations. In any case, Indra applies mechanisms to guarantee this: verifying the age of employees when they are hired, maintaining updated information systems that contain the personal details of each employee, controlling the work days of each employee, etc. By way of example, this report contains a graph showing the age pyramid for Indra's professionals.

Moreover, Indra extends this commitment to its suppliers by means of the Supplier Code of Ethics.

- > Freedom of association and collective bargaining: as part of the commitments assumed in the Global Compact, Indra respects the rights of its employees in terms of union affiliation and collective bargaining. Moreover, Indra's Code of Ethics and Professional Conduct establishes, as the company's basic principles of action: equal opportunities, respect for people and non-discrimination on any grounds and, specifically, union affiliations.

The "Labour Relations" section in the "Talent" chapter of this report describes the relationship model with unions in Spain.

The work conditions of Indra professionals are based on the industrial or collective agreements that are in place in the countries where the company has significant operations. Accordingly, in recent years, more than 90% of the company has been covered by a collective agreement.

Indra is present in countries where freedom of association is limited or persecuted. Notwithstanding, Indra's operations in these countries are governed by the same general principles of respect for free association and collective bargaining.

- > Non-discrimination and equality: in addition to the company's adhesion to the Global Compact, Indra has implemented various policies and initiatives to ensure non-discrimination and equality among its professionals. The Code of Ethics and Professional Conduct manifests Indra's respect for diversity, respect for people and non-discrimination, and it encourages its professionals to adopt these principles. This code is strengthened by other policies, such as the Equality Plan, the Diversity Policy, and the Protocol on Unacceptable Behaviour.
- > Promotion and job security: Indra is an important employer in the communities where it is established, and its commitment to creating and maintaining jobs is evident in the constant growth of its workforce in recent years. As a

result, in the period from 2008 to 2012, Indra's workforce grew at an annual rate (compound annual growth rate) of 12%.

- > The occupational health and safety of Indra's professionals and of those carrying out work for Indra. Indra aims to ensure the highest possible level of safety, health and well-being for its employees and for anyone who could be affected by its actions. Therefore, Indra is committed to complying with all the legal obligations that have been established in the area of occupational risk prevention.

The "Talent" chapter of this report provides an extensive description of Indra's activities in the field of occupational health and safety in 2012.

- > Salaries, benefits and work days: Since 2005, Indra has implemented specific equality and work-life balance policies for each country where it is present. The "Talent" chapter of this report contains information about the company's policies in this area and the implementation of its equality and work-life balance programmes in 2012.
- > Training: Developing talent is a fundamental aspect for a company like Indra, which is made up of knowledge professionals. Training hours increased at an annual rate (compound annual growth rate) of 18% between 2008 and 2012.

The "Talent" chapter of this report contains information and indicators on Indra's performance in this area for 2012.

## **GENERAL ENVIRONMENTAL POLICY**

Indra is aware that protecting the environment requires the commitment and collaboration of the entire organisation, which is why its Code of Ethics and Professional Conduct and, in greater detail, its Compliance Programme, require all company professionals to respect the environment.

Indra's main environmental commitments are to carry out its activities within a framework of sustainable development, and to monitor the management of the environmental aspects affected by those activities, especially with regard to waste.

The environmental management system established by Indra covers the applicable procedures for identifying and assessing the normal and potential environmental aspects that each organisation must address. Indra carries out periodic assessments of the environmental aspects derived from its operations in order to maintain and continuously improve its environmental management.

The aspects included in the environmental management system established by Indra are:

- > Spills
- > Waste generation and management
- > Ground contamination
- > Local environmental matters (noise and inconveniences)
- > Use of natural resources (water, energy, raw materials, etc.)

Moreover, in 2011, Indra completed an analysis of environmental risks in accordance with the requirements of UNE 150008:2008 at six work centres in Spain that represent the company's various activities. As a result, 3,682 risks were identified at these sites, although none were considered to be "high" or "very high" in terms of probability and seriousness with regard to the natural, human and socio-economic environment. Furthermore, the analysis showed that risks considered to be "moderate" or "medium" (2,100 in total) would be sufficiently mitigated by Indra's environmental management system.

La identificación y evaluación de los aspectos ambientales normales asociados al sistema de gestión y el análisis de riesgos ambientales permite a la compañía mantener una gestión ambiental basada en 3 principios:

- > Precaution: avoid actions that could involve an environmental risk, regardless of the seriousness they may have should they occur. Accordingly, the analysis of environmental risks has enabled
- > Prevention: avoid the environmental consequences associated with a certain action. In accordance with the conclusions obtained from the analysis of environmental risks, Indra considers it sufficient to implement an environmental management system for preventing those risks with a higher impact potential. This has led Indra to strengthen its objective of certifying two or three centres per year, in accordance with ISO 14001, as a means of mitigating the main risks associated with its operations.
- > Correction: plan the method for counteracting the

environmental consequences of a risk should it occur. There is an internal procedure in place for this that regulates emergency plans in the case of natural accidents.

As a result of Indra's identification and assessment of these aspects, and without prejudice to any modifications that may arise in the future due to the company's growth, the environmental aspects subject to Indra's internal regulations are:

- > Chemical and hazardous waste
- > Non-hazardous and bulk waste
- > Atmospheric emissions
- > Spills

For additional information about Indra's environmental policies, strategy and performance in 2012, please see the "Sustainable Environment" chapter of this report.

### POSITION ON CLIMATE CHANGE

Indra recognises that it has been scientifically proven that human activity, primarily through the process of burning fossil fuels, has a negative impact on the greenhouse effect by producing carbon, methane and nitrous oxide emissions.

Climate change and atmospheric pollution affect the natural, social and environmental systems that not only favour life on the planet, but also economic growth on the global scale and, consequently, development and well-being.

Indra has assumed the obligation of minimising its environmental impact by establishing specific policies and objectives for reducing greenhouse gas emissions and, to do so, it has undertaken the following actions:

- > Measuring and controlling its level of greenhouse gas emissions by performing periodic combustion analyses.
- > Implementing energy efficiency measures, green IT, responsible mobility of professionals and, in general, any action that reduces the energy consumed by the company, its professionals and its value chain.
- > Publicly reporting its objectives, actions and progress in the area of greenhouse gas emissions.

The "Sustainable Environment" chapter of this annual report contains information about the specific actions undertaken in 2012.

### DIGITAL DIVIDE

As a global company that operates on a worldwide scale in the area of information technology, Indra considers it important to declare its position on the digital divide and its activity in this area, to which it can make decisive contributions as a company.

#### What is the digital divide?

The term digital divide refers to difficulties or limits in terms of access to new information and communication technologies such as the Internet, mobile telephones and similar devices.

It also refers to any differences that may exist between various groups of people in accordance with their ability to use these technologies effectively, given their various levels of literacy and technological capabilities.

Finally, the digital divide concept is sometimes used to highlight differences between groups that have quality access to digital content and those who do not. Although the digital divide usually originates in differences prior to actually accessing these technologies, the position adopted by the companies and organisations that work in this area is an essential element for reducing it.

**Reasons for our involvement in minimising the divide**

As a global company, Indra operates in markets where the digital divide has a varied range of scope and meaning. Our objective is to try to minimise it. It is precisely because the profile of Indra's services and solutions lies within the scope of new technologies that their social value must be highlighted. This is why one of the company's objectives is to foster greater equality in their use and to promote quality content, resulting in a better quality of life for all.

# 3.

## BUSINESS MODEL

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**2,941 M€**

Indra revenues

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**193 M€**

I+D+i

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**38,577**

professionals

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**128**

countries

# 3. BUSINESS MODEL

In this chapter

**3.1**  
Our  
vision

**3.2**  
Key success  
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How we create  
value

**3.4**  
Our  
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**3.5**  
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**3.6**  
Impacts of  
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## **Indra is the leading Spanish multinational consulting and technology firm in Spain**

Indra is the leading Spanish multinational consulting and technology firm in Spain and one of the main players in Europe and Latin America. It offers technological solutions and services for the Transport & Traffic, Energy and Industry, Public Sector and Healthcare, Financial Services, Security and Defence, and Telecom & Media sectors.

Its 2012 revenues amounted to €2.941 billion, and its international activity now represents 57%. The company employs over 38,500 professionals and has customers in 128 countries.

It is the second European company in its sector in terms of R&D, with €193 million invested in the last year.

# BUSINESS MODEL

## 3.1 OUR VISION



### Innovation as working engine

#### Leading solutions for leading customers

Indra has always been a corporate project with a long-term vision and based on the conviction that maintaining a corporate profile focused on innovation with a strong technological base and offering top solutions to top customers allows us to generate higher growth and profitability rates, and thereby be able to create value in the short, medium and long term.

Therefore, after a consultation and feedback period with company professionals, our vision was defined as follows in 2004:

“To be an innovative and knowledge-driven company in all our relationships with internal and external stakeholders (shareholders, employees, customers, etc.), as well as with the institutions that help it to grow and develop, and with the communities in which we operate.”



## BUSINESS MODEL

# 3.2 KEY SUCCESS FACTORS

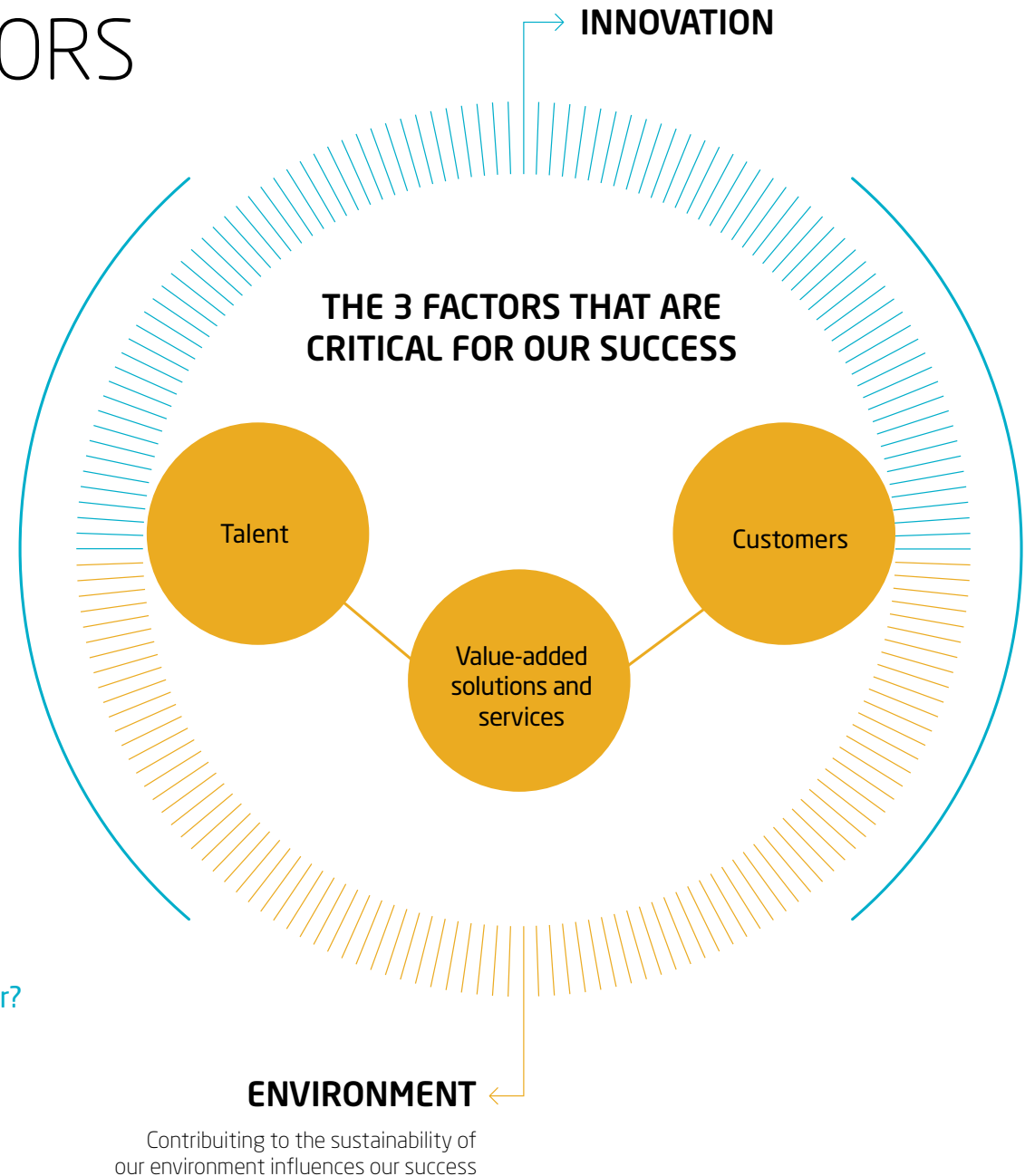
Innovation is the cornerstone of Indra's business model, the core of its sustainability as a company, and the key to differentiating its offering of solutions and services.

Using this as a starting point, Indra's business model has three critical success factors that influence the company's ability to create value in the short, medium and long term.

Indra is also aware that it could not exist without the environment that enables it to carry out its commercial activities. Therefore, Indra assumes the responsibility of making a positive contribution to the sustainability of its environment as a natural part of its business.

### How are the three critical success factors related to each other?

Indra's professionals are the people who develop the solutions and provide the value-added services that the company offers to its customers.



# BUSINESS MODEL

## 3.2.1 CUSTOMERS

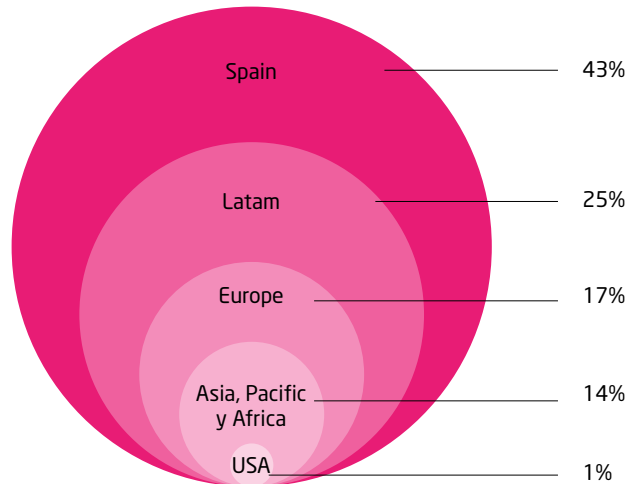
Indra's main asset is its customer base. Indra's business model is based on its objective of being the technological partner of industry-leading customers. In other words, Indra's aim is to move beyond the role of a simple supplier to become a key ally for its customers in terms of innovation in order to decisively contribute to their business objectives. The demands of these types of customers, marked by their own competitive contexts, are what drive Indra to provide high value-added innovative solutions that fully meet their needs.

Indra's objective is to build close relationships with its customers in order to obtain a significant share of their investment in technology. Its 40 biggest customers account for approximately 50% of the company's revenues.

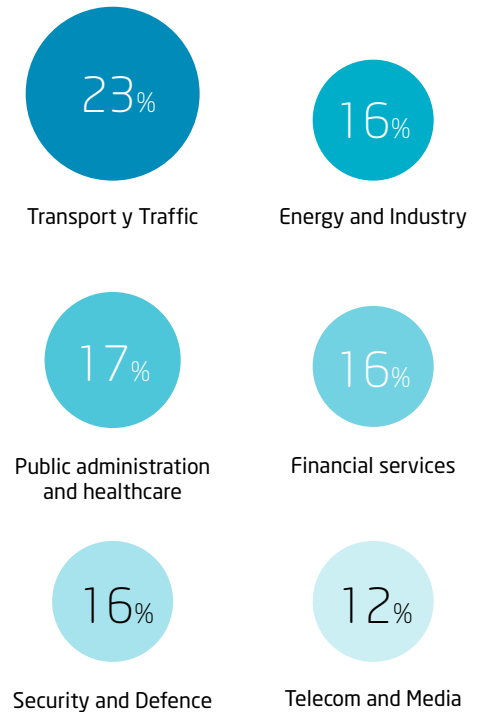
Accordingly, Indra is the go-to technology partner for Spain's global corporations as well as for a growing number of companies in the Latin American and European markets. In fact, many of Indra's solutions have been developed together with customers in response to specific needs.

Indra's in-depth understanding of the businesses of its customers enables it to establish strong relationships with them in each market. The company has a diversified market structure that provides it with balance by combining businesses that offer long-term stability with others that show great potential for growth.

**Breakdown of revenues by geographic market**



**Breakdown of revenues by vertical market**



## KEY ASPECTS

**Business and commercial strategy:** the identification and prioritisation of target markets is essential for the sustained growth of the organisation.

**Management of programmes and projects:** the integration of the company's management practices with international project management standards makes it possible to focus execution on fulfilling customer expectations and commitments.

**Product quality management:** management of the quality of the organisation's processes and of the products delivered to customers, in addition to excellence in project management, contribute to the company's competitiveness by helping ensure repeat business from customers.

**IT security:** in Indra's activity, information systems security and data privacy play a key role within the framework of its risk management. This aspect is especially relevant within the current international situation, in which threats to information security are growing at an accelerated rate and many organisations and institutions are the victims of attacks to their information systems.

**Global development and delivery capacity:** providing consultancy and technology is a key component in terms of local service and local resources in permanent contact with customers, ensuring better understanding of customer needs, improved customer service and greater cultural alignment. At the same time, the introduction of efficiency initiatives in development requires the concentration and specialisation of operations, inevitably and increasingly

resulting in the separation, even spatially, of delivery operations from development activities. In Indra's case, the company employs professionals in 45 countries to ensure delivery and customer management capabilities in the regions where it operates, whereas its development capabilities are concentrated at 21 centres in 8 countries.

## MAIN POLICIES AND INITIATIVES IN FORCE

**Commercial and customer plans:** Indra develops plans to identify and prioritise target markets and improve the management of its key accounts.

**Strategic Quality Plan:** it organises the main lines of action for the period into three strategic pillars: relevance, efficiency and globalisation.

**Quality management systems:** Indra's Quality Management System has been developed as per the requirements of the UNE-EN ISO 9001:2008 standard and other standards (PECAL 2110, PECAL 2210, UNE-EN 9100, etc.) that apply to specific areas of the company. Indra uses a number of indicators to monitor the management of quality:

- Customer satisfaction survey.
- Internal project survey.
- Process indicators.
- Audits.
- Project nonconformities.

**Measuring customer satisfaction:** customer satisfaction is a management area for which numerous efforts are dedicated, and it is manifested in the following tools:

- An annual external consultancy corporate survey carried out with a significant sample (by invoicing volume) of the customer portfolio in order to compile information on customer perceptions about the quality of the service provided.
- An internal systematic consultancy survey carried out with project managers in the project closure phase.
- The preparation of six-monthly and annual reports for tracking and analysing results.
- The constant improvement of processes directly linked to customers.

**Internal project quality audits:** all Indra companies with the ISO 9001 quality certification perform quality audits in order to verify that Indra's corporate quality criteria are effectively being met and to detect possible areas for improvement: Argentina, Australia, Brazil, Chile, China, Colombia, the Czech Republic, Italy, Mexico, Panama, Portugal, Slovakia, Spain, the United States and Uruguay. These countries account for 69% of the company's revenues. The criteria for selecting projects are based on a random and representative sample of Indra's operations. The selection may be completed with projects chosen in the event of possible complaints or suggestions from customers, significant project variances, product deficiencies or non-compliances, or when the result of previous audits performed on the project have not been satisfactory.

➤ **Procedure for processing customer complaints and claims:** this establishes how complaints and claims received from customers are to be processed in order to

resolve them effectively and satisfactorily.

- > **Customer Coordination Committee:** created in 2011, it is made up of the Quality and Environment, Corporate Control and Corporate Responsibility departments with the aim of addressing possible improvements to customer management with a combined vision.
- > **Management of programmes and projects:** this is a key aspect for Indra since operations are managed by projects. The alignment of Indra's corporate project management systems and with its methodology helps establish a solid management culture. The company has integrated the good management practices of the PMI (Project Management Institute), with an emphasis on those defined by the Practice Standard for Earned Value Management, to enable the periodic measurement of the progress of projects and their consolidation with Indra's accounting systems.
- **Corporate Project Management Office:** created in 2003, it develops the Indra Project Management Method (MIGP), the MIDAS methodology and the associated guides, as well as certain in-house project management systems, aligned with MIGP and with the PMBOK Guide published by the Project Management Institute.
- **Indra Project Management Methodology (MIGP) and corporate project management systems:** Indra has its own project management methodology and systems, adapted to the needs of its business, to guarantee the predictability, quality and efficiency of the projects and services it provides to customers.

- **Indra Methodology for Development, Adaptation and Services (MIDAS):** Indra has its own methodology to support the implementation, development and delivery of its solutions and services. It is used in conjunction with and as a complement to the Indra Project Management Method (MIGP).
- **Project management training:** Indra is strongly committed to developing the skills and knowledge of its managers in this area, and it has developed a training plan for project managers that includes the programme for PMP (Project Management Professional) certification, which annually certifies more than 100 project managers.
- > **Emphasis on the monitoring and control of projects:** development continues of the Control Station system for the coordinated review of projects in the registration and review phases.
- > **Main certificates that accredit our processes** UNE-EN ISO 9001, PECAL 21 10, PECAL 160, UNE-EN 9100, ...: Indra's quality management system is being developed in accordance with the requirements of the UNE-EN ISO 9001 standard and other standards.
- **CMMI level 3 multi-site certification for the network of Global Development Centres:** in 2011, Indra received certification for its entire network of Development Centres. This guarantees that the network operates as a single Virtual Centre and shares the same production model, methodology and tools. This drastically minimises the impact of the geographical distance, time zone differences and cultural differences between the centres.

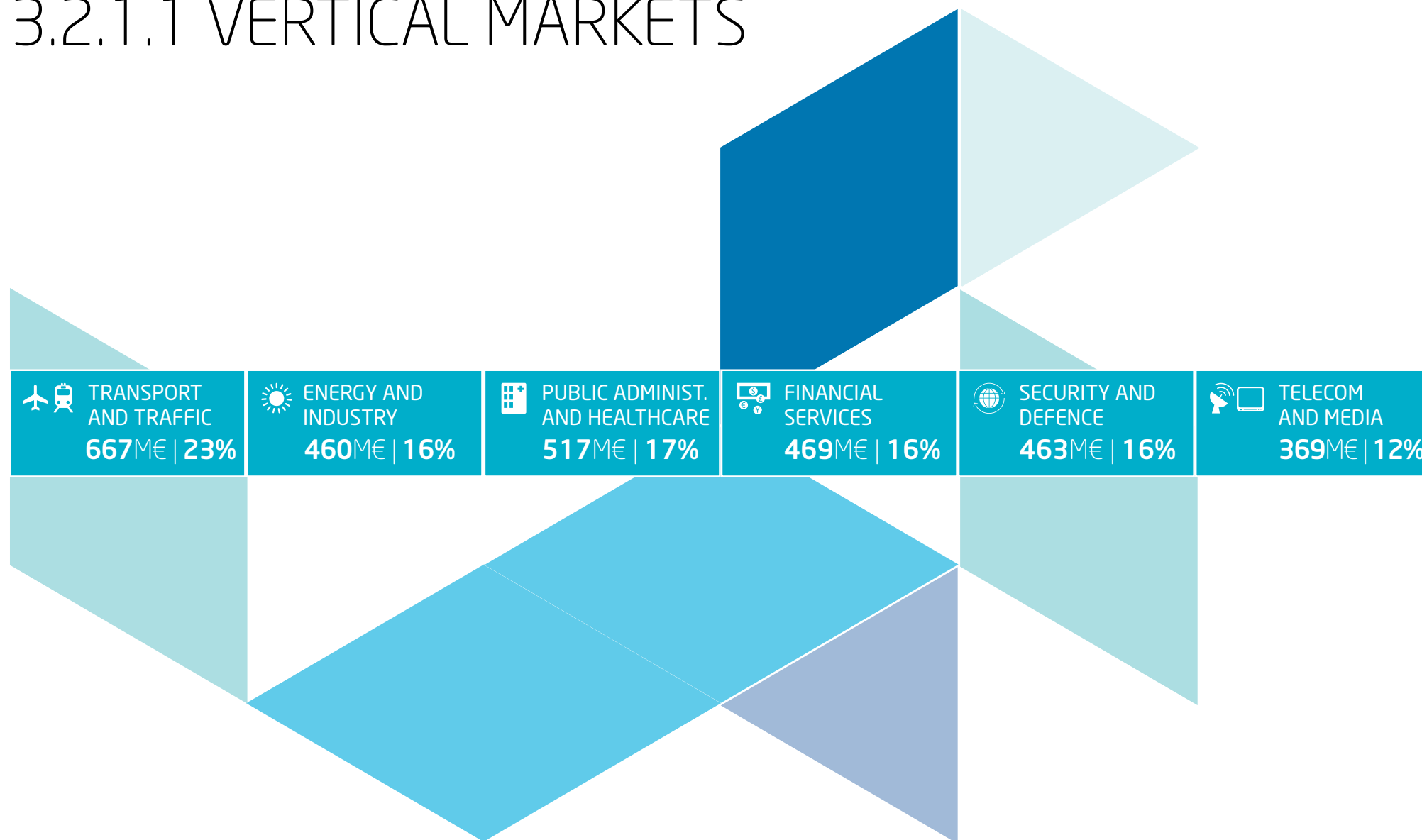
- **CMMI maximum maturity level (level 5) for the software engineering and air traffic management units** (in this case CMMI-DEV version 1.3): CMMI level 5 is the maximum degree of maturity in the model issued by the Software Engineering Institute (Carnegie Mellon University). With the implementation of level 5, Indra has achieved greater stability, productivity and predictability in its developments, as well as highly significant progress towards quantitative management that is much more objective, resulting in the increased satisfaction of its professionals and customers, verified by means of satisfaction surveys.
- **"Madrid Excelente" accreditation,** issued to Indra by the Government of the Community of Madrid for excellence in management, and renewed in 2012.
- > **Operational risks system:** Indra has a comprehensive corporate system for monitoring the risk of its operations that is aligned with the PMI's Practice Standard for Project Risk Management.
- > **IT security:** the main policies and initiatives in force are as follows:
- **Information Security Management System (ISMS):** the security management system is based on the ISO 27001 international standard for Information Security Management Systems (ISMS).
- **Information security dashboard:** this integrates all the elements considered critical for monitoring and provides information on different levels.
- **Global security committee:** this was established in 2011 for all Indra companies. It aims to improve knowledge about information security in the various

operations carried out by the company in order to adopt the most suitable strategies.

- **LISO (Local Information Security Officer):** this is a new professional profile that is fully integrated in the company's operations structure, and its objective is to ensure the security policy is applied in all activities and to identify needs. The aim is to minimise the risk to internal customers.
- **Security incident management procedure:** Indra has a procedure that establishes its action protocol in the event of security incidents that contributes to a more agile response and minimises possible consequences. .
- **Data Protection and Privacy Office:** it is responsible for ensuring that personal data is correctly processed in the markets.
- > **IT Service Management System:** Indra's management system is based on the ISO 20000-1 international standard.

BUSINESS MODEL

# 3.2.1.1 VERTICAL MARKETS



## BUSINESS MODEL

# ✈️🚆 TRANSPORT AND TRAFFIC

### OFFERING



- > Air traffic management (ATM)
- > Railway traffic management
- > Railway traffic safety management systems
- > Urban traffic systems and control of traffic violations
- > Traffic control systems for motorways, tunnels and tolls
- > Operations Support Systems (OSS) and ticketing systems
- > Communication navigation and surveillance (CNS)
- > Airports
- > Road and maritime traffic (port surveillance and one-stop shop systems)
- > Systems for contactless cards
- > Corporate and multiservice networks
- > Tetra and GSM-R communication systems
- > Outsourcing and BPO

### CUSTOMER PROFILE



- > National air traffic agencies in Spain, Germany, the United Kingdom, China, India, Oman, Australia, Turkey, Indonesia, etc.
- > Eurocontrol (European air traffic authority)
- > Railway and metropolitan operators (Renfe, ADIF, Metro, RZD, Mecca-Medina high-speed rail line, London Underground, etc.)
- > Road traffic and transport management departments and agencies: DGT, DOT, etc.
- > Motorway concessionaires.
- > Transport operators in India, Brazil, Mexico, Southeast Asia, etc.
- > Port authorities.

### GEOGRAPHIC MARKETS



- > Europe
- > Latin America
- > Asia and Pacific
- > Middle East
- > Africa



TRANSPORT  
AND TRAFFIC

667M€ | 23%



ENERGY AND  
INDUSTRY



PUBLIC ADMINIST.  
AND HEALTHCARE



FINANCIAL  
SERVICES



SECURITY AND  
DEFENCE



TELECOM  
AND MEDIA

# BUSINESS MODEL

# ENERGY AND INDUSTRY

### OFFERING



- > Commercial management solutions, distribution network management, generation and management of energy markets (trading).
- > Control systems, measurement/smart metering systems (AMI/AMR).
- > Solutions and services for managing the entire cycle of water sector companies
- > Solutions and services for the comprehensive management of the oil value chain
- > Management consultancy for energy companies
- > Enterprise business management/enterprise content management.
- > Outsourcing, cloud computing and business processes outsourcing (BPO) services
- > Implementation of ERPs •
- > Revenue accounting for airlines
- > Solutions for hotel chains

### CUSTOMER PROFILE



- > Companies specialising in the generation, transport, distribution and commercialisation of electricity: REE (Operator of the power grid in Spain), Gas Natural Fenosa (Spain), ENEL (Italy), Meralco (the Philippines), Cemig (Brazil), Elektro (Brazil).
- > Companies specialising in the production, transformation and commercialisation of oil and its derivatives: ENAGAS (Operator of the gas pipeline network in Spain), Repsol (Spain), Cepsa (Spain), Petrobras (Brazil), Ecopetrol (Colombia), Petroperú (Peru), Pemex (Mexico).
- > Water utilities and confederations, national and regional entities responsible for managing water resources: Canal de Isabel II Gestión (Spain), SABESP (Brazil), Manila Water (the Philippines), SEDAPAL (Peru), Aguas de Monterrey (Mexico), OSE (Uruguay).
- > Airlines: TAM/GOL/LAN Chile, Iberia, Azul, Jet Star
- > Companies that manufacture and distribute beverages: Cobega, Petropolis

### GEOGRAPHIC MARKETS



- > Spain and Europe
- > Latin America
- > Asia, Pacific and the Middle East
- > Africa

 <p>TRANSPORT AND TRAFFIC</p>	 <p>ENERGY AND INDUSTRY <b>460M€   16%</b></p>	 <p>PUBLIC ADMINIST. AND HEALTHCARE</p>	 <p>FINANCIAL SERVICES</p>	 <p>SECURITY AND DEFENCE</p>	 <p>TELECOM AND MEDIA</p>
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## BUSINESS MODEL

# PUBLIC ADMINISTRATION AND HEALTHCARE

### OFFERING



- > Legal Management Systems
- > Integrated Tax Management
- > Property Management Systems
- > Electronic Administration
- > Education Management System
- > Healthcare Systems and Services
- > Electoral/Vote Recount Systems
- > Outsourcing, Cloud Computing and BPO Services

### CUSTOMER PROFILE



- > Central and Regional Administrations
- > Healthcare Ministries and Agencies
- > Social Security Agencies
- > Home Offices

### GEOGRAPHIC MARKETS



- > Spain
- > Latin America
- > Asia and Pacific
- > Middle East and Africa

 TRANSPORT  
AND TRAFFIC

 ENERGY AND  
INDUSTRY

 PUBLIC ADMINIST.  
AND HEALTHCARE  
**517M€ | 17%**

 FINANCIAL  
SERVICES


 SECURITY AND  
DEFENCE

 TELECOM  
AND MEDIA

## BUSINESS MODEL

# FINANCIAL SERVICES

### OFFERING




- > Core Banking and Insurance Systems
- > Clearing and payment systems
- > Business Analytics
- > Risk management: credit, market, operational
- > Corporate banking
- > Private Banking
- > Information management systems
- > Outsourcing and BPO services
- > Foreign Trade
- > E-banking and Mobile payments

### CUSTOMER PROFILE



- > BBVA Group
- > Santander Group
- > Caixabank
- > Bankia
- > MAPFRE
- > Sabadell
- > Banco de España
- > Banco Espirito Santo
- > AVIVA
- > Banco do Brasil
- > Caixa Económica Federal
- > Zurich
- > Fiduprevisora de Colombia
- > Banco de la República de Colombia
- > Corpbanca
- > Banamex
- > Banorte
- > BNL (Italy), part of the BNP Paribas Group

### GEOGRAPHIC MARKETS



- > Spain
- > Europe
- > America



# BUSINESS MODEL

# SECURITY AND DEFENCE

## OFFERING



- > Command & Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR)
- > Air defence systems
- > Electronic intelligence
- > Simulation
- > Border surveillance
- > Security Systems and Services
- > Critical Infrastructure Protection
- > Cybersecurity Systems

## CUSTOMER PROFILE



- > Spanish Ministry of Defence
- > NATO
- > European Space Agency (ESA)
- > Eurofighter
- > British Army
- > Indonesian Navy
- > Security bodies and forces

## GEOGRAPHIC MARKETS



- > Spain
- > Europe
- > Asia-Pacific

 TRANSPORT AND TRAFFIC

 ENERGY AND INDUSTRY

 PUBLIC ADMINIST. AND HEALTHCARE

 FINANCIAL SERVICES

 SECURITY AND DEFENCE  
**463M€ | 16%**

 TELECOM AND MEDIA

# BUSINESS MODEL

## TELECOM & MEDIA

### OFFERING



- > Business Support Systems (BSS), customer service, sales, customer loyalty, billing, collection, portals
- > Operations Support Systems (OSS), networking, planning, network inventory, network O&M, interconnection, mediation
- > Satellite communication systems
- > Audiovisual corporate management systems (commercialisation of advertising, rights management, production management, etc.)
- > Digital television services
- > New media solutions (CMS-Player, Second screen, etc.)
- > Outsourcing and BPO services

### CUSTOMER PROFILE



- > Telefónica/O2/VIVO
- > Orange
- > Vodafone
- > Prisa Group
- > Antena 3 Group
- > Telecom Italia Mobile
- > Sky TV

### GEOGRAPHIC MARKETS



- > Spain
- > Europe
- > Latin America
- > Africa

 TRANSPORT AND TRAFFIC

 ENERGY AND INDUSTRY

 PUBLIC ADMINIST. AND HEALTHCARE

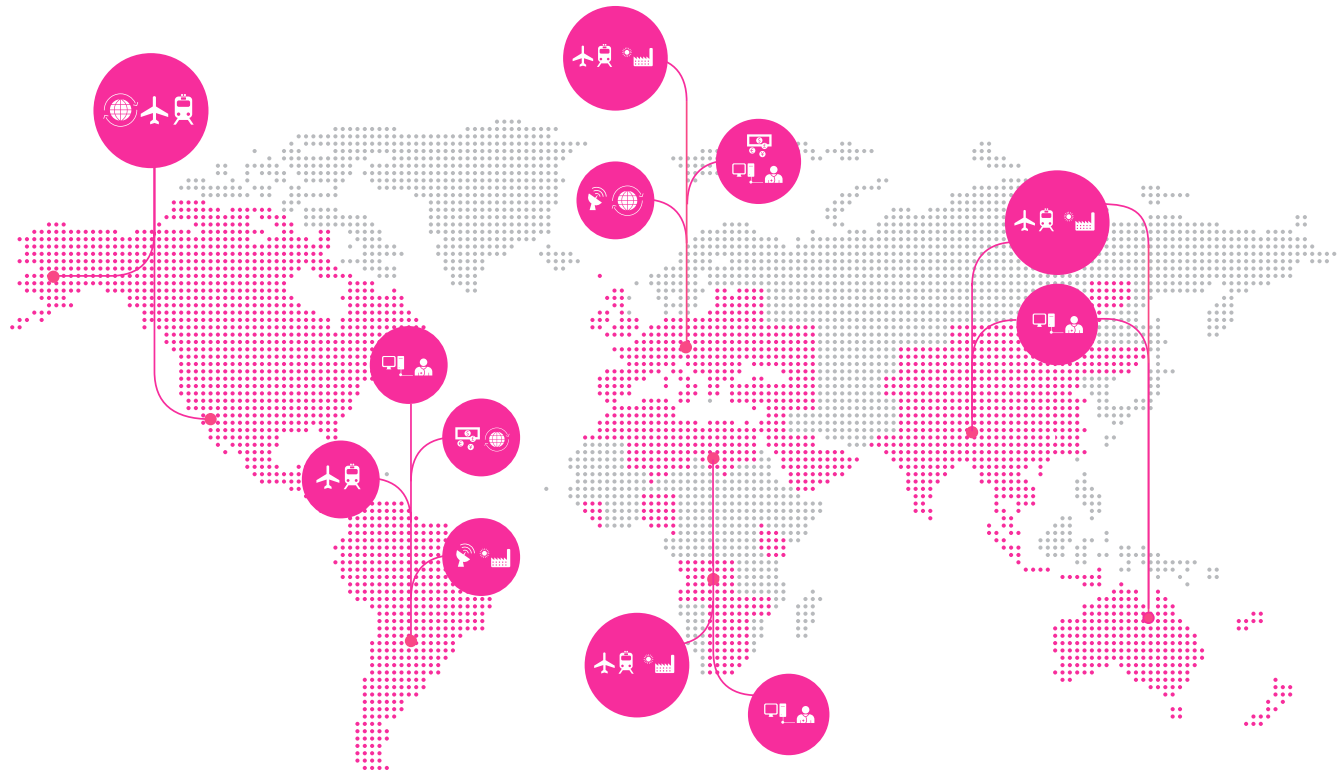
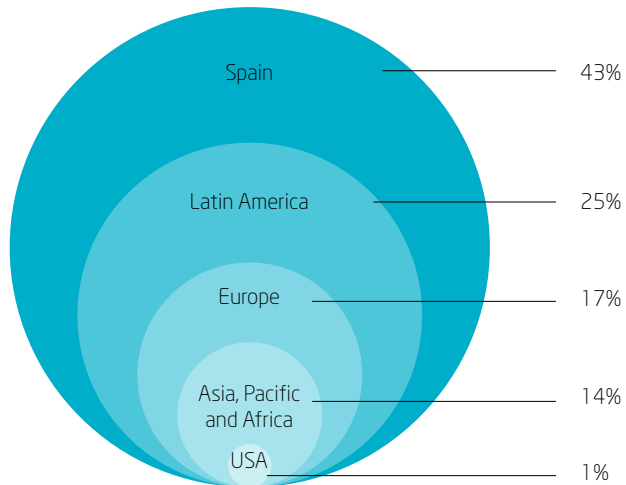
 FINANCIAL SERVICES

 SECURITY AND DEFENCE

 TELECOM AND MEDIA  
**369M€ | 12%**

# BUSINESS MODEL

## 3.2.1.2 GEOGRAPHIC MARKETS



Since its establishment, Indra has been a company with a strong global ambition, which has led it to make a high development efforts in terms of own solutions with high added value and trade capacity building.

Indra now has a solid global position with a commercial presence in 128 countries, and a diversified international structure that combines advanced economies and countries with strong development.

Indra also has a diversified offering structure, that enables it to develop its presence in different countries through solutions and services that are identified as having the greatest potential for growth.

## 3.2.2 VALUE-ADDED SOLUTIONS AND SERVICES

Since its creation, Indra has been committed to developing proprietary technology and solutions on which to base an offering of solutions and services, encompassing the entire value chain ranging from consultancy, development and integration, right through to outsourcing. This commitment to proprietary technology and solutions is what makes Indra unique and also allows it to compete on better terms and penetrate new markets. Indra has proprietary solutions for all its market segments (Transport & Traffic, Energy and Industry, Public Sector and Healthcare, Financial Services, Security and Defence, and Telecom & Media), meaning it consistently capitalizes on synergies between industries and sectors and can benefit from capabilities developed

in one sector by applying them in others. Indra calls this concept “innodiversity”, which means the ability to operate with a diverse range of customers and technologies, as well as regional markets.

All this is made possible by an intense focus on innovation. But not innovation alone. It is Indra’s belief that successful R&D&i depends not only on how much an institution invests, but also on how well those investments are targeted (they must be effective and efficient). To this end, the company believes that combined analysis is required in order to ensure that the goals for innovation (which are identified in the planning stages) are consistent with the overarching interests of the organisation. This helps

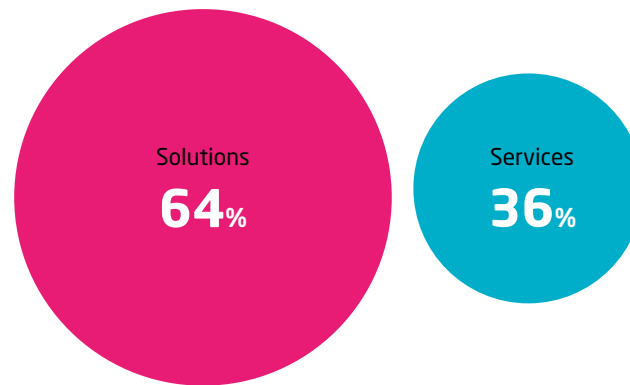
establish firm, solid and feasible guidelines, creating a secure and reliable framework for all the agents involved in the process.

The most successful innovative companies capitalise on the full talent at their disposal, both within the organisation itself as well as externally, and this requires creating a multidisciplinary and global partnership network. Indra works with research firms, centres and universities from all over the world, and it has R&D&i instruments that allow it remain abreast of its customers' real and current needs, while anticipating their future requirements and keeping the company at the cutting edge of technology. Thus, Indra has moved away from the classic approach of managing innovation and has opted to focus on "open innovation", in which partnerships and the generation of knowledge are not limited by the company's own boundaries. Instead innovation involves customers, technological partners, universities, research centres and even society in general. The main features of the model are:

- > Decentralisation, involving the entire organisation.
- > An open and networked model.
- > Aligned with the business strategy.

Its emphasis on solutions and boosting the ability to provide a differentiated offering allows the company to move more quickly and efficiently in terms of obtaining fast results when accessing international markets. The balanced and diversified structure of Indra's offering

Breakdown of revenues by solutions and services



Solutions
<ul style="list-style-type: none"> <li>&gt; Strategic and business consultancy</li> <li>&gt; Technological solutions</li> </ul>
Services
<ul style="list-style-type: none"> <li>&gt; IT Outsourcing</li> <li>&gt; BPO</li> <li>&gt; Cloud Computing</li> </ul>

enables it to pursue a strategy of internationalisation by developing solutions that will have the greatest market potential in each geographic region.

This proportion of "solutions" and "services" involves combining highly profitable operations with highly recurrent business, giving Indra tremendous stability and a high capacity for growth.

### KEY ASPECTS

**Developing and adapting the offering:** developing the offering to position the company favourably in segments that show strong growth potential and where the offering can be adapted to the competitive requirements of each regional market.

**R&D&i management:** dedicating significant resources to research, development and innovation, along with permanent involvement in international R&D consortiums, comprise the cornerstone of Indra's growth and development, as well as its success in achieving its current technological leadership position. The following aspects are critical to the model:

- > Raising funding and generating external interests.
- > Fluid communication to support institutional relations between project teams.
- > Permanent monitoring to provide "early warnings" for opportunities that emerge in new technologies and adjacent markets.
- > Continuous improvement of the methods used to manage innovation projects

**Partnership management:** The ecosystem of partners is dynamic, with constant and accelerated sector concentration processes, both domestically and internationally. It is therefore crucial that an active monitoring procedure be implemented, ensuring that shifts in the ecosystem can be identified as early as possible through the segmentation and concentration of strategic alliances with the most attractive partners in terms of two aspects that are crucial to relations: globalisation and the ability to innovate.

**Relations with Knowledge Institutions:** Universities, research centres and other knowledge institutions are a source of highly qualified personnel and they also as key partners in R&D and innovation projects. They can also help attract new customers and create business projects for the company.

**Relations with Innovation Institutions:** At Indra, we understand Innovation Institutions to include technology companies, the public sector (international, domestic, local) and support agencies (technology centres, associations, foundations, platforms and technology parks).

**Supply chain management:** At Indra, we are aware that in order to provide our customers with excellence, we must engage with every link in the supply chain that provides our solutions and services. Therefore, the company's subcontractor approval procedure includes a quality assessment, with annual audits performed on all special procedures.

## MAIN POLICIES AND INITIATIVES IN FORCE

**Innovation model:** Indra's R&D&i management system seeks to develop a new offering and technological capabilities. Indra's innovation model acts as a support for project life cycles and is intended to ensure the suitability of innovation processes, ranging from identifying the company's overall interests right through to assessing results and decision making. The innovation model is shared and global (involving the entire organisation), as well as open (involving independent professionals and groups, such as customers, knowledge and innovation institutions, technological partners, etc.). The model seeks to optimise the value of "innodiversity" at Indra. The main aspects of the model are:

- > Participative: it covers a range of groups involved in the innovative ecosystem.
- > Analytical: it studies trends, initiatives and results. In other words, it takes a proactive approach (rather than reactive) to the surroundings.
- > Responsive: it establishes criteria for selecting ideas in accordance with general objectives (prioritisation and alignment with the company's general strategy), and provides mechanisms to develop the ideas that have been selected.

**Participation in technological platforms:** these scientific and technologically based public-private partnerships are primarily made up of companies (large firms and SMEs) and research agencies (technology centres, universities and public sector research bodies). These platforms help define strategic research agendas.

**R&D&i management system (SIGDi) certified under the UNE 166002 standard:** 2006 at Indra's Software Labs: acts as a framework for innovation operations. Indra's Software Labs have had in place an R&D&i management system based on the UNE 166002 standard since June 2010.

- > Innovation managers: Indra's Software Labs are operated by professionals certified by the AEC (Spanish Quality Association), who are responsible for implementing the R&D&i management system.

**Partnership management:** Indra has a system in place that manages its partnerships, based on the segmentation and concentration of strategic alliances with the most attractive partners in terms of two aspects that are crucial to relations with Indra: globalisation and the ability to innovate.

**Partner satisfaction survey:** an indicator of suppliers' degree of satisfaction with Indra.

**University Relations Coordinator:** In 2005, a University Relations Coordinator was appointed and a work group to monitor and carry out activities was created.

**Relations with Knowledge and Innovation Institutions:** partnerships with Indra take four forms:

- > Talent Training (new hire integration plans, awards, grants, employment forums).
- > Training and distribution of knowledge (participation in courses and Masters, learning events, visits to Indra,



institutional involvement at conferences...).

- > R&D&i activities (direct contracting, Avanza projects, Cenit...).
- > Strategic activities (access to new markets, strategic partnerships).

**Agreements and Research Chairs:** establishing formal relations with knowledge institutions.

**Supplier approval:** Indra follows a procedure for evaluating financial, social and environmental aspects when approving suppliers.

- > Initial pre-approval using the Achilles platform: stage before the approval process with the objective of filtering and ensuring that Indra's supplier base complies with financial, fiscal, legal, occupational risk and sustainability requirements.

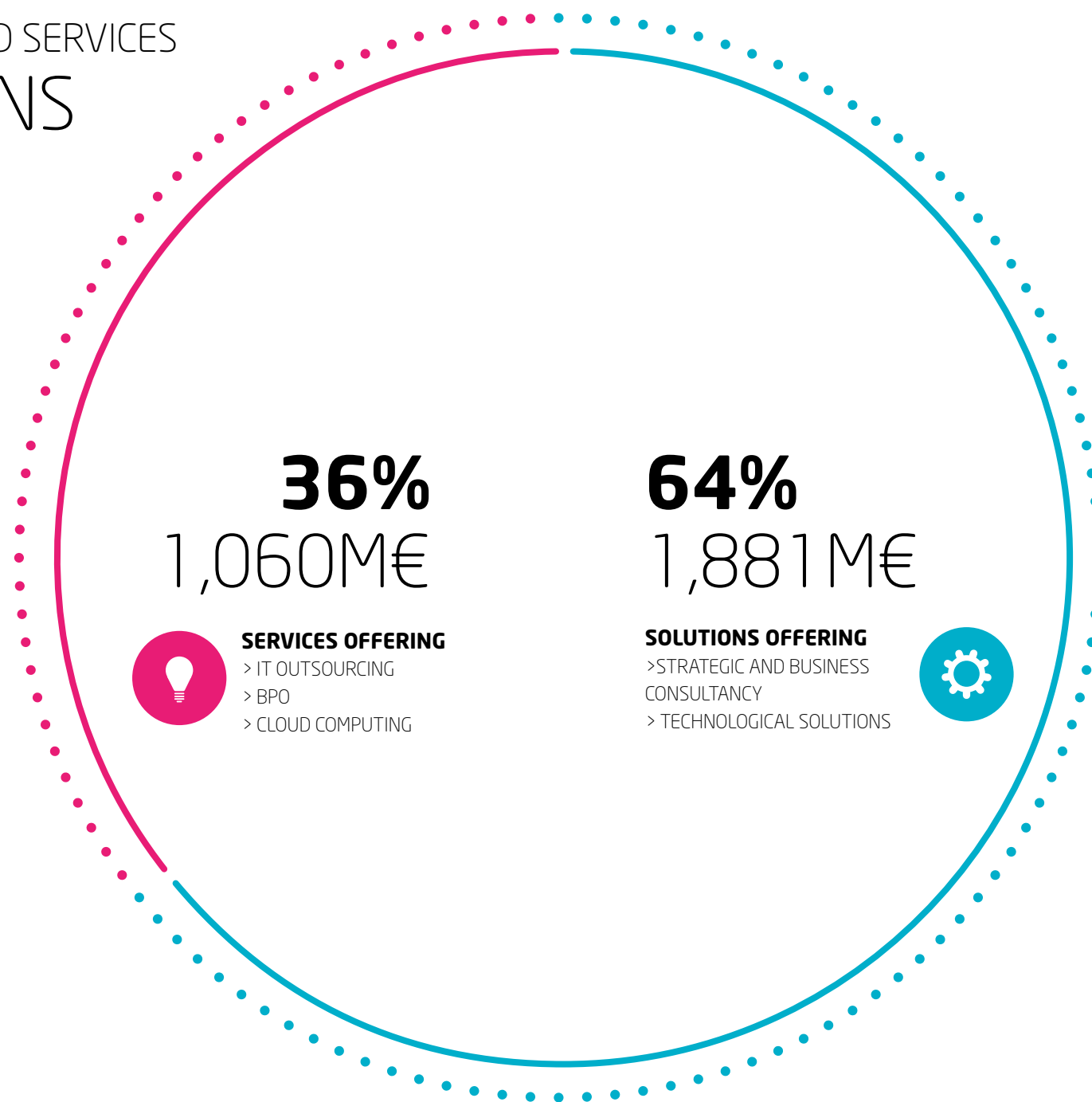
**Supplier assessments:** each year, Indra carries out a Systematic Supplier Assessment Plan that provides a constant flow of information for the approval process.

**Purchasing Portal:** created in 2011, the forum supports contractual operations with suppliers.

**Supplier satisfaction survey:** an indicator of suppliers' degree of satisfaction with Indra.

# VALUE-ADDED SOLUTIONS AND SERVICES

## 3.2.2.1 SOLUTIONS AND SERVICES

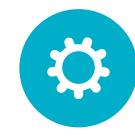


**36%**  
1,060M€



- SERVICES OFFERING**
- > IT OUTSOURCING
  - > BPO
  - > CLOUD COMPUTING

**64%**  
1,881M€



- SOLUTIONS OFFERING**
- > STRATEGIC AND BUSINESS CONSULTANCY
  - > TECHNOLOGICAL SOLUTIONS

\* (to learn about the offering of sectoral solutions, see the "vertical markets" chapters)

# KEY SUCCESS FACTORS

## 3.2.3 TALENT

Number of professionals  
**38.577**

We are currently facing an increasingly global economy in which it is very likely that the only lasting competitive advantage that companies can maintain resides in the talent of its professionals. In an increasingly technological world, we must not forget that the capacity for innovation lies in people. People create, learn, teach and drive new ways of operating and thinking. Therefore, the management of individuals is crucial to Indra, and the recruitment, development and retention of talent is a strategic priority.

### KEY ASPECTS

**Recruitment, retention and development of talent:** talent is the main factor that sets Indra apart and creates its competitive advantages. Indra's talent management is based on an individual and personalised treatment of the capabilities, motivations and interests of professionals.

**Training model:** Indra has a training model that is associated to professional development through training schedules that have been defined according to the technical and functional skills and knowledge required in

each area of action. In addition, in order to complement and reinforce learning, all Indra professionals have access to the Sharing Knowledge collaborative platform, which enables us to continue training ourselves using the platform's learning groups and communities in a more open and collaborative context.

**Diversity management:** diversity is of great importance for a company such as Indra, in which innovation is a key factor of the company's business model. Having a team of professionals with different profiles and skill sets contributes towards improving the company's innovation and, therefore, ensures its competitiveness and sustainability.

**Occupational risk prevention:** Indra aims to ensure the highest possible level of safety, health and well-being for its employees and for anyone who could be affected by its actions. Therefore, Indra is committed to complying with all the legal obligations that have been established in the area of occupational risk prevention.

### MAIN POLICIES, INITIATIVES AND PROCESSES

#### Talent Development

**Career Management Process:** This is the process that defines professional development and on which the decisions for the development and compensation of each professional are based upon.

**Assignment management policy:** This policy intends to encourage the concept of assigning professionals to other positions so they can further develop their skills and competencies through challenging experiences.

**General Development Plan:** Training Plan based on the career path of each professional that aims to assist in the development of the technical, functional and methodological skills and knowledge required at every stage of their career.

**Special training and development programmes:** Programmes aimed at specific groups with unique training needs.

- > **Global talent development programme:** A programme aimed at professionals with a special interest and motivation in their self-development that provides key factors to promote individual development.
- > **Selective talent development programme:** (ALTO) p. A development programme aimed particularly at professionals that have been identified as having the greatest potential.
- > **Middle management team transformation programme:** A programme aimed at thoroughly studying the key competencies in the middle management team's different areas of action.

**Junior training Plan:** Training plans aimed at newly hired professionals with the aim of facilitating their personal and professional development within the company.

**Technological reorientation plan:** Training programmes designed to keep abreast of technological developments by attending training courses and/or on-the-job training, with the aim of improving the employability of all professionals.

**Sharing Knowledge:** A platform for collaborative learning and the dissemination of knowledge.

### Diversity Management

**Diversity management:** a series of policies adapted to the different needs and interests of each person that forms part of the organisation.

- > **Plan for equal opportunities between men and women:** initiatives for ensuring equal opportunities in areas such as job access, selection and promotion; training; work-life balance; remuneration; specific

measures for preventing sexual harassment and gender discrimination; and communication. Equal opportunity plans are negotiated with the Legal Representation of Employees.

- > **Equilibra Programme:** a programme designed to balance work, family and personal life.
- > **Unacceptable behaviour protocol:** this establishes the means to prevent, detect and resolve any situation involving sexual harassment or gender discrimination.
- > **Women and leadership:** a programme that involves training, mentoring and meetings with senior management that aims to promote the professional development of women in pre-executive and executive positions.

### Internal Communication

**Communication with employees:**

- > **Open Dialogues:** a channel for listening and an observatory of internal culture that ensures the alignment of the corporate culture with the business project.
- > **Welcome Portal:** a website that contains practical information for the company's new hires.
- > **My Queries:** one-stop-shop for all the company's professionals.
- > **Indra Community:** new online and periodic internal publication aimed at the company's professionals.

### Occupational risks and safety assurance plan

**Mobility office and International travel policy:**

Procedures centralised through the mobility office that

assist professionals who travel internationally with all the corresponding arrangements and paperwork and ensure the full safety of these trips.

**Occupational Risk Prevention Plan:** Health and Safety Policy, Prevention Plan and a management system for preventive actions as a framework tool that establishes the guidelines for fulfilling the commitments that have been established, encouraging the effective integration of preventive actions in the production process as well as amongst the group of professionals. Includes: risk identification; hazard assessment and the implementation of preventive or corrective actions. It also encourages a culture of preventive conduct in the company.

### Code of Ethics

**Code of Ethics and Professional Conduct:** includes the corporate values and the principles of action that all Indra professionals must follow.

### Indra +: The differentiating aspects we offer to the professionals who form part of the company

**Reflex Plan:** a flexible compensation plan that is custom made for each professional.

**Volunteering Programme:** Social Action initiatives involving the participation of the company's professionals

**Facilities Services:** Advantages in services and products for employees and their families

## 3.2.4 SUSTAINABLE ENVIRONMENT

From Indra's point of view, the company's responsibility must be in line with its ordinary business, creating wealth by generating solutions and services, and what gives the company its identity and distinguishes it: innovation. Furthermore, innovation is essential for the economy and an indispensable requirement for the development of society. At Indra, we also strongly believe that our solutions and services are an excellent tool that contributes towards development, not only to benefit our customers, but also in a broader sense, to society as a whole and the communities where we operate.

From this same perspective, we believe that the development of society as a whole is not possible if part of it is excluded from the benefits that this development

provides. Therefore, for some years, Indra has aimed its Social Action to reducing the digital divide and, especially, the digital divide that affects people with disabilities. On the other hand, the depletion and deterioration of certain natural resources, as a consequence of human activity, have determined Indra's management model in relation with the environment. Indra is aware of its responsibility as a company and it has established as a main goal to reduce its own environmental footprint and also to contribute towards improving the environment through its offering of solutions and services.

In view of the company's activity, Indra is aware that it has a very significant environmental impact derived from the electrical consumption of the computer equipment

used to develop the solutions and services that comprise its offering, which in turn result in more indirect CO<sub>2</sub> and other greenhouse gas emissions. Likewise, other negative environmental impacts have been identified, such as the generation of hazardous and non-hazardous waste, the use of paper (with high indirect CO<sub>2</sub> emissions), and water consumption.

Lastly, Indra is aware that the impact of its business is not only limited to what is generated within the company, but that it is also responsible for the impact it causes indirectly throughout the value chain. Therefore, Indra extends to its suppliers the company's basic commitments in terms of contributing to the sustainability of society.

## KEY ASPECTS

**Economic, social and environmental development of society:** Indra understands that its business operations are not possible without the framework of society that enables them. Therefore, the company believes that it is part of the responsibility and strategy of companies to contribute to the development and sustainability of their environment.

**Supply chain:** Indra is aware that the impact of its business is not only limited to what it generates directly in its environment, but that it is also responsible for the impact it causes through the management of its supply chain.

**Transparency:** Indra does not perceive transparency as a mere obligation, but rather as an opportunity to create value for the company by means of establishing bonds of trust with stakeholders.

## MAIN POLICIES AND INITIATIVES IN FORCE

**Solutions for sustainability:** Indra is committed to technology as a lever for carrying out practices that help companies improve the economic, social and environmental performance of their operations. Indra has a line of offering that brings together all the company's solutions and services with sustainable significance.

**Accessible Technologies:** these include projects that are aimed at developing innovative solutions and services in the field of accessibility and inclusion. Indra believes in the positive value of social diversity. From this perspective, the projects intend to promote, through innovation and technological solutions, the social and professional

integration of people with disabilities in order to provide them access to a better quality of life.

**Corporate Volunteering:** Social Action initiatives involving the participation of the company's professionals.

**Environmental management policy and system:** Indra has a system aimed at minimising the consumption of resources, waste generation and, in general, reducing the impact of the company's environmental footprint. This system is based on the UNE-EN ISO 14001 standard and the EU Regulation 761/2001 on the Eco-Management and Audit Scheme (EMAS). This management system is currently applied to 46.7% of the work centres around the world (in volume of staff).

**Environmental risk assessment:** in 2011, Indra conducted an environmental risk analysis in line with the requirements of the UNE 150008:2008 standard at six work centres in Spain that represent the company's various activities. As a result, 3,682 risks were identified in these facilities, none of which was classified as 'high' or 'extremely high risk' in terms of likelihood and severity in the natural, human or socio-economic environment. In addition, the analysis showed that the risks considered to be "moderate" or "medium" (2,100 in total) would be sufficiently mitigated with the implementation of Indra's environmental management system.

**Environmental certifications:** Indra's Environmental Management System is based on the UNE-EN ISO 14001

standard and the EU Regulation 1221/2009 on the Eco-Management and Audit Scheme (EMAS).

**Implementation module of legal environmental requirements in uncertified buildings:** these "modules" identify the requirements established by the different environmental legislations of each country where the company operates and they adapt them to the characteristics of the buildings in which they will be implemented. It is a simplified version of an environmental management system.

**Green IT:** initiatives aimed at minimising the electrical consumption of computer equipment.

**Energy efficiency:** initiatives aimed at minimising the environmental impact in our facilities.

**Stance on climate change:** company statement outlining its position regarding climate change.

**Environmental assessment of suppliers:** Indra assesses its subcontractors (based on activity risk criteria) in matters of waste, emissions and spills, verifying their compliance with applicable legislation.

**Good traveller guide:** policies and recommendations for travel management in order to increase efficiency and promote responsible mobility.

**Awareness of professionals:** training initiatives for increasing environmental awareness among our professionals.

**Use of recycled paper:** since November 2011, Indra has only used FSC (Forest Stewardship Council) Certified recycled paper at its work centres in Spain. This certification guarantees that the product comes from forests that have been managed in a sustainable manner.

**Supplier Code of Ethics:** Code which, since 2012, extends the company's commitment with a series of basic principles of conduct to suppliers.

**Purchasing at Special Employment Centres:** Indra contributes towards the integration of people with disabilities in society by purchasing at Special Employment Centres.

**Initial pre-approval using the Achilles platform:** stage before the approval process with the objective of filtering and ensuring that Indra's supplier base complies with financial, fiscal, legal, occupational risk and sustainability requirements.

# 3.3 OUR BUSINESS



In this chapter:



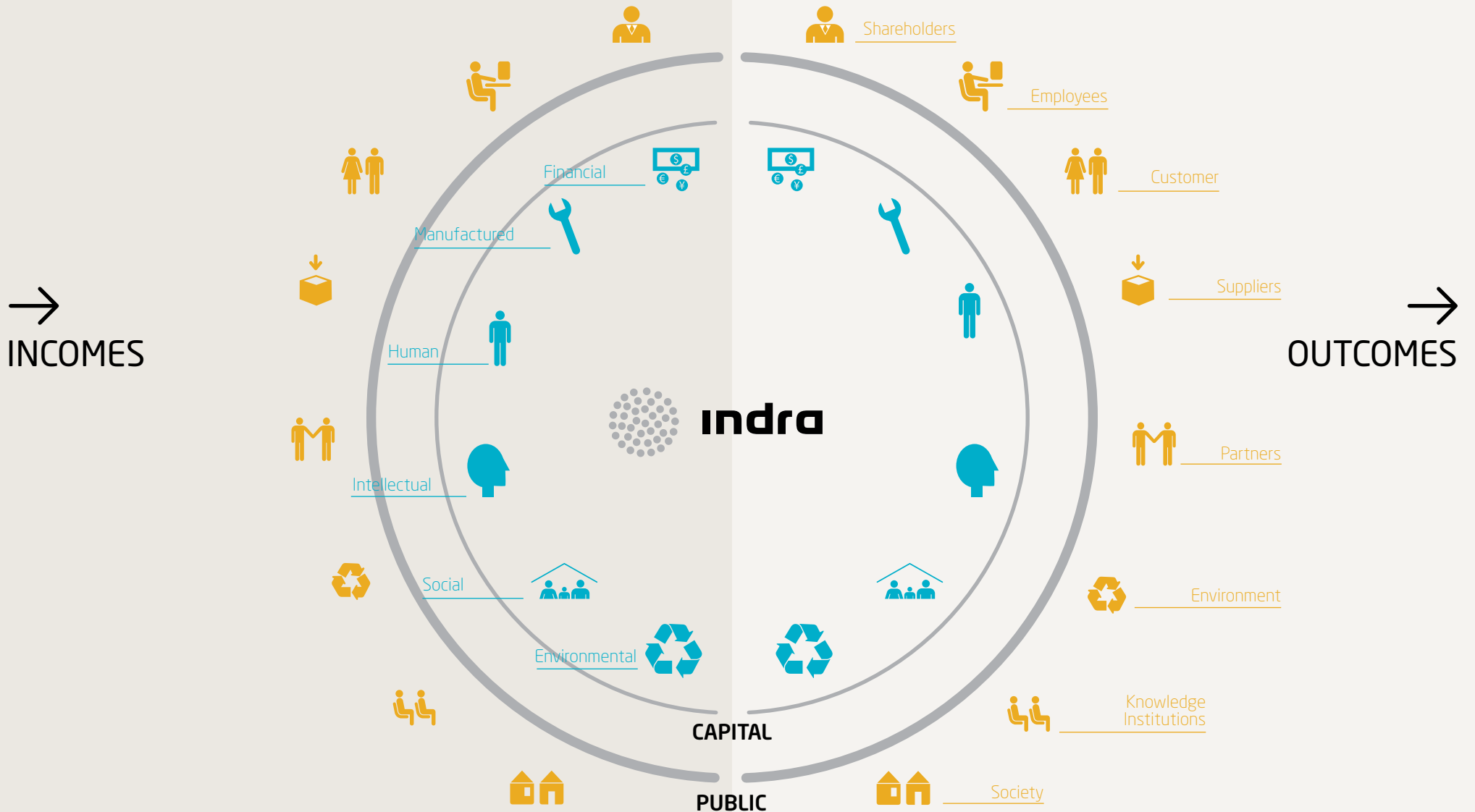
## **Solutions and services that contribute to the development** Create shared-value for all

Our ordinary business contributes to the creation of wealth by generating solutions and services, as well as what gives the company its identity and distinguishes it: innovation. This is even more important since innovation is essential for the economy and an indispensable requirement for the development of society. At Indra we also strongly believe that our solutions and services are an excellent tool that contributes towards development, not only to benefit our customers but also in a broader sense to society as a whole and the communities where we operate.



# OUR BUSINESS

## 3.3.1 6 CAPITALS MODEL



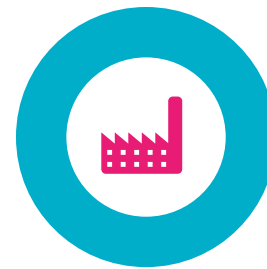
For more information, see the online version.  
Based on the "6 Capitals Model" by the International Integrated Reporting Committee.

## OUR BUSINESS

# 3.3.2 OUR BUSINESS IMPACTS



+ VALUE CREATION



- NEGATIVE IMPACTS


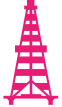




According to the new definition established by the European Commission in 2011, "Corporate Social Responsibility" is described as "the responsibility that companies have for their impacts on society." The Commission also states that companies must maintain a close relationship with their stakeholders in order to:









- > Maximise the creation of shared value for all stakeholders.
- > Identify, prevent and reduce possible adverse effects.

In this regard, Indra describes below the main impacts and sources of shared value that it has identified as derived from its business and in relation to each of its stakeholders.

This report describes how the company intends to maximise the creation of shared value and how it is attempting to prevent and reduce the negative impacts that have been identified.

<sup>1</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0681:FIN:EN:PDF>

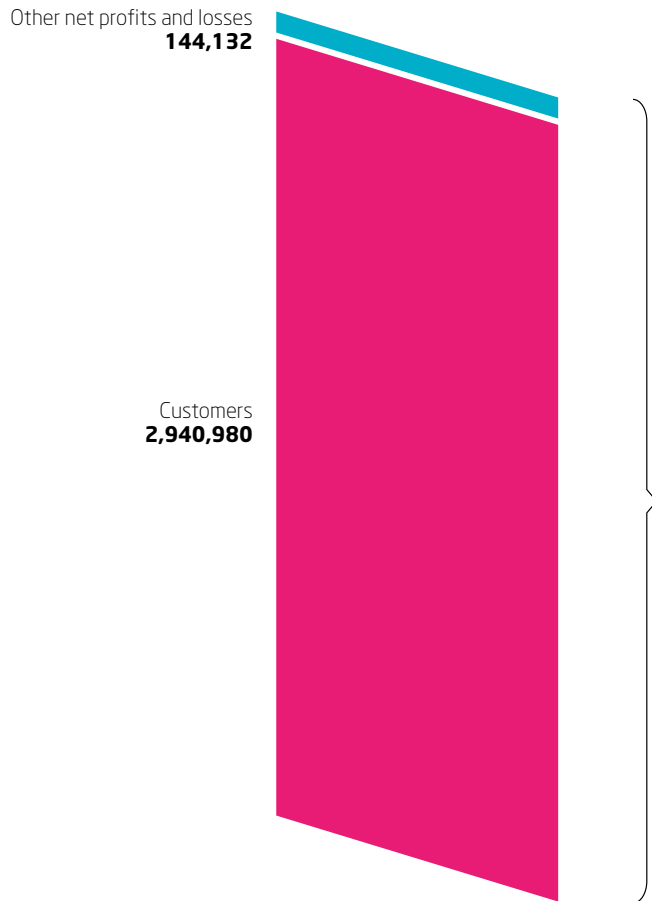
	Our businesses	Economic impact	Social impact	Environment Impact
	<b>Transport &amp; Traffic</b>	<ul style="list-style-type: none"> <li>+ Technology provides greater efficiency in transport routes and reduces management costs</li> </ul>	<ul style="list-style-type: none"> <li>+ The mobility of people is key for sustainability</li> <li>+ Our accessible ticketing solutions enable the mobility of disabled people</li> </ul>	<ul style="list-style-type: none"> <li>+ Efficiency in transport routes means a lower environmental impact through reduced fuel consumption and CO2 emissions</li> </ul>
	<b>Energy and Industry</b>	<ul style="list-style-type: none"> <li>+ We provide solutions and services that enable energy and industrial companies to be more efficient</li> </ul>	<ul style="list-style-type: none"> <li>+ We offer maintenance outsourcing and technological platform support to industrial and consumer goods companies so they can optimise their response to incidents and customer requests</li> </ul>	<ul style="list-style-type: none"> <li>+ The improved energy efficiency provided by our solutions helps conserve natural resources</li> </ul>
	<b>Public Sector and Healthcare</b>	<ul style="list-style-type: none"> <li>+ We provide solutions and services that enable the public sector to be more efficient.</li> </ul>	<ul style="list-style-type: none"> <li>+ We provide solutions in fields with a high social impact such as electoral processes, health employment, education, dependence, etc.</li> <li>+ We help improve relations between the public sector and citizens</li> </ul>	<ul style="list-style-type: none"> <li>+ Our e-administration solutions reduce the use of paper and citizen travel thanks to telematic processing</li> </ul>
	<b>Financial Services</b>	<ul style="list-style-type: none"> <li>+ We provide solutions and services that enable financial services companies to be more efficient</li> </ul>	<ul style="list-style-type: none"> <li>+ We work on projects that have a social impact: support for rural employment and micro-loans in Latin America</li> </ul>	
	<b>Security &amp; Defence</b>	<ul style="list-style-type: none"> <li>+ Our simulation solutions significantly reduce costs and improve security</li> </ul>	<ul style="list-style-type: none"> <li>+ We offer technology for the security of people and infrastructures</li> <li>+ Indra complies with Spanish legislation concerning defence material exports</li> </ul>	<ul style="list-style-type: none"> <li>+ Our space technology business offers a wide variety of solutions and R&amp;D projects that help improve the environment</li> </ul>
	<b>Telecom &amp; Media</b>	<ul style="list-style-type: none"> <li>+ We provide solutions and services that enable telecommunications and media companies to be more efficient</li> </ul>	<ul style="list-style-type: none"> <li>+ The company's DTT offering allows citizens to access the Public Sector and interactive audiovisual content</li> </ul>	

	Our stakeholders	Economic impact	Social impact	Environment impact
	Shareholders	+ We generate economic value for our shareholders.	+ We represent an investment that is socially and environmentally responsible.	
	Employees	+ We generate employment in the communities where we operate.	- We have workers in countries where human rights are not guaranteed by law. Given the profile of our professionals (highly qualified), the risk of human rights violations is low and the company also makes efforts to minimise these risks.	- Commuting to work centres and business travel generate CO2 emissions.
	Customers	+ Our technology helps improve the competitiveness and productivity of our customers.	+ IT security is key for the sustainability of our business. - Part of our business is aimed at public sector customers in countries with a risk of corruption and bribery.	
	Suppliers	+ Purchasing from local suppliers helps economic development.	+ Contracting suppliers generates indirect employment. Our value chain has a social impact.	- Our value chain has an environmental impact.
	Partners	+ Collaboration with partners is key to open innovation models.		
	Environment	+ Technology has great potential in helping to improve and conserve the environment.		- Our business requires very high electrical consumption due to the extensive use of computer equipment, which results in high indirect CO2 emissions.
	Knowledge Institutions	+ Support from the corporate sector is key for knowledge institutions.	+ Businesses represent the main source of employment for graduates.	
	Society	+ Technology and innovation contribute to the social and economic development of countries. Taxes related to business activities contribute to the economic sustainability of the communities where we operate. + Our presence in countries considered to be tax havens is purely for business reasons.	+ Technology and innovation contribute to the social and economic development of countries.	

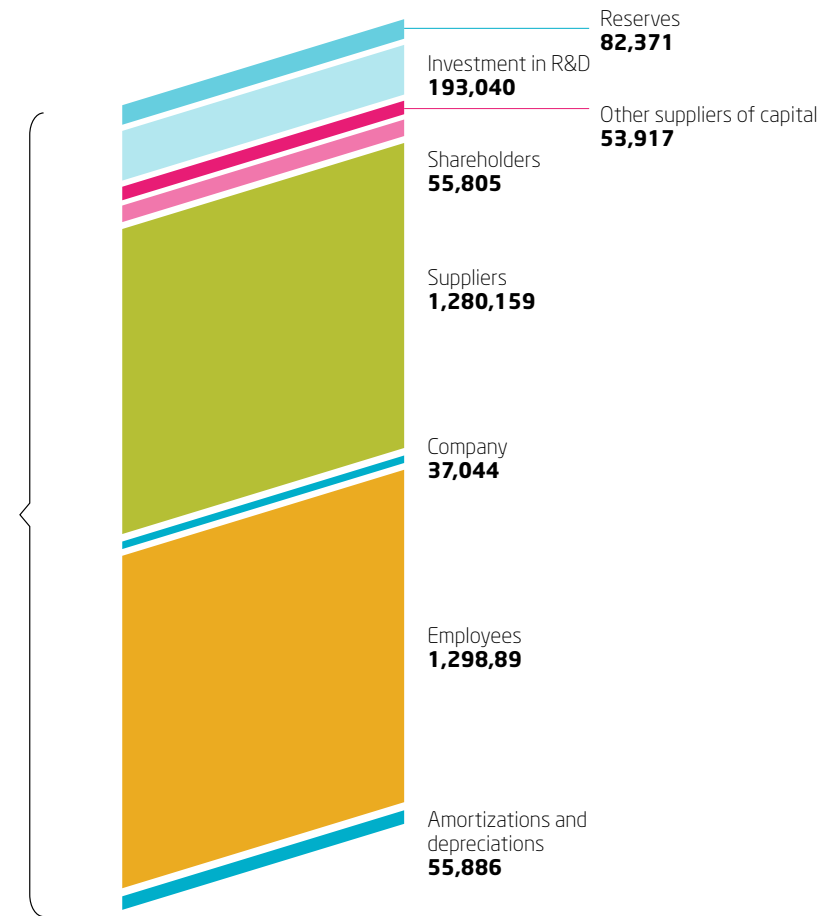
OUR BUSINESS

# 3.3.3 ECONOMIC VALUE GENERATED AND DISTRIBUTED

## ECONOMIC VALUE GENERATED

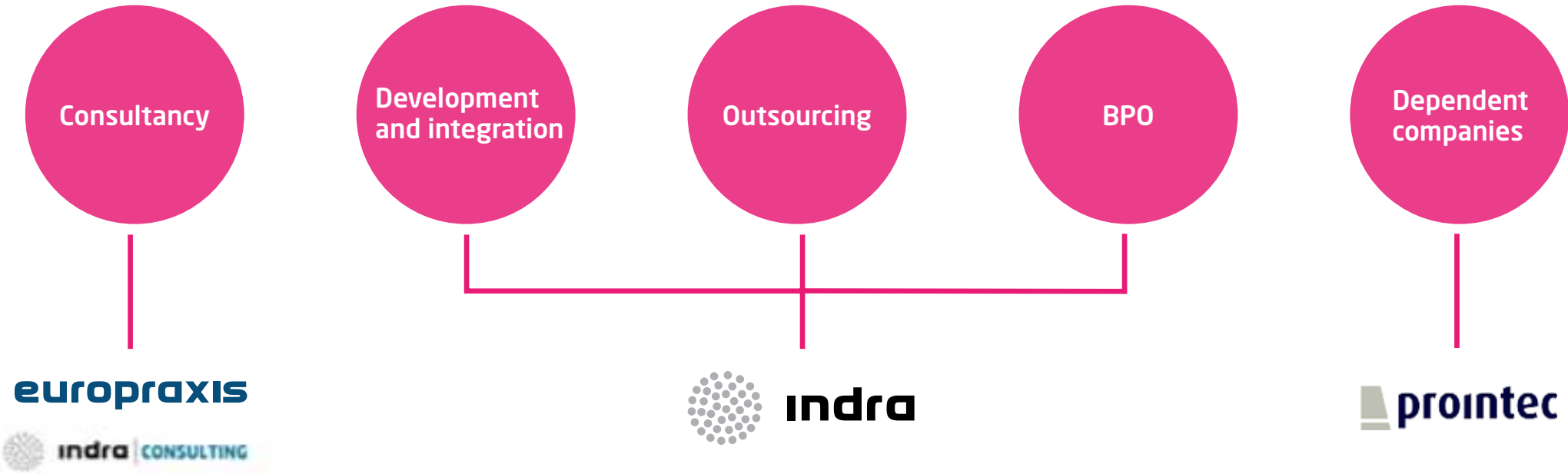


## ECONOMIC VALUE DISTRIBUTED AND RETAINED



BUSINESS MODEL

# 3.4 INDRA BRANDS



## INDRA BRANDS

# 3.4.1 INDRA COMPANIES

<b>Company</b>	<b>Registered offices</b>	<b>Activity</b>
1.- Parent		
Indra Sistemas, S.A.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
2.- Subsidiaries		
Indra Emac, S.A.	Calle Mar Egeo, 4 Pol.Ind.1 San Fernando de Henares (Madrid)	Engineering and maintenance of aerial defence systems and other related areas.
Indra Sistemas de Seguridad, S.A.	Carrer de Roc Boronat, 133 Barcelona	Design, development, integration and maintenance of systems and solutions for surveillance and installation security.
Indra Sistemas de Comunicaciones Seguras, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Research, engineering, design, manufacturing, development, sale, installation, maintenance and repair of security equipment, devices and systems for data communication, encoding systems, encrypting, signals and command and control centres.
Inmize Capital, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management, engineering, marketing and sale of defence systems.
Inmize Sistemas, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management, engineering, marketing and sale of defence systems.
Indra Software Labs, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, manufacture and testing of IT system development products.
Teknatrans Consultores, S.L.	Portuetxe, 23, Donostia	Technical architecture and engineering services.

<b>Company</b>	<b>Registered offices</b>	<b>Activity</b>
Indra SI, S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Azertia Tecnologías de la Información Argentina S.A.	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Computación Ceicom, S.A.	Buenos Aires (Argentina)	Data processing, consultancy services and technical assistance in systems analysis, development and implementation of programmes for computing equipment.
Indra Brasil, Ltda.	Sao Paulo (Brasil)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Politec Tecnología da Informacao SL	Sao Paulo (Brasil)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Search Informatica Ltda	Brasilia (Brasil)	Advisory and consultancy services for IT-based business management, software development and the sale of equipment and software.
Ultracom Consultoría	Sao Paulo (Brasil)	Customisation, development, adaptation and maintenance of IT programs and systems. IT advisory, consultancy and training services; IT localisation services, software installation, implementation and technical support services; software design and the sale of IT materials and accessories. Design, development, production, integration and maintenance of systems, solutions and services based on information, technology: computing, electronics and communications for the air traffic, defence, ground transport and traffic, shipping and railway sectors and for electoral use.
Politec Argentina	Buenos Aires (Argentina)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Politec Chile	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Politec USA	Atalnta (Estados Unidos)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Colombia LTDA.	Bogota (Colombia)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sistemas Chile, S.A.	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Soluziona Chile S.A.	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Soluziona C & S Holding, S.A. (Chile)	Santiago de Chile (Chile)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications. Diseño, desarrollo, producción, integración y mantenimiento de sistemas, soluciones y servicios basados en el uso de tecnologías de la información: informática, electrónica y comunicaciones.



**BUSINESS MODEL > INDRA BRANDS > INDRA COMPANIES**

Soluziona Guatemala, S.A.	Guatemala (Guatemala)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sistemas México S.A. de C.V.	México D.F. (México)	Diseño, desarrollo, producción, integración y mantenimiento de sistemas, soluciones y servicios basados en el uso de tecnologías de la información: informática, electrónica y comunicaciones.
Indra Isolux Mexico, S.A. de C.V.	México D.F. (México)	Signage services for motorways.
Azertia Tecnología de la Información México S.A.C.V.	México, D.F. (México)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Soluziona Mejico S.A. de C.V.	México D.F. (México)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Panamá, S.A. (Panamá)	Panama	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Company SAC	Lima (Perú)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Perú, S.A.	Lima (Perú)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Soluciones y Servicios Indra Company Uruguay S.A.	Montevideo (Uruguay)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra USA Inc.	Filadelfia (EE.UU.)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Systems, Inc.	Orlando (EE.UU.)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Azertia Tecnologías de la Información Venezuela S.A.	Caracas (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Azertia Gestión de Centros Venezuela S. A.	Caracas (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications and document management services.
Soluziona, S.P. C.A. (Venezuela)	Caracas (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
AC-B air Traffic Control & Business Systems GmbH (Alemania)	Alemania	Design, development, production and maintenance of systems, solutions and services based on the use of information technologies as well as navigation and landing support and air traffic control systems.
Avitech AG	Alemania	Design, development, production and maintenance of navigation and landing support and air traffic control systems.

**BUSINESS MODEL > INDRA BRANDS > INDRA COMPANIES**

Indra Italia Spa	Roma (Italia)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Italia Lab SRL	Roma (Italia)	Information technology products and projects and other related activities.
Avitech AG s.r.o.	Praga (República Checa)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Czech Republic s.r.o.	Praga (República Checa)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Eslovakia, a.s.	Bratislava (Eslovaquia)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra France SAS	Paris (Francia)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Hungary L.L.C.	Debrecen (Hungria)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sisteme S.R.L.	Chisinau (Moldavia)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sistemas Polska sp.z.o.o	Varsovia (Polonia)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Sistemas Portugal, S.A.	Lisboa (Portugal)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Elektrica Soluzion S.A. (Rumania)	Bucarest (Rumania)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Ucraina L.L.C.	Kiev (Ucrania)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Kazakhstan Engineering Llp	Astana (Kazakhstan)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Beijing Information Technology Systems Co. Ltd.	Beijing (China)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Radar Technology (Tianjin) Co., Ltd.	Tianjin (China)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Philippines, Inc.	Quezon (Filipinas)	Design, development, production and maintenance of navigation and landing support and air traffic control systems.
Indra Technology Solutions Malasya Sdn Bhd	Kuala Lumpur (Malasya)	Design, development, production and maintenance of navigation and landing support and air traffic control systems.

<b>Company</b>	<b>Registered offices</b>	<b>Activity</b>
Advanced Logistics Group, S.A.	Copmte de Urgell 240 Barcelona	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Mensor Consultoría y Estrategia S.L.	Anabel Segura 11, Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Europraxis ALG Maroc	Marruecos	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Europraxis ALG Consulting Brasil, Ltda.	Sao Paulo (Brasil)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Europraxis ALG Consulting Mexico S.A. de C.V.	Mexico D.F. (Mexico)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Advanced Logistic Group Andina, S.A.C. (Perú)	Lima (Perú)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Advanced Logistic Group Venezuela, S.A.	Colinas del Bello Monte (Venezuela)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Europraxis Consulting, S.r.l.	Milan (Italia)	Technical services of geology.
Europraxis ALG Consulting, Ltd (U.K.)	Slough Berkshire (Reino Unido)	Provision of engineering services.
Prointec, S.A.	Avda de Burgos 12, Madrid	Provision of engineering services.
Geoprin, S.A.	Avda de Burgos 12, Madrid	Provision of engineering services.
Inse-Rail, S.A.	Avda de Burgos 12, Madrid	Promotion, tenure and construction management and trading infrastructure, buildings and public and private services.
GICSA-Goymar Ingenieros Consultores, S.L.	Avda de Burgos 12, Madrid	R & D Systems and Solutions Air advanced autonomous Unmanned Systems.
Prointec Extremadura, S.L.	José Luís Cotallo 1, Cáceres	Provision of engineering and consulting services in civil matters.
Prointec Engenharia, Ltda.	Sao Paulo (Brasil)	Provision of engineering and consulting services in civil matters.
Ingeniería de Proyectos e Infraestructuras Mexicana, S.A. de C.V.	Mérida (México)	Technical services of architecture and engineering.
	Ancon (Panamá)	Provision of engineering and consulting services in civil matters.

<b>Company</b>	<b>Registered offices</b>	<b>Activity</b>
Prointec Usa LLC	Sacramento, California, (EEUU)	R & D Systems and Solutions Air advanced autonomous Unmanned Systems.
Prointec Civil Engineering Consultancy (Irlanda)	Dublin (Irlanda)	Provision of engineering and consulting services in civil matters.
Consis Proiect SRL	Bucarest (Rumania)	Provision of civil engineering services and consulting.
Prointec Romaríá S.R.L. (Rumanía)	Bucarest (Rumania)	Provision of engineering and consulting services in civil matters.
Indra Navia AS (Park Air, Noruega)	Oslo (Noruega)	Design, development, production and maintenance of systems of aids to navigation, landing systems and air traffic control.
Indra Turquía	Estambul (Turquía)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technology: computers, electronics and communications.
Indra Technology South Africa	Johannesburg (Sudafrica)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technology: computers, electronics and communications.
Normeka, AS	Rømskog (Noruega)	Design, development, production and maintenance of systems of aids to navigation, landing systems and air traffic control.
Indra Tecnología Brasil LTDA	Brasilia (Brasil)	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technology: computers, electronics and communications for air traffic sector, defense, transportation and traffic land, sea and rail, defense and elections.
Indra Arabia LLC co.	Jeddah. Arabia Saudita	Design, development, production, integration and maintenance of systems, solutions and services based on the use of information technology: computers, electronics and communications.
Servicios Avanzados Printing & Finishing, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Management and business process outsourcing (BPO) services and document management.
Compañía de Medios y Servicios, S.A	Carretera de la Torre, S/N, Bollullos de la Mitación (Sevilla)	Management and business process outsourcing (BPO).
Central de Apoyos y Medios Auxiliares, S.A.U.	Manufacturas, 11. Mairena del Aljarafe (Sevilla)	Management and business process outsourcing (BPO).
Caymasa El Sendero, S.A.U.	Manufacturas, 11. Mairena del Aljarafe (Sevilla)	Management and business process outsourcing (BPO).
Telemarketing, Catálogos y Promoción, S.A.U.	Manufacturas, 11. Mairena del Aljarafe (Sevilla)	Management and business process outsourcing (BPO).

<b>Company</b>	<b>Registered offices</b>	<b>Activity</b>
3.- Joint bussines		
IB Televisión, S.L.	Avda. Isla Graciosa 13, San Sebastian de los Reyes (Madrid)	Design, development, manufacture, supply, assembly, repair, maintenance, installation and marketing of IT products, solutions, applications and systems for the audiovisual industry.
IRB Riesgo Operacional S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
Indra Esteio Sistemas S.A. (Brasil)	Sao Paulo (Brasil)	Design, development, production, integration and maintenance of systems, solutions and services based on information technology: computing, electronics and communications.
UTE Indra EWS/STN Atlas Leopard 2	Calle Joaquín Rodrigo, 11 Aranjuez (Madrid)	Development, supply, installation, integration and maintenance of the Leopard 2 tank combat system.
UTE Manteniment Rondes	Avenida de Bruselas, 35 Alcobendas (Madrid)	Maintenance of the Llobegrat-Morrot nodes.
UTE Saih Sur	Avenida del General Perón, 36 Madrid	Execution of works on phase IV of the Dels Valieres tunnel.
UTE Jocs del Mediterrani	Avenida de Bruselas 35 Alcobendas (Madrid)	Contract for the operation and development of lotteries for the Catalonia Regional Government, organised and managed by its autonomous games and lotteries entity.
UTE Estrada	Valgrande 6, Madrid	Repair and maintenance, supply and installation of automatic traffic lights.
UTE Giss 11	Valgrande 6, Madrid	Operation of the automated complaint handling centre.
UTE Giss 11	Avenida de Bruselas 35 Alcobendas (Madrid)	Repair and maintenance, supply and installation of automatic traffic lights.
UTE Cledi 2	Avda. Manoteras, 46 bis, Madrid	Operation of the automated complaint handling centre.
UTE Área Metropolitana	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Executions of works included in urgent project 4.3 C "Indicadores Delta del Ebro".
UTE Alta Capacidad	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Road maintenance services in the Metropolitan Area of Gran Canaria.
UTE Zona Norte	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Comprehensive maintenance services of the Dalt and coastal ringroads in Barcelona.
UTE Mantenimiento Las Palmas	Alcalde Francisco Hernández González, 4. Las Palmas de Gran Canaria	Road, pavement, square and pedestrianised area maintenance services in Las Palmas de Gran Canaria.

UTE Segura XXI-II	C/ Sepúlveda, 6 Pol.Ind. Alcobendas, Alcobendas (Madrid)	Maintenance and operation of the automated hydrological information system (SAIH) of the Segura watershed (Murcia, Albacete, Alicante, Almeria and Jaen).
UTE CIC TF	C/Ramón y Cajal nº3. Santa Cruz de Tenerife	Road information and maintenance centre.
UTE Endesa Ingeniería-Indra Sistemas	Avda. Montesierra nº 36, 1ª planta. Sevilla	Technical Information Coordination incident management distribution network Sevillana Endesa, FECSA and any other company Endesa Endesa Group across the country.
UTE CEIDECOM	Pol. Industrial Bembibre. Parque Ind. Alto de San Román. Bembibre. León.	Execution of the measures included in the CEIDECOM Bembibre project, presented to the Institute for the Restructuring of Coal Mining (Instituto para la Reestructuración de la Minería del Carbón).
UTE Indra-Eurocopter	Avenida de Bruselas 35, Alcobendas (Madrid)	Survival equipment for the Spanish navy air fleet HU-21 helicopter (AS-332, AS-532 UL).
UTE Saih CHJ	C/ Polígono 43, Aldaya (Valencia)	Operation, maintenance, renovation and upkeep of the automated hydrological information system (SAIH) network of the Jucar basin.
UTE Instalación VSM Instalazioak	C/ Henao 2, Bilbao	Development of an interface with the Bluemassmed pilot project.
		Construction of the control centre installations of the Variante Sur Metropolitana motorway.

<b>Company</b>	<b>Registered offices</b>	<b>Activity</b>
4.- Associated		
Saes Capital, S.A.	Paseo de la Castellana 55, Madrid	Through associates, the design, development, production, integration, maintenance and operation of electronic, IT and communications systems mainly related to naval systems and submarine acoustics.
Eurofighter Simulation System GmbH	Munich (Alemania)	Development and production of flight simulators for the Eurofighter EF-2000.
Euromids SAS	Paris (Francia)	Development, manufacture and commercialisation of tactical communications systems.
Trias Beltrán 4, S.L.	Calle Alcalá 261-265, Madrid	Lease of the office premises located at Plaza Carlos Trias Beltran, 4, Madrid.
Jood Consulting, S.L.	Avenida de Cataluña 9, Valencia	Sale of information technology services in Arab countries.
Tower Air Traffic Services, S.L.	Carretera de Loeches 9, Torrejon de Ardoz (Madrid)	Airfield transit services for the management of airborne traffic.
A4 Essor, S.A.S.	Paris (Francia)	Development of a security programme for radiocommunications.
Indra Sistemas de Tesorería, S.L.	Pº de la Castellana 89, Madrid	Design, development, production, integration, operation, repairs and maintenance and marketing of systems, solutions and products based on the use of information technology. Professional services consisting of business, management, technology and training consultancy.
Oyauri Investment, S.L.	Duque de Sevilla 11, Madrid	Investment in companies operating in the information technology and communications sector.

<b>Company</b>	<b>Registered offices</b>	<b>Activity</b>
Idetegolf, S.A.	Julio Sáez de la Hoya 7, Burgos	Design, management and construction of sports facilities.
Gestión de Recursos Eólicos Riojanos, S.L.	Avda. Gran Vía Ray Juan Carlos I, Logroño	Generation – particularly from wind power – transport and distribution of electricity.
Aerobus Arapiles, S.L.	Avda. Burgos 12, Madrid	Services for the installation of elevated railway systems with low environmental impact.
Eólica Marítima y Portuaria, S.L.	Claudio Coello 43, Madrid	Operation of renewable energy relating to the environment and geology. Technical engineering services.
Huertas de Binipark, S.A.	Carretera de S´Esgleita a Esparles Km 4,3 predio. San Quint Sa Tafona (Mallorca)	Installation of power generation systems.
Iniciativas Bioenergéticas, S.L.	Gran Vía Juan Carlos I nº9, Logroño (La Rioja)	Study, promotion, development and execution of groundbreaking projects relating to the environment and energy generation.
Logística marítima de Tuxpan S.A.P.I. de C.V.	Veracruz (México)	Engineering and consultancy services rendered to port infrastructures.



# 4.

## ENVIRONMENT AND STRATEGY

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Complex  
**environment**

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Value  
**creation**

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Long-term  
**vision**



# 4. ENVIRONMENT AND STRATEGY



In this chapter:

**4.1**

Trends in our environment

**4.2**

The core values of our strategy

## **Strategy: to ensure the sustainability of its business model**

Indra's Board of Directors is the entity responsible for the company's general strategies, specific strategic plans and annual objectives and budgets.

Indra's strategy is aimed at ensuring the long-term sustainability of its business model.

# 4.1 ENVIRONMENT

**MAIN TRENDS OF THE MARKET ENVIRONMENT.** Indra perceives the following relevant trends within its environment that influence or could influence its activity in the short, medium and long term:

## IN THE SHORT TERM:

**Complex economic and sectoral environment:** the different economic growth pattern for each country, combined with the increasingly competitive intensity of the consultancy and technology sector, paints a complex environment.

- Asymmetric market development: in a context in which economic growth on a global scale has been below its potential during the 2008-2012 period, each country or region is showing a different performance. For example:
- What are referred to as “advanced economies” are recovering from the crisis in a slower and more unsteady manner than what was initially forecasted.
- Emerging markets are showing differential growth rates. Global economic growth is concentrated primarily in certain economies of the Asia Pacific region, Latin America and the Middle East.

In 2013, most global growth will continue to be concentrated in emerging economies.

- Greater global competition: the international expansion processes that the sector’s suppliers are facing, the

growing interest in consultancy and technology operations shown by companies from other sectors (such as hardware, telecommunications or security and defence companies), or the maturity of investment cycles in certain geographic markets are making the sector face increased competition.

**Concentration of demand around the concepts of “intelligence” and “efficiency”:** there are pockets of opportunity associated with a more intelligent and efficient use of technology. Indra believes that this trend will continue to grow in the coming years:

- Demand for intelligent solutions: the company is maintaining its investing activities aimed at improving the capacity of infrastructures to respond to environment changes, and more resources are being allocated to analysing all the data generated by these infrastructures with greater precision in order to take advantage of the business opportunities that result from this information.
- Demand for cost reduction and process efficiency: companies and institutions continue in their quest

for efficiency driven by an increasingly demanding environment. Therefore, the trend of exploiting the potential of virtualisation technology has been consolidated, and resources are being concentrated on truly differentiating tasks by outsourcing systems and processes whenever possible.

**Demand for comprehensive suppliers:** customers in the consultancy and technology sector are requesting suppliers that are capable of providing comprehensive support for their operations in terms of geography as well as offering. This is leading to:

- Increasing importance of integration capabilities: in order to cover the entire scope of customer requirements, it is essential to establish partnerships with key suppliers and to develop integration capabilities with the aim of ensuring the correct operation of solutions
- Improvement of relations with key suppliers: in many cases, major consultancy and technology multinationals are the only ones capable of meeting the demand for comprehensive suppliers of their customers.

**IN THE MEDIUM AND LONG TERM:**

> **A shift in the global political-economic axis due to the development of emerging countries:** the economic development noted in the short term may contribute to a shift in the global political-economic axis towards emerging countries in the medium term.

> **Change in the population's structure:** the global population is experiencing a high growth rate (concentrated primarily in Asian emerging countries) accompanied by the ageing of the age pyramid on a global scale, a process of mass urbanisation and the development of the middle class in emerging countries. It is likely that these processes will continue in the coming decades.

> **Climate change and pressure on natural resources:** the population growth and the development of the middle class will most likely lead to a global rise in consumption that could increase the pressure on natural resources. On the other hand, the climate change could affect the availability and quality of these resources.

**HOW DO THESE TRENDS AFFECT INDRA'S BUSINESS?**

Critical success factors of Indra's business model Trends Trends	Customers	Value-added solutions and services	Talent	Sustainable environment
<b>COMPLEX ECONOMIC AND SECTORAL ENVIRONMENT</b>	<ul style="list-style-type: none"> <li>&gt; The economic environment determines the investment activities in technology of the institutions and companies in a country.</li> <li>&gt; This defines the importance of having a presence in countries that show greater economic growth.</li> <li>&gt; Greater competitiveness raises the level of customer requirements.</li> <li>&gt; Suppliers must undertake internal optimisation processes in order to improve the competitiveness of their services.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; In general, certain solutions and services are more exposed to the economic cycle (development and integration of technology) while others are less exposed to the cycle or are even anti-cyclical (outsourcing and BPO)</li> <li>&gt; Adapting the offering to the specific requirements of each country is of utmost importance.</li> <li>&gt; Competitiveness increases the need to differentiate the offering.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; A country's economic activity tends to be closely correlated to the level of employment, and it can affect professional turnover and labour costs.</li> <li>&gt; The competition between suppliers within the sector increases the pressure on qualified resources.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Companies as a whole, but especially those with a major technology and innovation component, play an essential role in a country's productive fabric and in improving productivity and growth.</li> </ul>
<b>CONCENTRATION OF DEMAND AROUND THE CONCEPTS OF "INTELLIGENCE" AND "EFFICIENCY"</b>	<ul style="list-style-type: none"> <li>&gt; Demand for intelligent solutions, cost reductions and efficiency</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Suppliers must develop capabilities in these areas.</li> </ul>		

<p>Critical success factors of Indra's business model Trends</p> <p>Trends</p>	Customers	Value-added solutions and services	Talent	Sustainable environment
<p><b>DEMAND FOR COMPREHENSIVE SUPPLIERS</b></p>	<ul style="list-style-type: none"> <li>Suppliers must have global commercial capabilities in order to support customers in their expansion.</li> </ul>	<ul style="list-style-type: none"> <li>It is important to have an offering that covers the entire technology value chain, from consultancy to BPO.</li> </ul>	<ul style="list-style-type: none"> <li>To the extent that services require a local presence, it is essential to develop policies for the recruitment, retention and development of talent that are adapted to each country.</li> </ul>	<ul style="list-style-type: none"> <li>Suppliers must distinguish and manage their impact on the environment in the various communities where they operate through their operations and also considering their value chain (suppliers)</li> </ul>
<p><b>COMPLEX ECONOMIC AND SECTORAL ENVIRONMENT</b></p>	<ul style="list-style-type: none"> <li>It is important to focus operations on the countries that have the greatest growth potential in the medium and long term.</li> </ul>	<ul style="list-style-type: none"> <li>The possible geopolitical tensions of the process can contribute to greater demand in certain markets, such as the security and defence market.</li> </ul>		
<p><b>Change in the population's structure</b></p>	<ul style="list-style-type: none"> <li>To the extent that population growth results in market growth, this can contribute to increased demand.</li> </ul>	<ul style="list-style-type: none"> <li>Processes such as the ageing of the population or urbanisation can contribute to the growth in demand for solutions in fields such as healthcare or smart cities.</li> </ul>	<ul style="list-style-type: none"> <li>An ageing population can increase tensions in the employment market, especially in advanced economies.</li> </ul>	
<p><b>Climate change and pressure on natural resources</b></p>		<ul style="list-style-type: none"> <li>Technological solutions in areas such as energy efficiency can play an important role in alleviating the pressure on natural resources.</li> </ul>		<ul style="list-style-type: none"> <li>Population growth can contribute to increasing the pressure on natural resources.</li> </ul>

# 4.2 STRATEGY

Indra maintains the pillars for growth that have configured its strategy for the past three years. This strategy is aimed at making Indra's business model sustainable so it can create value in a sustainable manner in the short, medium and long term and address the challenges that the company faces in its environment.

## GEOGRAPHY

Based on the strong organic growth and the competitiveness of its solutions and services, Indra must become a completely global company in terms of commercial operations (order intake and sales) as well as in production (development, execution and delivery of projects, as well as providing services), but also with regard to the most difficult task and greatest challenge: managing talent, knowing how to attract the best professionals wherever they may be, retaining them and convincing them to continue their professional career at Indra. This strategic value is based on the premise that technology investments have a high pro-cyclical component, which means that they are strongly linked to the economic growth rate. For this reason, it is essential for the company to position itself favourably in regions with higher economic growth. Moreover, as customers are also executing strategies to increase their exposure in key regions, and since they expect their technology providers to offer global support for their operations, it is important

to develop capabilities in different regions.

The development of capabilities for attracting, retaining and developing talent in the different regions is, without a doubt, one of the keys to internationalising IT service operations since IT services are strongly based on a local customer service component that requires the availability of human resources in different regions.

## INTELLIGENCE

"Intelligence" refers to the ability to make the best decisions. To achieve this, it is necessary to introduce "elements of intelligence" in all levels of decision-making, whether it is by including a larger volume of information in the analysis, by employing a better way of processing it or by improving the criteria for decision-making. Indra's aim is to apply that "intelligence" to the sustainable creation of value thanks to a greater knowledge of the markets where it operates as well as of its customers' requirements and technology, to improved adaptation of

the various professional profiles in its human resources, or to a greater involvement of stakeholders.

## EFFICIENCY

"Efficiency" focuses on applying management models that make it possible to optimise the use of resources, with the interpretation of "resources" in its broader sense to include, among others: financial resources, manufactured resources, human resources, intellectual resources, social resources or natural resources.

Indra is aware that this strategic aspect facilitates the compatibility of its own development as an organisation with the development of the stakeholders with which it interacts: professionals, customers, suppliers, shareholders or society in general.

## STRATEGY

# 4.2.1 CUSTOMERS

### ENVIRONMENT

- › Complex economic and sectoral environment
- › Pricing pressure
- › Greater global competition
- › Weakness of developed economies, especially in the second half of the year
- › Opportunity niches in the demand for intelligent solutions in advanced economies
- › Strong growth in emerging markets
- › Early investment cycles in infrastructures, healthcare and security
- › Accelerated adoption of intelligent systems
- › Maintenance of strong demand for services
- › Growth of the adoption of delivery models based on Cloud Computing
- › Strong demand for services (outsourcing and BPO)
- › Concentration of suppliers
- › Growing importance of integration capabilities
- › Increasingly global value chains
- › Growing importance of risks to logical security (cybersecurity)

### ESTRATEGY

Indra's objective is to continue strengthening the relationships it maintains with customers, gaining a greater market share of their investment in technology and adding new customers to its portfolio.

As a result, Indra's strategy is to accompany its key customers in their expansion processes and win local accounts in selected markets (geography), to identify growth segments and ensure repeat business from key accounts through better decision making (intelligence), and to optimise development and delivery processes in order to gain competitiveness and contribute towards improving

the company's profitability (efficiency).

#### **GEOGRAPHY:**

Positioning in the various geographic markets:

- › Increase exposure to key geographies: technology investments have a high pro-cyclical component, which means that they are strongly linked to the economic growth rate. For this reason, it is essential for the company to position itself favourably in regions with higher economic growth. Moreover, as customers are also executing strategies to increase their exposure

in key regions, and since they expect their technology providers to offer global support for their operations, it is important to develop capabilities in different regions. Indra is already a strong competitor in Latin America and one of the European companies with the greatest exposure to emerging markets. The strategy must enable the company to establish itself as a leader in Latin America with improved profitability. Indra also aspires to become a key player in the Asia and Pacific markets. Its experience in these markets is built on its transport and traffic offering, but the company is also developing solid business in other sectors. For additional information,

please see the “Geographic Markets” chapter.

- Continuous improvement of global commercial, development and delivery capabilities: As stated above, IT services operations are strongly based on a local service component as well as local resources in permanent contact with customers. As a result, Indra is developing a strategy based on:
  - Improvement of knowledge about key countries in order

### **Development of the company’s presence in the various markets where it operates:**

Indra focuses its solutions and services on six “vertical markets” that are differentiated according to customer profile: Transport & Traffic, Energy and Industry, Public Sector and Healthcare, Financial Services, Security & Defence, and Telecom & Media. The company’s objective is to develop its presence in each of these sectors. For additional information, please see the “Vertical Markets” chapter.

### **Development and adaptation of the solutions and services offering:**

Indra’s offering covers the entire technological value chain, from consultancy to BPO. Indra aims to strengthen its capabilities in each link of the value chain. For additional information, please see the “Solutions and Services” chapter.

**Ensure repeat business from customers:** to do so, Indra strives for excellence in the development and delivery of projects and services. This is specified in the following lines of action:

to identify commercial opportunities, both in export models as well as local implementation models.

- Implementation and development of the company’s presence in regions that have been identified in order to improve local delivery and customer service capabilities.
- Development of the network of Global Development Centres.

### **Continuous improvement of the system by means of:**

- Extension of the quality management model to new countries where Indra is present.
- Evolution in the maturity of accreditations and certificates.
- Project auditing.
- Continuous improvement of the project management methodology by means of:
  - Improvements to MIGP and MIDAS. Monitoring and adoption of international best practices. Homogenisation of the bid management process.
  - Incorporation of global development methodologies (applicable in information technology solutions and services) in MIDAS in order to support Indra’s production efficiency.
  - Achieve extensive risk management: from the initial detection in the opportunity stage, to monitoring and finalisation in the contractual stage, as well as from the bottom up, from risks in projects, to their integration in the company’s Global Risks Map.

## **INTELLIGENCE AND EFFICIENCY**

Improvements to customer management:

Development and adaptation of the offering in segments with a high growth potential:

- Training for professionals in the use of methodologies.
- Improvement in the monitoring and control of projects. Coordinated review of the key aspects and plans in the registration and review of projects by the Corporate Project Management Office as well as Management Control in the new Autoriza system.

### **Continuous improvement in software development processes:**

the objectives are to shorten production/delivery times, reduce costs and increase quality.

- This strategy includes various production industrialisation initiatives, reuse of code, use of offshore resources, etc.

### **Development of a culture of excellence among Indra professionals:**

Indra considers it fundamental to have the full commitment of all its professionals in order for the various methodologies to be applied effectively. As a result, the company carries out training and awareness actions so its professionals fully understand the importance of excellence in everyday work.

**Optimisation of the processes:** closely linked to excellence in development and delivery (see previous section), Indra aims to optimise its processes in order to improve competitiveness and profitability. As a result, Indra carries out the following initiatives:

**Consolidation and concentration of development activities:** : Indra carries out processes in order to consolidate and concentrate its development activities at centres that specialise in certain technologies or knowledge areas and are capable of taking advantage of any economies of scale that may arise while achieving higher production efficiency. In addition to specialised production, the Global Development Centres contribute to the development of extensive knowledge of technology, enabling them to have specific innovation units that are extremely focused on developing the offering. In other

words, Software Labs operate as advanced laboratories that offer the latest technological trends in order to develop custom solutions for our customers.

**Development industrialisation** the consolidation and concentration of development activities facilitate the introduction of industrialisation initiatives. One of the fundamental elements is the MInd tools suite, based on the ORIGIN (Organisations that are Intelligent, Global and Innovative) R&D project, which was launched in 2010.

It is an Indra tools suite that allows a comprehensive approach to the entire management and technical cycle of operations. The MInd suite has two fundamental objectives:

- To improve the management of the production capacity of a global company by enabling the software factories of an organisation distributed around the world to work







as a single virtual centre, both from the perspective of development activities and from the perspective of organisational culture.

- To improve productivity by incorporating technology that enables improving the reuse, traceability and management of knowledge, and by incorporating analytical and predictive models for the performance of projects and organisations.

**To strengthen information security by means of:**

- Continuous improvement of the security management system in information systems.
- Continuous improvement of technological resources for information protection.



	 Transport and Traffic	 Energy and Industry	 Public Sector and H.	 Financial Services	 Security & Defence	 Telecom & Media
<b>GEOGRAPHY</b>	<ul style="list-style-type: none"> <li>&gt; Positioning in Europe.</li> <li>&gt; Consolidation of presence in Latin America.</li> <li>&gt; Growth in the US.</li> <li>&gt; Growth in Asia and Pacific.</li> <li>&gt; Consolidation of presence in the Middle East.</li> <li>&gt; Taking advantage of opportunities in Africa.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintenance of its position in Spain.</li> <li>&gt; Support for global accounts.</li> <li>&gt; Growth in Europe.</li> <li>&gt; Strengthening of position in Latin America.</li> <li>&gt; Business growth in Asia and Pacific.</li> <li>&gt; Taking advantage of opportunities in the Middle East and Africa.</li> <li>&gt; Entry into the US market.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Strengthening of leadership in Spain.</li> <li>&gt; Positioning in Latin America.</li> <li>&gt; Business development in Southeast Asia and Pacific.</li> <li>&gt; Taking advantage of opportunities in the Middle East and Africa.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintenance of leadership in Spain.</li> <li>&gt; Support for global accounts.</li> <li>&gt; Positioning in America.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintenance of its position in Spain.</li> <li>&gt; Consolidation of presence in Europe.</li> <li>&gt; Promoting development in Latin America and Asia Pacific.</li> <li>&gt; Africa and the Middle East.</li> <li>&gt; Strengthen the company's relationship with platform manufacturers in the defence sector.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintenance of its position in Spain.</li> <li>&gt; Growth in Europe and Latin America.</li> <li>&gt; Development of presence in Africa.</li> </ul>
<b>INTELLIGENCE Y EFFICIENCY</b>	<ul style="list-style-type: none"> <li>&gt; Development of the "Indra Navia" offering.</li> <li>&gt; Consolidation of the road and rail traffic offering.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Renewal of the product suite for the commercial area of the energy market.</li> <li>&gt; Development of the Smart Grid product suite.</li> <li>&gt; Specific offering for the oil industry.</li> <li>&gt; Specific offering for water utilities and water resource management companies.</li> <li>&gt; Environmental risk management offering.</li> <li>&gt; Strengthening of the commercialisation of ERP solutions for Consumer Goods &amp; Services companies.</li> <li>&gt; Development and continuous improvement of hotel management and revenue accounting</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Development of the healthcare offering.</li> <li>&gt; Smart Cities.</li> <li>&gt; Continuous development of the electoral processes offering.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Development and commercialisation of core banking and insurance.</li> <li>&gt; Functional consolidation of the payment methods and foreign trade solution.</li> <li>&gt; Consolidation and development of the BPO offering.</li> <li>&gt; Development of the new consultancy offering.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Strengthening of the vessel traffic service (VTS) offering.</li> <li>&gt; Strengthening of the cybersecurity offering.</li> <li>&gt; Development of Lanza-T.</li> <li>&gt; Continuation of the spatial surveillance R&amp;D project.</li> <li>&gt; Continuation of the development of the MANTA, MRI, Pelican and Mantis products while obtaining first key customers.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Development of in-house OSS solution.</li> <li>&gt; New business BPO offering for media companies.</li> </ul>

CUSTOMERS

# 4.2.1.1 VERTICAL MARKETS



## CUSTOMERS

# TRANSPORT AND TRAFFIC

### TRENDS

- Increased privatisation of control tower services.
- Intelligent infrastructures through solutions applied to transport and traffic.
- Intense urbanisation process on a global scale and an increase in the number of megacities (cities with over 10 million inhabitants) with major mobility improvement needs.
- A strong need for the development of transport infrastructures in emerging countries.
- Increased importance of safety and sustainable mobility.
- Growing user interest in transport information (GPS navigation, traffic and weather conditions, car park/ petrol station locations, etc.).
- Automation solutions for customer interactions (check-in, travel information) as well as internal processes (RFID, tracking systems).
- Intelligent software for the control and optimisation of traffic and mobility.
- Generation of Public Private Partnership models.
- Growth of data centres as customers' main IT tool in the field of networks and importance of cloud computing systems.
- Multi-modal and multi-agency integration of transport management.

### → STRATEGY

The Transport & Traffic market strategy follows the same core values as those defined for the company as a whole, and are as follows:

#### **GEOGRAPHY**

##### **Europe**

- In the field of air traffic management, Indra's objective is to attract new partners to the iTec initiative within the framework of the Single European Sky project:

Indra is carrying out commercial initiatives in order for the European countries that join the Single Sky project to use its iTec technology. This technology already includes Spain, Germany, the United Kingdom and Holland among its partners, along with other countries.

- Also, the infrastructure development being carried out by certain European countries, and particularly in Eastern Europe, offers opportunities to Indra in the field of road and rail transport. Focusing especially

on the improvement of urban mobility. Indra intends to increase its commercial activity in these countries. Indra intends to increase its presence in Russia as the nation's infrastructures expand.

##### **Latin America**

- Indra has a fairly extensive presence in the region, both in air traffic (with a high degree of market penetration) as well as in road and rail network traffic.

- > The company's objective is to develop its position and enter segments where it does not yet provide services, specifically:
- > Enter air traffic management and railway traffic management segments in Brazil and Mexico.
- > Consolidate its position in road traffic and transport in Mexico and develop its presence in Brazil.

## USA

- Indra has eight years of experience in segments for motorway systems, access control and subway ticketing systems. Indra will continue to consolidate its position in these areas in 2013.
- The US government, as part of its vision and initiative of

modernising railway infrastructures that started in 2009, could be considering the possibility of creating medium and long-distance high-speed rail networks, which could provide opportunities. Indra will continue to actively monitor the progress of these plans throughout 2013.

- In 2012, Indra managed to penetrate the bus segment in the US, and this could become another pillar for growth in the coming years.

## Asia and Pacific

- Indra has a growing presence in the Middle East, which received a major boost in 2011 by winning several contracts for air traffic management systems in a number of countries throughout the region (Kuwait, Oman and

Jordan). The company's objective is to consolidate its presence in countries where it already has a presence and enter those where it is not yet present.

- In the rail traffic segment, Indra intends to capitalise on the key customer it has won through the Spanish consortium Haramain project for the Medina-Mecca high-speed train line in order to increase its presence in the region.

## Africa

- Despite the fact that the expected investments for developing transport infrastructures in the region are not high, Indra is constantly searching for possible business opportunities, especially in the subway, urban transport and toll road segments.

## INTELLIGENCE Y EFICIENCIA

- Development of the "Indra Navia" offering: the integration of the Norwegian company Park Air in 2012 (resulting in the company "Indra Navia") has enabled

Indra to complete its air navigation offering by covering all customer requirements in the area of air traffic. Indra's objective now is to extend the development and continuous improvement of its offering.

- Consolidating its offering in road and rail traffic: Indra is completing its offering of proprietary solutions for the rail traffic (intelligent signage, etc.) and road traffic (speed and mobility control, toll systems, intelligent bus operating systems, etc.) segments.

## CUSTOMERS



# ENERGY AND INDUSTRY

### TRENDS

- Increase in global demand. Meeting demand by optimising energy resources.
- Quality and safety in the supply. Diversification of energy sources and new energy uses.
- Culture of energy sustainability. Growing environmental demands by governments and customers.
- Concentration of business into large energy groups.
- Regulatory changes. Deregulation processes in the electricity sectors of emerging countries.
- Strong pressure on costs and the search for efficiency, automation and the creation of shared service centres.
- Intelligent infrastructures through digital solutions: electricity networks (smart grids), water infrastructures, buildings, electrical vehicles.
- Business Analytics. Optimisation of information analysis as a competitive strategy.
- ICT as an energy efficiency vector, both for the industry (Green IT) as well as to maximise production and optimise consumption and emissions.
- Security in critical infrastructures and cybersecurity.
- A greater focus on outsourcing services for companies in the Industry and Consumer Goods & Services.

### → STRATEGY

The strategy for the Energy and Industry market follows the same core values as those defined for the company as a whole.

The development of new proprietary solutions (described below) should enable Indra to improve its access and development opportunities in various geographic markets, helping to ensure repeat orders and while improving their profitability. In this context, Indra's strategy for each region can be summarised as follows:

#### **GEOGRAPHY**

##### **Maintenance of its position in Spain**

- Indra has very important customers in the Spanish energy and utilities market that are key to the company's strategy, such as Repsol, Canal de Isabel II Gestión, Gas Natural Fenosa and Endesa, among others. Indra intends to continue improving its position with these customers.
- Also, the demand from Consumer Goods & Services companies is primarily focused on outsourcing services, with the clear objective of optimising their cost structures. For this market, regardless of the current

pressure on prices, a major opportunity is opening up to increase operations and the company's market share.

##### **Support for global accounts**

Some of Indra's key customers are undergoing internationalisation processes. These customers need suppliers that are capable of providing services in all the regions where they operate. Indra is developing its capabilities wherever it is necessary in order to support its key customers.

### Growth in Europe

- > Indra has identified opportunities for growth in the energy and utilities markets of countries in Central and Eastern Europe.
- > Indra is also focusing on Italy, where the company already has a major presence and plans to expand in the short-term. The company is continually searching for business opportunities in these countries.

### Improvement of position in Latin America

- > Latin American demand is strong and Indra has identified major opportunities for growth, particularly in Brazil, Colombia, Mexico and Peru.
- > In 2012, Indra consolidated its strong growth in the oil & gas sector, which the company hopes to maintain in 2013. Indra has high expectations in the area of

modernisation projects for distribution systems and the gradual adoption of technology for intelligent networks. Major opportunities for growth have been identified in the water sector due to the industry's need to improve the efficiency of its operations.

- > Indra's objective is to drive local development and provide capabilities in the region in order to boost growth.

### Business growth in Asia and Pacific

- > Indra has a major presence in the electricity and water market in the Philippines. Indra's objective is to use this base to develop its position in the Philippines and expand its presence to other countries in the region.

### Taking advantage of opportunities in the Middle East and Africa

- > Indra has recently signed contracts with companies from the utilities sector in Africa, such as Electricidad de Mozambique, where Indra will implement a commercial management system.
- > Aside from growth in countries where Indra is present, such as Kenya, Cameroon and Zimbabwe, the company's objective is to develop opportunities in the region in countries like Ghana and Tanzania.

### Entering the US market

- > Indra has some experience in the US energy market. The company's objective is to continue penetrating this market.

## INTELLIGENCE AND EFFICIENCY

In 2012, Indra developed and reorganised its offering for the energy market with the objective of boosting its growth and improving its capabilities in order to take advantage of opportunities offered by the market. Indra hopes that the new portfolio of proprietary solutions will help accentuate the company's competitive advantages and improve its profitability. As a result of this development, Indra has identified areas with a high potential for growth, which has led to specific plans to develop its offering on the following products:

Renewal of the product suite for the commercial area of the energy market. As a result of the company's knowledge and experience with more than 100 electricity customers, as well as an investment in commercial management solutions, the area's suite is being renewed to include the following products:

- > A new commercial management system for companies that commercialise gas and electricity in deregulated markets, with the objective of positioning Indra in countries/regions such as Europe, Asia Pacific or the US.
- > A new commercial system for companies that distribute gas, electricity and water, with the objective of launching a new solution in Latin America.
- > Improvement of the current commercial system in order

to consolidate the company's activities in Africa and Asia Pacific.

### Development of the Smart Grid product suite

Power grid management has changed considerably in recent years, and this requires new solutions. The strong implementation of renewable energies in a concentrated way or through distributed generation, the trend towards new types of consumption for reasons of efficiency and sustainability (such as electrical vehicles) and other technical and social changes have meant that intelligent management and monitoring of the power grid is required, conceptually known as Smart Grid. Indra considers this to be a strategic area and it is participating in the development of solutions

in various links of the chain, from smart metering and remote management to energy distribution management systems.

### **A specific offering for the oil industry**

Indra is continuing with its strategic commitment to the oil industry. The company is carrying out a major process for the development of a specific offering in this sector that, as a complement to the cross-industry offering, provides a complete response to the needs of its customers throughout the value chain. This includes:

- In corporate management, proprietary solutions such as systems for reserves (SICOR) or tax management (SIGEFI), projects aimed at improving risk management as well as innovative solutions that provide information to investors via mobile devices.
- In the downstream area, solutions for customer management using analytics solutions in various technologies, optimising refinery production and mobility solutions for customers.
- In the upstream area, services specialised in the production of crude oil, preventive maintenance for facilities, company roll-outs, standardisation of purchasing processes and the definition of indicators for managing operated assets.

Indra has identified business opportunities associated to the revolution that is taking place with the exploitation of unconventional deposits ("shale oil/gas"), which is changing the map of producer countries as well as the technological problems and needs of the sector. Indra also places special importance on environmental protection aspects and it is developing specific solutions for detecting oil spills and for the safety of facilities and people.

### **A specific offering for water utilities and companies that manage water resources**

Indra is capitalising on its experience and its key customers in order to commercially drive this line of business by improving its own capabilities in the IT market for water with other capabilities that Indra has in the fields of consultancy, BPO, security, infrastructures and engineering. The company has developed the following lines in the water offering:

- Commercial systems for water companies.
- Specialised BPO for water: Indra has extensive experience in business processes outsourcing (BPO) services for commercial backoffice aspects (meter reading, billing and collecting).
- Specialised consultancy for water: Indra has consultancy experience in the area of defining rate systems, energy efficiency, reading cycle improvements, etc.
- Technical systems: technical management solutions within the exploitation and operation of the assets in the water value chain.
- Water control centre: connected to the above point, Indra plans to apply its control centre capabilities in other fields (air traffic management, railway traffic management, emergency centres, air surveillance, border surveillance, etc.) to the water market. To do this, it plans to carry out R&D projects in 2013 and 2014 in collaboration with major industry companies on an international level.

### **Environmental risk management offering**

Indra has organised an offering especially aimed at the oil industry and water utilities. The growing environmental awareness of governments and society in general is

driving the demand for risk management systems in the management of natural resources and, more importantly, in the case of oil and water. Indra is positioning itself favourably in this field by developing specific solutions that use the company's capabilities in other fields (security, detection of oil spills, infrastructures, etc.).

In addition to boosting and reorganising the offering for the energy market, the strategy for developing the new offering is defined as:

- Improving the commercialisation of ERP solutions for Consumer Goods & Services companies: in markets that are relatively young, such as Latin America, where the degree of penetration of ERP solutions is still not high, Indra has identified clear opportunities for growth that should start to show results in the coming years.
- Progress and continuous improvement of hotel management solutions and revenue accounting: Indra has proprietary solutions for hotel management (TMS for hotels) and for the revenue accounting of airlines. Indra is working on continuously improving these solutions and on winning major key customers that will help improve its position in these segments of the offering.

## CUSTOMERS

# PUBLIC ADMINISTRATION AND HEALTHCARE

### TRENDS

- Budgetary constraints by the public sector in Spain.
- Concentration of services and suppliers.
- A growing need for modernisation and greater efficiency: cloud computing, digitalisation, automation, shared service centres, consolidation of data centres and the re-engineering and simplification of processes.
- A growing demand for healthcare services due to a larger and ageing population.
- E-Health: progress from the current hospital model (based on reactive medicine – acute treatments) towards a preventive and proactive model (telemedicine, chronic patients).
- A search for greater efficiency in systems and processes that entails improved interoperability and the standardisation of information and medical systems.
- Mobility solutions for healthcare staff.

### → STRATEGY

The market strategy for the Public Sector and Healthcare follows the same core values as defined for the company as a whole and are as follows:

#### **GEOGRAPHY**

**Spain:** Improved leadership in Spain, increasing the market share:

- The Public Sector is carrying out processes for concentrating services in order to obtain a higher volume and thereby achieve synergies, economies of scale and greater efficiency.
- The Public Sector is using this higher volume of contracted services to modernise the Public Sector through the service itself, thereby offsetting the lack

of financial resources for transformation projects.

- The concentration of services entails a concentration of suppliers, and this benefits Indra thanks to its offering and capabilities.
- Although the company's sales volume in Spain has dropped, it has fallen less than the market as a whole.
- Indra's objective is to continue improving its position in Spain.

#### **Latin America:**

- Demand in Latin America is becoming concentrated in transformation projects or services that provide added value.
- Indra has a strong position in Latin America, specifically in countries such as Brazil, Mexico, Peru, Colombia and

Chile.

- Indra's offering, industry knowledge and capabilities in the Public Sector and Healthcare market enable the company to develop its presence in various countries based on different product and service lines. For example, Indra has a strong presence in:
  - Brazil's Public Sector
  - Tax management systems in Mexico
  - Outsourcing and BPO services in Peru
  - Healthcare in Chile



### Southeast Asia and Pacific

- The high economic growth and the strong investment in modernisation planned for this region make it especially interesting.
- Indra has experience in some countries in the region,

especially the Philippines where it has carried out projects in the legal and healthcare fields.

- Indra's objective is to develop its presence in new countries and to grow in the region.

### Middle East and Africa

- Indra has experience in the region, primarily in ERP solutions for governments.
- The company constantly monitors business opportunities.

### INTELLIGENCE AND EFFICIENCY

Healthcare offering:

- The healthcare sector is facing major challenges due to the ageing global population, an increase in chronic illnesses, access to healthcare for dispersed or remote populations, etc.

- Indra is aware that these challenges can be addressed using technology and therefore is re-defining its offering in order to adapt better to market needs and make better use of the abilities that it already has in this sector.

Smart cities:

- "Smart Cities" address major urban planning and social challenges in terms of governance, mobility and energy efficiency, and Indra sees a high potential for growth.
- Indra intends to position itself well in this emerging sector.

### ELECTORAL PROCESSES

In the Public Sector and Healthcare market, the business related to Electoral Processes should be treated separately since it has certain characteristics that influence its strategy, such as:

- It is a business based on specific short-term projects.
- The demand for services is linked to the electoral cycle.
- It does not require local implementation. The degree of development in a market is measured by repeat sales.

In view of these characteristics, Indra's strategy is defined by:

#### Geography

- > Maintenance of its position in Spain: Indra is the leading service provider for electoral processes in Spain, both for the central government and for autonomous governments. At the same time, Indra is developing its presence in the "private" sector with its service offering for shareholder meetings.
- > Consolidation in Europe and Latin America: the objective is to build the loyalty of customers that have hired Indra in the past and obtain new accounts. Indra is also beginning the search for new customers in the private sector.
- > Focus of growth in Asia and Africa: this is the region where Indra has its most embryonic presence and the one that presents the greatest potential for growth.

#### Intelligence and efficiency

- > Continuous improvement of the Electoral Processes offering, configuring a comprehensive solutions and services portfolio that covers all customer needs:
- > Indra focuses on incorporating top technological advances into its solutions. In particular, the development of the offering for electoral process is aimed at:
  - New voting channels: e-voting, voting via the internet, etc.
  - Developing technology associated to the modernisation and automation of voting centres.
  - Digitalisation solutions and broadcasting results from voting centres in order to speed up voting processes and maximise the security, accuracy and quality of results.

### Intelligence and efficiency

- > In addition, Indra continues broadening its capabilities by expanding its offering with new solutions and services, such as:
  - Comprehensive logistics management.
  - Operational monitoring and tracking services for election day.
  - Observation mission support for international multilateral organisations.

# CUSTOMERS



# FINANCIAL SERVICES

## 🌐 TRENDS

- Restructuring of the financial market in Europe by means of an adjustment plan imposed by the EU
- Concentration of financial entities
- BPO opportunities associated with the management of real estate assets
- Diversification of banks aimed at wholesale banking
- Increase of the requirements associated to risk management, control and regulatory compliance
- Need to improve customer management for commercial and risk management purposes, which translates into a widespread investment in Business Analytics
- Need to rationalise resources and adjust costs by means of outsourcing and the BPO of services
- Promotion of multi-channelling as a tool for creating business
- Development towards the growth of banking in regions that are developing through initiatives such as micro-loans or mobility payments.

## ➔ ESTRATEGY

The strategy in the Financial Services market follows the same core values as those defined for the company as a whole, and are as follows:

### GEOGRAPHY

Indra aims to become a leading company in the markets where it operates, and it is present in the top five banks of each country.

**Spain:** Maintaining a leadership position in Spain, aspiring to become a key company in the new configuration of the financial services market:

- Strengthening its leadership as the top supplier for local accounts, with customers that include the top five financial institutions, such as the Santander Group, the BBVA Group or Caixabank..

### Positioning in Latin America

- Indra is actively working towards improving commercial and positioning plans that will allow it to be present in the top five local entities, giving special attention to Brazil, Mexico and Colombia.
- Promoting Latin America as a development and delivery centre, consolidating capabilities in both application maintenance and the development of software and

backoffice operations in order to serve all the regions where we operate.

### Support for global accounts

Positioning Indra as the leading IT technological partner of banks and insurance companies, with the ability to accompany them throughout their entire expansion and globalisation process in the management of their technology.

- Positioning Indra as a partner in the business world, being identified by entities as a company that understands the banking business and is capable of accompanying them in decision-making, using our consultancy services as a lever for support.

## INTELLIGENCE AND EFFICIENCY (CONSOLIDATION OF THE PRODUCTS AND SERVICES OFFERING):

- > Development, commercialisation and consolidation of core banking and core insurance solutions:
- Aiming to consolidate the SaaS model as a model for providing our solutions over Cloud capabilities, thus generating a competitive advantage.
- > Consolidation of our Payment Methods and Foreign

Trade solutions.

- > Consolidation and development of the BPO offering:
- Consolidation of the offering for banking backoffice, positioning ourselves in the top tier for this type of solution.
- New offering developed for the management of real estate assets derived from the restructuring of the financial services market.

- Consolidation of the offering in order to cover the entire value chain of insurance companies.
- > Development of a new consultancy offering for the insurance and financial services market.

## CUSTOMERS

# SECURITY AND DEFENCE

### TRENDS

- Rationalisation and reduction of defence spending in developed countries, with a special focus on the maintenance of critical capabilities and spending efficiency (public-private collaboration schemes, bilateral

cooperation etc.) compared to sustained growth of defence spending in emerging countries.

- Higher investment in security by large corporations

- Areas with great potential: unmanned systems, force protection, information systems, intelligence, communications, cybersecurity, critical infrastructure protection, border control and simulation.

### → STRATEGY

The Security and Defence market strategy follows the same core values as those defined for the company as a whole, and are as follows:

**Geography** (positioning in various geographic markets): Indra's strategy can be summarised along the following lines:

- Maintaining its position in **Spain**: although Spain is a small market in terms of Security and Defence turnover, it remains highly important for Indra's strategy since this is where the capabilities for generating new offerings are concentrated. Also, obtaining key customers in Spain is crucial in order to export the offering more easily to other countries.

- Consolidating the company's presence in **Europe**: Indra has major key customers in certain European countries such as Germany, France, Lithuania and Romania, and the company intends to consolidate and expand its presence to include those countries where it is not yet present, both in Eastern and Western Europe.

- Promoting development in **Latin America and Asia Pacific**: Indra is making major commercial efforts in these two regions, which should generate significant results in the coming years.

- **Africa and the Middle East**: Indra's objective is to grow in selected countries, especially in its security business.

- Improving the company's relationship with platform manufacturers in the defence sector: a large part of Indra's defence offering consists of embedded systems for different platforms (land, sea or air vehicles). Establishing agreements with platform manufacturers so they fit Indra products is key to the company's marketing strategy and influences its ability to enter new geographic markets.

## INTELLIGENCE AND EFFICIENCY

Indra's strategy is defined along the following lines:

- > Improving the company's vessel traffic service (VTS) offering: Indra has detected major opportunities for growth in this segment and is making strong efforts to develop the offering and its marketing.
- VTS is an adaptation of the border surveillance solution. Indra's experience and skills in this sector should facilitate the commercial development of the solution.
- Improving the cybersecurity offering: the major risks to logical security means that cybersecurity investments

are expected to increase for practically all sectors.

Indra is making efforts to develop its offering and marketing in order to gain an advantageous position in this segment, which has a high potential for growth.

- Lanza-T development (three-dimensional transportable radar): the development of this new product began in 2012, and the development period is expected to last 3 years. This is fairly advanced technology in which Indra has significant competitive advantages.
- Continuing with the space surveillance R&D project: Indra is continuing with the project that began in 2010, for which a strong growth pattern is expected in the EU

- Continuing with the development of MANTA (electronic defence systems for military transport and VIP aircraft), MRI (Maritime Reconnaissance Intelligence light aircraft), Pelican (rotary wing UAS - Unmanned Aircraft System) and Mantis (micro UAS) products and win its first key customers: Indra continues to introduce improvements to these products with the aim of winning its first major key customers as of 2013

# CUSTOMERS

## TELECOM & MEDIA

### TRENDS

- Strong growth of **mobile devices** and broadband.
- Development of mobility services (converging with social applications).
- Network roll-outs in emerging markets.
- Convergence of services (landline – mobile – xDSL).
- **Infrastructure transformation** (migration to fibre, wireless and convergence of IP platforms).
- Advanced customer management for improved customer attraction and retention.
- Rationalisation and reduction of costs.
- Consolidation of telecommunications operators and centralisation of decision making.
- Strong **increase in the consumption and generation**

#### **of content via the Internet.**

- Customer demand for cost-saving technologies (cloud computing, video conferencing, VoIP).
- Mobile payment platforms (including Near-Field Communications).
- A fall in advertising revenues from conventional sources and the replacement by new models that are difficult to make profitable for traditional media companies (online, below the line, etc.).
- Fragmentation of the audiovisual audience resulting from the proliferation of **new digital channels**.
- Consolidation of agents due to the crisis in the advertising market and the arrival of new competitors

from other business areas.

- Concentrated demand in an increasing process of consolidation.
- Moderate technology investment market volume and with foreseeable reduction due to the sustained deterioration of results.
- Information systems map limited by complexity.
- Low IT renewal rates.
- Custom legacy developments increasingly giving way to the purchase of less personalised business solutions and even Cloud-based models.
- Trend towards full outsourcing models in a clear search for efficiency.

### → STRATEGY

The Telecom & Media market strategy follows the same core values as defined for the company as a whole, and are as follows:

**Geography** (positioning in various geographic markets): Indra's strategy can be summarised along the following lines:

- Maintenance of its position in **Spain**: customers from the Spanish market are being subjected to competitive pressures (especially in the case of the Telecom market) and a drop in demand (lower advertising revenues for media companies stands out), and this is forcing them to reduce their budgets for technology investments. In this context, Indra's objective is to ensure its presence with existing customers and maintain its market share.

#### ➤ Growth in **Europe and Latin America**:

- The fact that existing customers are accompanying Indra in its expansion throughout Europe and Latin America should help the company lay the foundation for obtaining new accounts and driving growth.
- Search for new customers in the Italian market: the integration of the Italian company Galileo has enabled

Indra to develop its local capabilities and gain access to new accounts in the Telecom & Media market (Telecom Italia, Wind, Sky TV, etc.). Indra intends to explore new opportunities for growth in the region.

- > Development of its presence in **Africa**:
- Indra already has key clients in the African telecommunications market, which should help in gaining more customers and penetrating new countries in the region, especially those where Portuguese is spoken.

## INTELLIGENCE AND EFFICIENCY

Intelligence and efficiency (development of the solutions and services offering): Indra's strategy is defined along the following lines:

- > In view of the growing "commoditisation" of services for Telecom companies, Indra has defined its objective as developing a proprietary solution that will capitalise on its knowledge and experience in OSS and help establish competitive advantages while ensuring more repeat customers.
- > In the Media market, Indra aims to develop a new BPO offering:
- In view of the growing demand for multimedia content management services from practically all sectors, Indra plans to export its experience and capabilities in digital

business to other markets where it operates.

- Development of the service offering for comprehensive business support of newly-created media companies by providing a service infrastructure (Cloud Computing).
- > Indra has important customers in Spain for which it provides "Smart TV" solutions and services, including BBVA, Disney and Antena 3.
- > Indra is participating in several R&D projects for the media sector with the objective of developing capabilities that will complement the company's offering.



CUSTOMERS

# GEOGRAPHICAL MARKETS



Indra's focus on solutions and its strong ability to differentiate its offering is what enables it to develop a better competitive position more quickly and efficiently in different geographic markets.

For this reason, the balanced and diversified structure of its offering enables Indra to carry out an internationalisation



strategy through which, in each geographic region, it develops products with the greatest market potential.

Indra has identified opportunities for growth in all the geographic markets where it operates, with a special focus on emerging markets, specifically Latin America and the Asia Pacific region.

## STRATEGY

# 4.2.2 VALUE-ADDED SOLUTIONS AND SERVICES



### ENVIRONMENT

Greater global competition

**Demand for intelligent solutions:**

- Opportunity niches in advanced economies
- Fast adoption of intelligent systems in emerging markets

**Demand for cost reduction and process efficiency:**

- Industrialisation of services.
- Increased adoption of delivery models based on Cloud Computing.

**Demand for comprehensive suppliers:**

- Ongoing concentration of suppliers.
- Growing importance of integration capabilities.

**Concentration and globalisation of partners**

### STRATEGY

Indra's aim is to provide the most advanced offering on the market at all times and to provide added value to its customers, especially in segments where strong growth potential has been identified.

Thus, Indra's strategy is aimed at reinforcing its ability to locally develop and adapt its offering in each region (geographical) and to improve the development model for the offering.

## GEOGRAPHY

Ability to develop and adapt the offering locally for each region where Indra operates

### Enhancing local offering development capabilities:

developing and adapting the offering for each region requires highly qualified local resources with a thorough understanding of the technology involved and of each customer's business. Indra is optimising its ability to develop and adapt its offering for key strategic regions, such as Latin America. For additional information, please see the "talent" chapter.

### Developing relations in different regions with each innovation agent:

- > Involvement in innovation programmes: Indra aims to enhance its innovation capabilities in key regions such as Europe and Latin America (particularly Brazil) through increased involvement in international R&D&i projects.
- > Internationalisation of partnerships: technology partners are key for Indra because they provide strategic knowledge-based alliances, help improve our offering and commercial capabilities, and contribute to strengthening the company's position in specific regions. Indra seeks to identify, prioritise and reinforce relations with technology partners that will help optimise the company's

globalisation and innovation capabilities.

- > Developing agreements with knowledge institutions in key regions: knowledge institutions not only bolster Indra's ability to innovate but also represent a source of talent that can help enhance the company's local capabilities. Indra is extending its policy of maintaining relations with knowledge institutions to other regional markets, particularly Latin America.

## INTELLIGENCE AND EFFICIENCY

Development of the offering of solutions and services as well as management improvements.

### Development of solutions and services in segments with strong growth potential:

the company groups these under two wider concepts: "intelligence" and "efficiency" (the same strategic hubs identified by Indra since the company believes that its challenges are the same as those faced by its customers).

- > "Intelligence" consists of a customer's ability to make decisions at all levels. To this end "intelligence elements" must be introduced at all customer decision making levels, including infrastructures (connected devices that generate massive amounts of data and must be capable of autonomously adapting to changing

environments), processes, operations, data analysis and consultancy services in order to provide a comprehensive technological offering.

- > "Efficiency" is the use technology management and delivery models in order to optimise resources. This specifically refers to industrial IT outsourcing and application management models, with a shift towards business process outsourcing and the use of virtualisable, flexible and elastic IT platforms, commonly known as cloud computing services.
- > This new offering should allow Indra to increase its share with existing customers and boost the number of key accounts:

### Solutions

- Improving consultancy capabilities
- Developing proprietary solutions in identified segments.
- Developing distinct end-to-end market solutions.
- Developing technological partnerships with key partners.

### Services

- Developing the In-Cloud offering
- Focusing on high value-added services
- Improving excellence and efficiency in the process of providing services

**Constant support for innovation and the new offering development model:**

Indra dedicates a significant volume of resources to R&D&i. As a result, the company has positioned itself as the fifth largest player in the European “software & computer services” sector, one of the most R&D&i capital intensive industries according to the annual EU ranking. The company also strives to ensure that this effort is concentrated on segments that offer the strongest medium- and long-term returns on investment. As a result, Indra has established a culture of continuous improvement in the innovation and development of its new offering, ensuring that it is fully aligned with the company's strategy.

**Continuous improvement of the innovation model:**

The origin of Indra R&D&i projects lies in the company's strategic planning procedure. The innovation model is increasingly important, and it is crucial for Indra to provide a differentiated offering of value-added solutions and services.

- Participation in platforms: Indra is involved in various Spanish and European platforms in which it has decision making powers and interacts with various players involved in R&D&i programmes.

**Continuous promotion of institutional relations with innovation and knowledge institutions:**

Indra's strategy consists of establishing solid, permanent and mutually beneficial cooperative relations with these institutions. This cooperation is often established through framework agreements and research chair agreements.

**Strengthening key partnerships:**

based on the iGAN concept (Indra Global Alliance Network), Indra distinguishes between its main technology partners in terms of innovation capabilities and globalisation. Many of the policies and initiatives aimed at internationalising alliances and supporting innovation with partners have been carried out with iGAN partners.

**Continuous improvement of the supply chain by improving supplier management efficiency:**

- Purchasing Portal: in late 2011, Indra launched a new Purchasing Portal aimed at further improving relations with suppliers as well as facilitating communication throughout purchasing procedures. The project includes different stages, which continued into 2012. The Portal has made for more transparent relations and faster transactions by flagging situations that could affect compliance with contractual agreements.

- Consolidation of logistics procedures: an initiative to create regional logistics centres and to consolidate deliveries, helping to reduce costs and environmental impacts. For additional information, please see the “sustainable environment” chapter.

**Expanding the commitment to excellence to suppliers:**

- Inclusion of social and environmental requisites in the pre-approval process: as of 2012, Indra has established a new supplier pre-approval process based on the Achilles platform that has the aim of including all active suppliers. It is currently being applied to 843 suppliers.

# VALUE-ADDED SOLUTIONS AND SERVICES

## SOLUTIONS

### TRENDS

- Focus on intensive Intelligent Solutions in order to automate processes and decisions, speed up responses to business events, reduce operating and opportunity costs, and extract valuable information for the business from the analysis of bulk data
- Reduction of investment budgets in advanced economies
- Development and modernisation of infrastructures in emerging countries
- New business and production models based on Cloud Solutions
- Exponential growth of mobility as a generator and consumer of information
- Growing integration between Information Technologies and Operational Technology (sensors as well as automation and control systems)

### → ESTRATEGY

The strategy for solutions operations follows the same core values as those defined for the company as a whole, and are as follows::

#### **GEOGRAPHY**

Developing Indra's presence in the different geographic markets is very closely related to the plans to develop its offering (described below) since differentiating its solutions is what enables the company to gain larger shares of customers' investment budgets and to access new accounts in different countries more successfully. Within this framework, Indra's strategy in the different

regions is defined along the following lines:

#### **To continue increasing its market share in Spain**

- Indra's objective is to continue gaining market share in the technological solutions sector by improving its position with existing customers and by entering new market niches thanks to the development of new cloud-based delivery models, despite the current climate of reduced investment budgets
- The market for consultancy services is also experiencing increased competitive pressure derived from budget cuts in all areas, which makes it necessary to promote

differentiated capabilities. This pressure on margins, which is reflected in margins, is also an opportunity for the company to consolidate itself amongst the key players of a difficult market. The key to success lies in differentiation and in establishing long-term relationships with the key customers of each sector. To date, Indra has been able to establish itself as one of the top three providers of business consultancy services in Spain, and it aims to continue strengthening or improving its position.

Continue improving its capabilities for developing and delivering consultancy services and solutions outside of Spain, especially in **Latin America:**

- > Indra is developing the local capabilities of its competency centres in countries that include Brazil, Mexico, Argentina, Colombia, Peru and Chile with the aim of increasing the growth of its technological solutions operations in these regions.
- > The consultancy market is very concentrated in two Latin American countries that also show a high potential for growth: Brazil and Mexico. Indra's strategy in the field

of consultancy is therefore highly focused on these two countries.

#### Supporting global customers:

- > Indra's customer portfolio includes large multinationals that require suppliers capable of providing global support for their information systems needs. The company has identified opportunities for growth in the large-scale technology projects of its main accounts.

#### Taking advantage of opportunities in other regions:

- > Indra continuously monitors business opportunities in other geographic markets. In these types of projects, partnerships with key technological partners improve Indra's commercial capabilities and provide easier access to the other countries. .

## INTELLIGENCE AND EFFICIENCY

development of the technological solutions and consultancy services offering: Indra's objective is to develop "knowledge" that enables fulfilling customers' requirements so it can subsequently deliver this "knowledge" in the form of consultancy services or technological solutions ("packaging the knowledge"). Indra is aware that the key to its success lies in developing differentiated knowledge for its customers' major challenges. Therefore, the strategy for developing the offering translates into:

**Improving consultancy capabilities:** aside from being one of Indra's pillars for growth, consultancy services are of great interest to the company due to their potential to improve the ability to access new customers from earlier phases of the technology value chain, to improve knowledge of the industry and customers, and to increase

the added value of technological services and solutions. As a result, Indra's strategy is aimed at:

- > Developing the offering in two differentiated areas: strategy and operations. In particular, operational consultancy services contribute to improving the commercialisation of technological services and solutions.
- > "Verticalising" the consultancy offering: adapting the consultancy offering in order to better address the requirements of six specific markets: Consumer Goods & Services, Telecommunications, Financial Services, Utilities, Transport & Traffic and Public Sector and Healthcare.
- > Boosting the commercialisation of Indra's new strategic offering in specific segments: Analytics, Cloud Computing, Smart Cities, etc.

**Developing the technological solutions offering:** Indra's strategy is aimed at positioning itself favourably in those segments by:

- > Developing proprietary solutions in segments that have been identified.
- > Using market products to develop differentiated end-to-end solutions such as fiscal management, tax management, education management, healthcare analytics or B2B solutions.
- > Developing technological partnerships with key partners: SAP, Oracle, IBM, Microsoft, SAS, Microstrategy, Kodak, EMC. For additional information on partnership management, please see the "Differential services and solutions" chapter.

The company has identified as a priority six strategic offering lines in the area of solutions. They have been noted to have a high growth potential in terms of future demand, and they are believed to have the competitive advantages and capabilities for developing and maintaining a strong position in the market. Indra has been working towards developing a proprietary and differentiated value proposition for each of these six lines, and it has already started to obtain the first results of the positioning it is assuming in the market. The six strategic lines are:

**Global partnership with SAP:**

- > The company believes that this partnership strengthens its market positioning and improves its internationalisation capacity.
- > Indra has been working towards strengthening its relationship with SAP in recent years, and its operations to implement SAP solutions are experiencing a major growth.
- > Indra has ambitious growth objectives for this activity.
- > In order to meet these objectives, Indra plans to continue promoting the more traditional joint offering lines (like ERPs) and also to develop new offering lines in more specialised fields (such as mergers and split-offs, treasury or “in-Memory computing”) aimed at large multinational accounts

**Analytics: :**

- > In 2011, Indra created an Analytics competency centre

in order to maximise and capitalise the company’s experience in this field.

- > Analytics are emerging solutions in the market and they are expected to have high growth rates in the upcoming years. These systems are capable of analysing and generating models from massive amounts of information (structured and unstructured) or from internal/external/ Internet databases, and they have tremendous potential because they can be applied to practically all sectors.
- > Indra has proprietary Analytics solutions in segments such as geomarketing and micromarketing (Prospect) or airlines (AirBIS).
- > Indra is also a key partner for SAP in the commercialisation of its “in-Memory computing” technology, known as HANA, through a strategic agreement that was signed in 2011.
- > Within the Analytics offering, Indra has identified an especially high potential for growth in Analytics as a Service. This consists in a different Analytics delivery model that is based on providing knowledge services instead of designing projects for implementing Business Intelligence systems. The technological supplier is responsible for making the most of the customer’s knowledge. It has the advantages inherent to “as a Service” models (cost, flexibility, scalability, etc.).

**Cloud:**

- > Within the In-Cloud offering, SaaS solutions present a huge potential for growth. Indra has SaaS solutions in various sectors such as Transport, the Public Sector or

Financial Services, as well as in solutions such as ERP (ISOCLOUD), ECM (CloudScanning) and mobility (Instan Card). For additional information, please also see the “Services” chapter.

**Mobility:**

- > Indra has a competitive position in certain accounts, such as Mapfre, where the company operates as a strategic partner for the development of mobility services.
- > Indra’s objective is to complete its mobility offering. Specifically, Indra is working on:
  - Developing the “marketplace” concept in cloud environments (applications for the mobile device application market).
  - Value propositions in self-care and automation.

**Digital:**

- > Indra is working towards developing a content and document management offering in cloud format that serves customers on a pay-per-use basis.

**Key architectures: :**

- > Indra is already a renowned supplier in the Spanish architecture market, especially in SOA (“services oriented architectures”).
- > Indra intends to improve its positioning with the development of a proprietary architecture. Its objective is to standardise a new way of building software that follows best practices, maximises productivity and ensures the best possible quality.

- > The new architecture is integrated with the company's software delivery model and, specifically, with the MInd Suite for development industrialisation.
- > As a result, the architecture improves Indra's offering through two alternative value propositions for customers:
  - The architecture can be commercialised as a solution in itself so customers can carry out their own software development.
  - It improves the quality of the solutions developed by

Indra. The architecture becomes a sales argument since it ensures that the software has been built around a key architecture and a support tool for the life cycle of operations.

- > In addition, Indra is commercially promoting its new "testing" offering that was launched in 2011



# VALUE-ADDED SOLUTIONS AND SERVICES

## SERVICES

### TRENDS

- Growth in outsourcing as an instrument for optimising and adapting costs, as well as supporting the transformation of the IT function to one that is more closely connected to business and more innovative
- Service provision models based on cloud computing
- Industrialising the offering of providers in response to increased pressure regarding their profitability: standardised, pre-designed and pre-configured services that are highly automated and repeatable, scalable, reliable and capable of satisfying the requirements of many customers at once
- Growing importance of contract management as a result of the increasing complexity of IT ecosystems (new delivery models, the use of multiple providers, internationalisation, consolidation etc.)

### STRATEGY

The market strategy for the Services business follows the same core values as those defined for the company as a whole and are as follows:

### GEOGRAPHY

Growth in **Spain**:

- The anti-cyclical behaviour of the demand for process outsourcing services means that Indra will detect clear opportunities for the growth of its BPO business in nearly all the markets where it operates, except for Public Sectors.
  - The major restructuring process of Spain's financial sector means that the search for greater efficiency and cost adaptation will be particularly intense in this market.

Indra believes that it market. It is also developing new BPO services for the financial sector has the offering, key customers and capabilities that will enable it to maintain its leadership position in this that should improve its growth.

- The new offering of Real Estate Asset Management services launched in 2012 has enabled Indra to enter a new business area.
- The demand for IT outsourcing services shows a more level progress. The lower levels of customer activity place downward pressure on service levels and therefore revenues, even on contracts that have already been won.
  - The main engine for growth in Spain is efficiency, although some sectors (such as the Public Sector) could be improved because of the need to transform

processes.

- Indra intends to improve its growth by improving and developing its offering through the launch of new cloud-based products.
- Efficiency and service excellence are key.

Improvement and consolidation in **Latin America**:

- The demand for outsourcing and BPO services remains high in the region.
- Indra has a major presence, commercially and in terms of production, in many Latin American countries, especially Brazil, Mexico, Colombia and Peru.
- The company intends to continue improving this presence by developing its centres in the region and continued commercial efforts.

Development in **Europe** :

- > Indra has detected opportunities for growth that are connected to providing support for key customers such as Telefónica.
- > The company intends to capitalise on its new capabilities in Italy derived from the integration of Galileo as well as to make the most of its Software Lab in Naples.

Development in **Asia**::

- > Indra has a work centre as well as key outsourcing and BPO customers in the Philippines, which should serve as a basis for growth in the region.

Making the most of opportunities in the **Middle East**:

- > Indra is continually searching for new commercial opportunities in the region.

## INTELLIGENCE AND EFFICIENCY

Developing the In-Cloud offering:

- > Indra intends to improve the commercial exploitation of its In-Cloud offering and continue migrating in-house solutions to versions that can be marketed in cloud mode through an "as a service" model.

Focusing on high added-value services:

- > Verticalising the offering as a way of increasing its added value: Indra is continuously adapting its services to meet the characteristics of its customers' sectors.
- > Transforming the IT function by implementing improvement processes for its business response.
- > BPO: Indra is developing its offering of high added-value services in the sector of process outsourcing through Full BPO or Platform Business focuses (which also form part of the development strategy for the "as a service" offering).

Improving excellence and efficiency of services provided:

- > Indra is consolidating its development and delivery activities for its services in order to achieve greater economies of scale and facilitate the application of industrialisation measures.
- > Indra is continuously improving its processes by applying industrialisation initiatives and making intensive use of BPM and production control tools.

# STRATEGY

## 4.2.3 TALENT

### ENVIRONMENT

- > Advantage in terms of demographics and costs in Latin American and Asian-Pacific countries. High capability for generating qualified professionals in certain countries in these regions. Economies in strong processes of growth with very dynamic labour markets that contribute to a high turnover.
- > Global population growth and ageing of the population. Changes in the demographic structure.
- > Urbanisation..

### → STRATEGY

Our challenge is to build a global company throughout the entire value chain, and this challenge requires a global management of Human Resources that supports the three strategic aspects (geography, intelligence and efficiency) in such a way that they can contribute to the sustainable growth of the company. Therefore, our Human Resources strategy allows us to:

- 1-Provide a global vision of talent
- 2-Ensure the necessary generation of talent and management so the company may progress in a sustainable manner

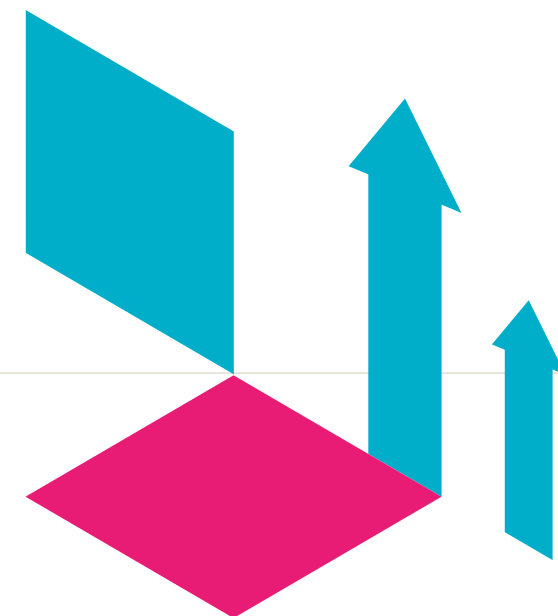
- 3-Act as an integrating/inclusive process for the company with a clear and shared governance and relationship model
- 4-Act as a lever for change: manage the recognition of individuals
- 5-Provide value-added solutions for the management of individuals

#### **GEOGRAPHY**

We extend the model for managing individuals to all the fields where we operate with the aim of providing support to the company's global expansion process, paying special attention to the markets on which Indra focuses its

operations: Latin America and Asia-Pacific. Our main levers for this development are:

- > Global development of commercial operations (order intake and sales), production (development, execution and delivery of projects, as well as providing services), and the offering (adapting the offering and generating new solutions and services): these key operations in Indra's strategy are based on individuals and they require the global expansion of talent management capabilities. They require attracting the best professionals wherever they may be, retaining them and convincing them to continue their professional career at Indra.



### Talent recruitment.

> We promote the development of the Indra brand as a Global Employer, and we strengthen relationships with universities in the geographic areas where we operate. Indra understands that it must present itself as an “attractive” brand to the employment market and, in particular, to its main source of professionals: knowledge institutions. Therefore, most of the efforts in this area are aimed at establishing agreements and developing

joint initiatives with knowledge institutions.

### Retention and development of talent.

> Expansion and adaptation of the policies: Indra is expanding and adapting locally in each country the main corporate policies and initiatives in the areas of retention and development, such as the Career Management Process, Training and Assignment Management.

## INTELLIGENCE AND EFFICIENCY

Indra maintains a culture of continued improvement in its management systems by improving the systems used for decision making (intelligence) and process optimisation (efficiency). Specifically, Indra includes the following actions:

**Contributing to the creation of a culture of internal innovation and entrepreneurship:** as Indra recognises through its own vision, innovation is the key to its competitiveness and sustainability. The company's professionals are the protagonists of innovation and therefore Indra intends to continuously improve the culture of innovation and entrepreneurship inside the company.

> Indra considers diversity as a lever for innovation. Indra has a long track record in managing the diversity of its professionals. Since 2004, the company has launched numerous initiatives aimed at promoting equal opportunities for everyone, regardless of race, gender,

language, religion, beliefs, origin, financial standing, birth or any other characteristic; respecting the uniqueness of each person and their culture; meeting the individual needs of the people who work at Indra; and promoting these values throughout the company. In the “Business Model” chapter, there is a description of the main initiatives currently being carried out in this area.

**Development of the company's professionals:** Indra is aware that the effective development of professionals requires addressing the diversity of profiles, motivations, capabilities and interests. This awareness has led us to develop a range of career options that address the requirements of the company's different lines of business as well as each professional's preferences, capabilities and needs: from individuals in search of a fast-moving career with an international focus, to people who prefer to focus on specific technologies and become experts in them.

> Continued development of each professional's capabilities through training, which addresses our customer's needs, the development of technology and each professional's interests, constantly updating training contents around the technological, functional and sectoral knowledge of the businesses in which we operate, as well as the management skills and interpersonal relations that support them.

> To complete its development model, Indra relies on the internal platform “Sharing Knowledge”, which is aimed at complementing and improving the learning process of professionals through groups and communities in a more open and collaborative context.

**Professionals and their representatives:** Indra provides the Legal Representation of Employees with information about the company's status and performance, as well as its relevant aspects or initiatives. Indra holds meetings in which it informs and encourages the participation of the most important trade unions in the company's processes that affect or are related to employees. The Legal

Representation of Employees, through the most important Trade Unions, participates in the sectoral collective bargaining of the Collective Agreements that apply to Indra.

### Improving the efficiency and productivity of

**professionals:** Indra's objective is to maximise the productivity of its professionals. To achieve this, it is worth highlighting the following lines of action:

- > **Continued improvement of the company's work methodologies and processes.** For additional information, please see the "customers" chapter.
- > **Internal Communication:** internal communication is key for developing a strong culture and a cohesive company, establishing common objectives for all professionals, implementing the strategy and processes, motivating, etc. Indra continuously reviews and improves the company's internal communication channels.
- > **Employee satisfaction:** Indra is aware that having

motivated and satisfied professionals helps improve the company's productivity. Therefore, the company has different instruments available to monitor how its professionals perceive the company. These instruments use information from internal studies conducted by the company as well as from external sources, and they are based on several methodologies (focus groups, surveys, interviews, discussion groups and benchmarkings).

- > **Risk prevention:** Each year, Indra creates a programme of preventive activities involving professionals and company representatives in matters of occupational health and safety, with the aim of verifying work conditions in order to avoid/minimise occupational risks and ensure appropriate work conditions.

It includes prevention awareness actions to help create an efficient and effective culture of health and safety at work by increasing employee awareness about the importance of protecting their own health, avoiding risks,

and maintaining healthy habits.

Indra considers and recognises the importance of the active and collaborative involvement of company representatives through Risk Prevention Delegates since this helps focus the desired level of attention on matters related to occupational health and safety.

- > **Reconciliation and promotion of new work methods:** reconciliation at Indra promotes the balance between work and personal life, promoting measures that can address business as well as personal needs. Indra is aware that work is not a rigid activity, but rather an activity that allows, more and more, adapting the space, time and relationships, as well as optimising the results, helping generate for individuals as well as the company:
- > Increased commitment, satisfaction and motivation.
- > A comfortable, respectful and flexible work environment.

## STRATEGY

# 4.2.4 SUSTAINABLE ENVIRONMENT

### ENVIRONMENT

- > Global population growth.
- > Ageing of the population.
- > Geopolitical tensions.
- > Urbanisation.
- > Shift in the global political-economic axis due to the development of emerging countries.
- > Increasingly global value chains.
- > Greater demand for companies to be socially involved: creation of shared value.
- > Climate change.
- > Proliferation of environmental legislation.

### → STRATEGY

Indra's relationship with its environment is based on transparency and the contribution to social, economic and environmental development by promoting knowledge and innovation.

Indra's strategy to contribute to the sustainability of its environment is governed by the same core values defined for the entire organisation, and it is aimed at expanding its main policies to all the geographic markets where it operates (geography), improving decision making by including stakeholders (intelligence), and rationalising the company's impact (efficiency).

Specifically, Indra's strategy to contribute to the sustainability of its environment translates into:

#### **GEOGRAPHY**

**Expansion of policies:** the effective contribution to the society's economic, social and environmental development requires adapting policies to each country in order to address its specific reality.

- > Implementing the Environmental Management System and the "implementation module of legal environmental requirements": Extending the environmental management system to new centres enables Indra to

expand its environmental indicators in order to measure its environmental impact more precisely, to design better initiatives and policies, to reduce the consumption and generation of waste more easily, and to establish more appropriate objectives.

## INTELLIGENCE AND EFFICIENCY

improvements in the management systems:

**Contribute to the economic, social and environmental development of the communities in which the company operates: This is done by:**

- Developing the offering of “solutions for sustainability”: in general, many of Indra’s solutions and services contribute to generating a positive impact on the sustainability of its customers or society as a whole, as described in the “impacts of our business” chapter. In addition, in 2008, Indra launched a new line of offering called “solutions for sustainability”, that compiled and improved the solutions and services of

the company’s offering portfolio that could be used as potential responses to various challenges in the area of sustainability that arise in the companies and, in general, in society. Indra’s aim is to continue promoting these solutions and services in the market.

- Contributing to developing an entrepreneurial and innovative culture in the communities where the company operates: Indra is aware that innovation is essential for society since it contributes to the growth of sustainable productivity and competitiveness, and that it also has the potential for the economic and social development of the communities to be inclusive (that all the stakeholders can benefit from it). As a technological company that is strongly based on innovation, Indra

believes that it is responsible for contributing to the development of an entrepreneurial and innovative culture in the communities where it operates.

- Promoting volunteering initiatives: Indra is aware that its professionals are socially conscious and also of the opportunity to encourage commitment among its staff and contribute to the sustainability of its environment. As a result, the company promotes initiatives among its professionals. Indra channels its policy in this area through the Volunteering Portal, which serves as a platform for coordinating the various initiatives. The company aims for corporate volunteering to be aligned with the social action policy of helping society through technology.

### Sector associations

Association	Country
Asociación de Empresas de Electrónica, Tecnologías de la Información, Telecomunicaciones y Contenidos Digitales (AMETIC)	Spain
Asociación Española de Empresas de de Consultoría (AEC)	Spain
Asociación Española de Tecnologías de Defensa, Aeronáutica y Espacio (TEDAE)	Spain
WTC Business Club	Brazil
Associação Brasileira das Empresas TIC (LIDE)	Brazil
Associação Brasileira das Empresas de Sistemas Eletrônicos de Segurança (ABESE)	Brazil
Asociación Mexicana de la Industria de Tecnologías de Información (AMITI)	Mexico
Cámara de la Industria del Software y Tecnologías de la Información y Comunicaciones (CISTIC)	Argentina
Asociación Nacional de Empresarios de Colombia (ANDI)	Colombia
Cámara Uruguaya de Tecnologías de la Información (CUTI)	Uruguay
Cámara de Industrias del Uruguay (CIU)	Uruguay

### Associations linked to Corporate Responsibility

Association	Country
Asociación Española de la Calidad	Spain
Forética	Spain
Consejo Empresario Argentino para el Desarrollo Sostenible (CEADS )	Argentina
Fundación Premio Nacional a la Calidad e Ipace (Fundece)	Argentina
Pacto Mundial	Global

- > Collaborating with non-profit foundations, associations and entities (see chart in previous page): Indra is aware that it must have an institutional presence in the main sectoral associations of the countries where it operates in order to defend the interests of the company and the sector. Furthermore, Indra is aware that the best way for it to support the third sector is through innovation and technology, and applying them to minimise the digital divide. This is why it supports non-profit entities through technological projects. This priority objective is complemented by others such as: projects to support innovation and the implementation of the Information Society, projects to support corporate responsibility, and cultural support projects.
- > Contributing to minimising the digital divide: this divide is especially relevant in people with disabilities, where technology can have a relevant impact on improving living conditions. Therefore, most of the projects that are carried out are aimed at helping this group.
- > Creating highly skilled employment: Indra is aware of the importance of creating and maintaining employment in order to generate wealth and achieve the social sustainability of the communities in which it operates. The company believes that its global development strategy of commercial operations, production and the offering (see the "talent" chapter) favours the creation of local employment in the communities where it is present.
- > Financial contribution to society: in addition to the social action policy, Indra contributes to the financial sustainability of the communities where it operates by

paying taxes. In this regard, the company has a clear policy for being present in countries considered as tax havens, which can be consulted in the "our commitments" chapter.

#### **Ensure sustainability throughout the entire supply chain:**

Indra carries out initiatives for extending sustainability to the supply chain:

- > Extending the principles of sustainability to suppliers: to do so, Indra carries out the following initiatives:
- > Supplier code of ethics
- > Supplier pre-approval process based on the Achilles platform.
- > Environmental requirements: Indra assesses its subcontractors in matters of waste, emissions and spills.
- > Improving logistics processes: in 2010, a pilot trial was launched to improve the logistics processes in the US by creating regional logistics centres in the country and consolidating shipments. In 2011, the initiative was expanded to Spain. Indra intends to continue expanding the initiative in the future since it provides important benefits in terms of costs and environmental impact.

**Minimise the environmental impact:** Indra has made it a priority to attempt to reduce the company's consumption of energy and natural resources as well as the amount of waste it generates. It is also implementing information systems that allow us to learn about our environmental impact in greater detail and enable us to become more transparent.

**Reducing environmental risks:** backed by the conclusions reached in the environmental risk assessment conducted in 2011, Indra is committed to certifying between two and three work centres each year under the UNE-EN ISO 14001 standard in order to reduce the main risks associated to its operations.

**Rational use of resources:** Indra's environmental management system, based on the UNE-EN ISO 14001 standard, requires the company to establish annual goals aimed at, among other aspects, reducing the consumption of resources. The main environmental impacts that Indra generates are through the indirect CO2 emissions derived from the electrical consumption of computer equipment and those resulting from employee travel. Therefore, the main initiatives are aimed at:

- > Green IT: Indra applies a number of initiatives aimed at minimising and rationalising the electrical consumption of computer equipment: storage consolidation and server virtualisation, desktop virtualisation (VDI), building and updating server rooms, IT energy measurement and PC power supply management, centralised printing systems and promoting new communication methods that reduce digital pollution.
- > Intelligent mobility: Indra implements policies and recommendations for travel management in order to increase efficiency and encourage responsible mobility, and it also promotes new communication methods in order to avoid travel.
- > Energy efficiency in buildings: Indra has introduced



an energy efficiency plan in its main work centres in Spain. This plan includes the various initiatives that are going to be launched each year, based on the specific needs of each building, and it also includes, among others initiatives, the replacement of lighting with low consumption bulbs, the installation of presence monitoring, the installation of LED lamps, the replacement of heating systems with more efficient condensation boilers, improved insulation and air conditioning units and the installation of solar panels.

**Reducing waste generation and waste management:**

Indra's environmental management system also requires establishing annual goals to reduce waste generation. In addition, the standard establishes criteria for treating hazardous and non-hazardous waste.

**Reducing CO2 emissions:** within the framework of the commitment assumed by Indra towards climate change (consult the "our commitments" chapter), Indra establishes goals for reducing the CO2 emissions related to the corporate carbon footprint. The carbon footprint is a term used to describe the amount of Greenhouse Gas Emissions (GHG) produced by a specific business or entity, allowing organisations and individuals to assess their impact on climate change.

**Environmental training and awareness:** Indra carries out training initiatives related to the certification processes and in order to inform the company's quality engineers of the requirements for the environmental management system and the environmental impact plans (derived from specific customer requirements). These training initiatives are accompanied by more generalised awareness campaigns aimed at all professionals.

**Maintain a culture of transparency with stakeholders in order to build trust:**

- Promoting a presence in social networks: Indra maintains an active presence in social networks as a two-way communication channel with all its stakeholders.
- Continued improvement of the Annual Report: Indra considers this Report as an exercise in transparency and introduces improvements each year with the aim of trying to improve the accessibility and clarity of the information.
- Continued improvement of the corporate website: Indra is aware that its website is the main contact point for many of its stakeholders, which is why the company focuses on continuously improving its content.

A close-up photograph of green grass blades with several clear water droplets resting on them. The background is a soft, out-of-focus light green and blue.

# 5

## PERFORMANCE

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**+9%**  
Sales growth

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**+8%**  
Workforce growth

# 5. PERFORMANCE

In this chapter:

**5.1**  
Customers

**5.2**  
Talent

**5.3**  
Value-added  
solutions and  
services

**5.4**  
Contributing to  
the sustainability  
of our  
environment

**5.5**  
Summary of the  
objectives and  
achievements  
for the year

## The milestones contribute to the creation of value

This section contains the main achievements in the executing the company's strategy and how attaining these milestones has contributed to the sustainable creation of value.

# PERFORMANCE

## 5.1 CUSTOMERS

In 2012, Indra registered globally satisfactory progress in terms of customers, meeting all the established objectives:

**Revenues** increased by 9%, in the upper range of the forecast of 8 to 9%

**The 7% growth** of order intake resulted in a book-to-bill (order intake/revenue) ratio of 1.1x, higher than the target ratio of more than 1.0x set for the period.

**The recurring EBIT** margin was 8.5%, in the middle of the target range of 8 to 9%.

**Net working capital** was equivalent to 104 days of annualised sales, also in the centre of the established target range of 100-110 days of annualised sales.

**Net tangible and intangible investments** rose to €74 million (within the target range of €65-75 million).

Strong managerial efforts were required to achieve these results since higher levels of international activities were necessary to offset the results in Spain, which were significantly lower than expected (due to a more challenging macroeconomic environment). This negatively affected order intake, revenues, profitability and working capital levels. However, the company managed to increase the generation of free cash flow in the financial year.

This evolution was possible due to the combination of several factors, including: measures for adjusting Spanish resources and operating costs to a worst-case scenario; adaptation of the offering, especially solutions, to the competitive requirements of other geographic markets; successful management of the integration of the companies acquired in Brazil, Italy and Norway.

The evolution of the factors that have contributed to achieving the objectives and that, in the opinion of Indra,

will help maintain the company's growth in the future, is described in greater detail below:

### GEOGRAPHY

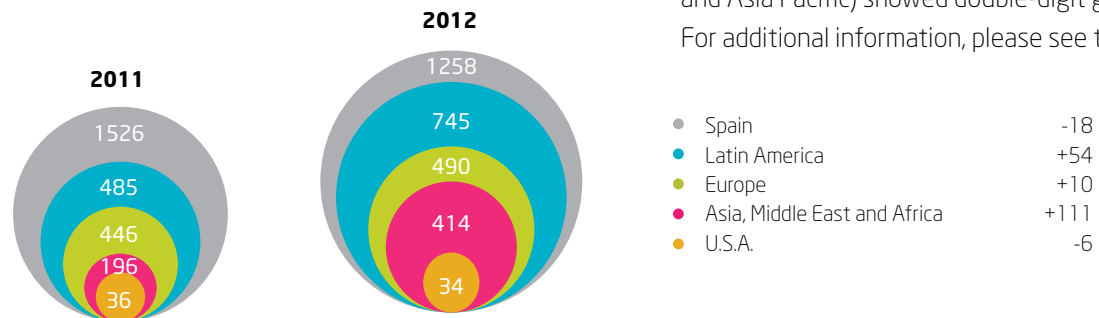
Positioning in the various geographic markets:

**Increase exposure to key geographies:** in 2012, the company's performance in target markets (such as Latin America and Asia & Pacific) was very positive. In general, excluding the Spanish market, revenues grew by 45% (25%

without taking into account the effect of acquisitions). For additional information, please see the "Geographic Markets" chapter.

### Continuous improvement of global commercial, development and delivery capabilities:

- Implementation and development of the company's presence in regions that have been identified in order to improve delivery and customer service capacities: personnel in target regions (such as Latin America and Asia Pacific) showed double-digit growth in 2012. For additional information, please see the chapter.



Development of the network of Global Development Centres:

- In 2012, Indra added four locations to its network of Global Development Centres: Pereira (Colombia), Querétaro (Mexico), Salvador de Bahia (Brazil), and Naples (Italy). The addition of the Italian centre was due to the integration of the company Galileo.
- The network now consists of 21 centres in eight countries.
- It now has approximately 8,000 professionals, providing a capacity in excess of 14 million hours

## INTELLIGENCE AND EFFICIENCY

Improvements to customer management

### Development and adaptation of the offering in segments with a high growth potential:

- Development of the company's presence in the various markets where it operates: four of Indra's vertical markets showed double-digit growth rates in 2012, the strongest being Public Sector and Healthcare, and Financial Services. Security & Defence and Telecom & Media showed reductions compared to the previous year since they were penalised by lower sales in the Spanish market. (See the table in next page).
- Development and adaptation of the solutions and services offering: throughout the financial year, the company continued its policy of investing in the development and adaptation of its Solutions offering, which in conjunction with tangible investments during the financial year, represents payments on investments (net subsidy

collections) for a total of €74 million (within the target range of €65-75 million).

- In 2012, some of the main investment areas were: commercial solutions for utilities companies, financial and insurance core, air simulation systems, UAVs, and satellite and radar communications. For additional information, please see the "Solutions and Services" chapter.

**Ensure repeat business from customers:** search for excellence in development and delivery by means of:

### Continuous improvement of the management system:

- In 2012, the quality systems for the companies in Brazil, Uruguay and Slovakia were standardised by the ISO 9001 certification.
- Indra's software development operations in the Philippines received CMMI level 3 (CMMI-Dev version 1.3) accreditation.
- Moreover, the four centres that were added to the Indra network of Global Development Centres in 2012 (mentioned above) began to apply CMMI processes, although they have not yet been accredited.
- As part of the commitments assumed with the ISO 9001 certification, Indra carried out more than 200 project reviews and audits in 2012.

### Continuous improvement of the project management methodology:

- Integration of the MInd suite and the software development systems with corporate project management systems.

- Indra developed three new training modules for its professionals. In the case of the two latest modules, they were pilots for assessing the possibility of including them in the company's general training plan:
  - Multi-project management for proper resource management.
  - Multinational project management for expanding the company's management systems globally.
- Financial aspects in project management.
- The target of certifying 500 project management (PMP) professionals was surpassed.
  - By early, 2013 the figure had reached 525 professionals.
  - This represents approximately 20% of Indra's project managers, enabling the company to convey a culture of project management excellence throughout the organisation.
  - The company continued to establish relationships with international forums on best practices in Systems and Software Engineering in order to keep abreast of the latest and most innovative trends.
  - Indra established a relationship with the International Council on Systems Engineering (INCOSE) by attending the European symposium and the sessions for founding the Spanish chapter in Madrid.
  - INCOSE constitutes a commonly accepted frame of reference (by customers, partners, etc.) for defining formal systems engineering concepts.
  - Indra aims to use INCOSE to identify best practices for systems engineering that can be incorporated in its methodologies.
  - Improvement in the monitoring and control of projects:
  - Indra started to implement a new internal tool called

	Transport & Traffic	Energy and Industry	Pub. Adm. & Healthcare	Financial Services	Security and Defense	Telecom & Media
GEOGRAPHY	<ul style="list-style-type: none"> <li>&gt; New significant contracts in Lithuania, Poland, Panama, Colombia, Mexico, Chile, the US, Australia, India, Indonesia, Azerbaijan and Oman.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Strengthened relations with key accounts such as Canal de Isabel II Gestión, Aqualia, REE, Gas Natural Fenosa, Endesa, ENEL, Repsol and Petrobras.</li> <li>&gt; New important contracts in Brazil, Chile, Mexico, Peru, Colombia, the Dominican Republic, the Philippines, Australia and Mozambique</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Strong growth in Latin America, Asia, the Middle East and Africa.</li> <li>&gt; Major contract with the Government of Catalonia's Telecommunications and IT Centre (CTTI) in Spain.</li> <li>&gt; Important contracts won in Brazil, Colombia, Ecuador and Chile.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Development of presence in Spanish accounts such as La Caixa, BBVA and Ahorro Corporación.</li> <li>&gt; International support for accounts such as Mapfre, Santander and BBVA.</li> <li>&gt; Strong growth in Latin America thanks to contracts in Brazil, Chile, Argentina, Peru, Colombia and Mexico.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New important contracts in the EU, the United Kingdom, Hungary, Panama, Mexico, Colombia, Brazil, Japan, Indonesia, Australia, Kenya and Morocco.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Maintenance of position with Telefónica, Vodafone and Orange in Spain.</li> <li>&gt; Good performance in the Latin American market.</li> <li>&gt; Entry into the German market.</li> <li>&gt; New references in Italy.</li> </ul>
INTELLIGENCE AND EFFICIENCY	<ul style="list-style-type: none"> <li>&gt; Commercial synergies in the air traffic and airports area due to the integration of Indra Navia.</li> <li>&gt; Promotion of the road and rail traffic offering.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New references in target niches such as oil, water, revenue accounting for airlines and ERPs.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Redefinition of the healthcare offering and full integration of Mensor.</li> <li>&gt; Completion of the design for "Atenea", the Urban Interoperability Platform (UOIP) and the Smart Card prototype.</li> <li>&gt; Dissemination of electoral results in marketplace.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New key customer for the insurance core solution.</li> <li>&gt; First year of active commercialisation and consolidation of the Indra Treasury Systems solution.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New key customers in the areas of VTS and cybersecurity.</li> <li>&gt; Start of Lanza-T development.</li> <li>&gt; Installation of the demo for the spatial surveillance R&amp;D project.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Start of the definition of the new OSS solution.</li> <li>&gt; Development of R&amp;D projects for the media field.</li> </ul>

“control station” aimed at carrying out a more exhaustive control of key aspects (such as compliance with milestones and risks) and assessing the risk level of projects when they are registered in the company’s information systems. The main objective is to ensure the start-up of projects with the best guarantees of success and to promote the establishment of preventive actions from the start of the operation. By the end of 2012, the implementation had expanded to Spain, Portugal, Mexico, Panama and Brazil, with the aim of continuing to progressively extend the scope to cover all the companies.

**Continuous improvement in software development processes:**

- In 2012, Indra continued to make progress in the application of development industrialisation initiatives (described further on) and the use of offshore resources by developing the network of Global Development Centres (described earlier).
- As stated earlier, the accreditation and application of the CMMI model has continued to be extended to new Indra centres.

**Development of a culture of excellence among Indra professionals**

- In 2012, within its collaborative knowledge management platform (Sharing Knowledge), Indra launched a new open community for all company professionals that periodically reports the most relevant aspects of Indra quality management.

As a result, customer satisfaction rates have remained

similar to those attained in 2011: 3.87 out of 5 (3.90 in 2011). This means that Indra has not reached the objective of raising its customer satisfaction above 4 points.



Graphic: evolution of customer satisfaction 2011-2012

In 2012, the scope of the survey sample was expanded to include new countries such as Mexico, Brazil, Panama, the Philippines and the Czech Republic.

Positive aspects indicated by the results of the survey include:

- The ability to listen to the customer (4.16 points)
- Technical and/or functional experience of the work team (4.08 points)
- Mastery of technologies (4.03 points)
- Knowledge and understanding of its activity and sector (4 points)

On the other hand, the main aspects for improvement were:

- Price/quality relationship of bids (3.42 points)
- Efficiency of administrative processes (3.54 points)
- Quality of the documentation delivered for products, solutions and services (3.54)

- Compliance with project deadlines (3.59 points)

**Optimisation of the processes:**

**Consolidation and concentration of development activities:**

as described earlier, in 2012 Indra continued to foster its network of Global Development Centres as centres that concentrate and consolidate all the company’s software development operations.

- In 2012, four new centres were added to the network and the number of professionals was increased by 5%.

**Development industrialisation:** Indra ended in 2012 the process so that its centres of Spain, Brazil, Colombia, Argentina, and the Philippines could use its suite MInd.

These centres represent a significant part of the network of Global Development Centres.

**To strengthen information security by means of:**

- The start-up of a new DPC at San Fernando de Henares. In addition to its importance as a Green IT initiative (described in the “Sustainable Environment” chapter, it also represents a significant milestone from the perspective of information security since significant improvements have been made to physical and environmental security.
- Renewal of the certifications for the Information Security Management System (ISO 27001) and the Information Technology Service Management System (ISO 20000-1): the company has continued to consolidate the processes covered by the scope of the certificates, enabling the application of these improvements to the work methods of the company’s



**PERFORMANCE > CUSTOMERS**

other services.

- The company has completed the implementation of the LISO (Local Information Security Officer) in the company's management units in order to reinforce the application of its information security policy.
- In 2012, Indra analysed the security status of 852 project platforms connected to the network.
- Throughout 2012, there was a significant increase in cyber-attacks from the Internet: 54,509,736 security events were detected in perimeter protection elements. These attacks resulted in four critical security incidents that did not have a significant impact on Indra's operations because they were managed properly.
- Renewal of the biennial LOPD (personal data protection legislation) audits of the corresponding companies.
- Collaboration with Spanish public bodies in order to share knowledge and experience in the field of IT security that will help identify and prevent attack patterns.

2012 Objective	2012 Achievement	
Growth in revenues of 6.5 to 7.5%	Growth in revenues of 9%	<b>Met</b>
Order intake volume greater than revenues for the financial year	Book-to-bill ratio of 1.1 x revenues	<b>Met</b>
EBIT margin of 8 to 9%	Recurring EBIT margin of 8.5%	<b>Met</b>
Reach a value of 4 points in the customer satisfaction survey	Indra did not reach the established target of 4 points	<b>Not met</b>
Expansion of the quality management model to Brazil, Uruguay and Slovakia	The quality systems for the work centres in Brazil, Uruguay and Slovakia were standardised by the ISO 9001 certification	<b>Met</b>
Evolution of the maturity of current CMMI accreditation	Indra's software development activities in the Philippines received CMMI level 3 accreditation and the four centres added to the Indra network of Global Development Centres in 2012 began to apply CMMI processes	<b>Met</b>
Increase the scope of	It has expanded the scope of certification to include the new CPD of San Fernando. No new services were included in the certification, although the company applies the ISMS working model to other services of the company in IT security.	<b>Met</b>
ISMS (Information Security Management System) certification	The certification's scope has been expanded to include the new San Fernando DPC. New services were not included in the certification, although the company applied the ISMS work model to the company's other services in the field of IT security	<b>Met</b>
Expand LOPD (personal data protection legislation) auditing to Indra subsidiaries and Indra bmb	Indra renewed audits in the corresponding companies. The company considers it suitable to expand their application in 2013 to recently acquired companies, taking into account the legal requirement to carry out biennial audits	<b>In progress</b>
Implement the platform connection model to the Indra network in order to expand Indra's security area to customers	The initiative was completed and backed by finishing the implementation of the LISO role	<b>Met</b>



## PERFORMANCE

# TRANSPORT AND TRAFFIC



Transport & Traffic recorded an increase of 12% in 2012, with very significant progress in the final quarter of the year. The market benefited from, among other factors, the commercial synergies achieved in the area of air traffic and airports by Indra Navia, which was acquired in the second quarter of the year.

## GEOGRAPHY

In 2012, Indra accomplished major achievements in the execution of its strategy:

### Europe

- The Spanish market has been strongly affected by the budgetary restrictions of the main operators (ADIF, RENFE, DGT, and AENA, among others), recording negative growth figures.
- For its part, European air traffic has been showing a downward trend in recent years.
- For 2012 it was hoped that there would be a new addition to the iTec consortium, which in the end has been delayed and should take place in 2013.
- In this context, Indra has improved its position in Lithuania with the implementation of a surface movement management system.
- This new contract in Lithuania adds to Indra's increased presence in Lithuanian railways.

- The company won a contract for the implementation of an Operations Support System (OSS) in the city of Wroclaw in Poland that includes travel information, fleet management and video surveillance.
- Indra won its first road traffic key customers in Germany (toll systems for the "Herren Tunnel") and Russia (toll system for the M5 DON motorway).

### Latin America

- Implementation of the integrated access control and security system, vessel detection, communication technology, fire detection and extinguishing systems, and environmental sensors for the Panama Canal expansion project (see "success story" below).
- Implementation of a management system for public intermodal transport and an integrated system for traffic management in Medellín.
- Implementation of traffic and toll management systems

on the Guadalajara-Tepic and Michoacán motorways in Mexico.

- Radar system for the Civil Aviation Authority of Chile.
- Implementation of the NOC Network control centre for the Costa Rican Institute of Electricity (ICE).

### USA

- In 2012, Indra continued to improve its presence in the region by obtaining a contract to implement an Operations Support System (OSS) for the city of Savannah's fleet of buses and adapted vehicles.

### Asia and Pacific

- > Asia and Pacific was the main pillar of growth for air traffic activity in 2012. Indra won major contracts in:
  - Australia: In Australia, Indra already had a presence in the navigation aid segment, but in 2012, a contract (begun in 2011) was closed for the modernisation of 11 radar stations (see success story below).
  - India and Indonesia: Indra had key customers in both countries in the radar segment, and this relation was consolidated in 2012 by winning new contracts.
  - Azerbaijan: with a much smaller volume, yet still significant, the company won the contract for a control centre in Baku.

- In terms of the road and rail traffic segment, Indra also managed to significantly improve its presence in the region by obtaining contracts in various countries:
  - India: four contracts to implement its traffic management and motorway toll technologies.
  - Malaysia: railway control centre in Prasarana. This is the company's first railway key customer in traffic safety technology in Asia and Pacific, and it improves Indra's ability to continue growing in this region within the offering segment.
  - The Philippines: modernisation of the toll system for the Manila North Tollway and an urban road traffic control system for Manila.

### Middle East

- For Indra, 2012 represented a year of "executing" all the contracts that had been won for the air traffic market in the Middle East during 2011, including Kuwait, Oman and Jordan.
- It also won a new contract in Oman to supply a new air traffic control position.

### Africa

- In 2012, Indra continued to search for new business opportunities in the region.

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## → INTELLIGENCE AND EFFICIENCY

- Development of the "Indra Navia" offering: as has been mentioned, in 2012 Indra was already benefiting from the commercial synergies achieved in the area of air traffic and airports by Indra Navia.
- Consolidating its offering in road and rail traffic: in 2012, Indra continued to drive the new commercial offering for these segments.

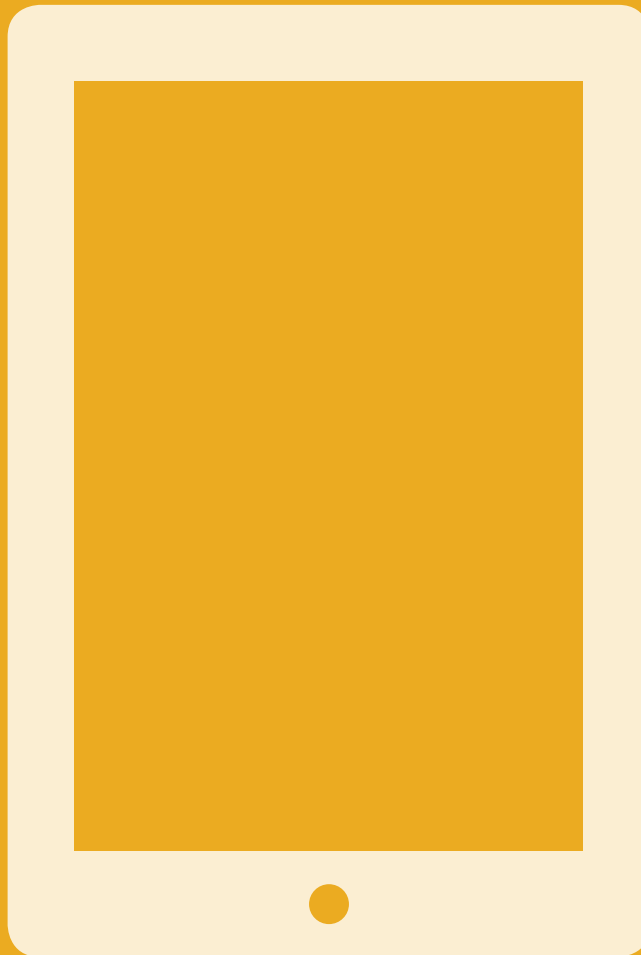
ECONOMIC, SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

# MAKING LARGE-SCALE CIVIL ENGINEERING PROJECTS SAFE, EFFICIENT AND ENVIRONMENTALLY FRIENDLY

Indra was awarded six contracts to implement its technology within the framework of the Panama Canal expansion project, which is considered to be one of the largest civil engineering projects of all time.

These contracts have made Indra a major technological partner of this project while positioning the company favourably in light of future requests for proposals linked to the Panama Canal as well as to supply intelligent solutions for other large-scale infrastructures.

Specifically, Indra will be responsible for implementing an integrated access control and security system, a vessel detection system, all the communications technology, the fire detection and extinguishing systems, the public address system, evacuation as well as a system of environmental sensors for the Panama Canal's third set of locks.



Projects like this reinforce Indra's extensive experience in the use of new technologies in order to provide intelligence to infrastructures while making them more efficient and sustainable, both ecologically and economically. These intelligent technologies provide information in real time for decision making and allow offering added value to the public by increasing safety standards, efficiency and respect for the environment, providing infrastructures with greater control and improving the mobility of people and goods.

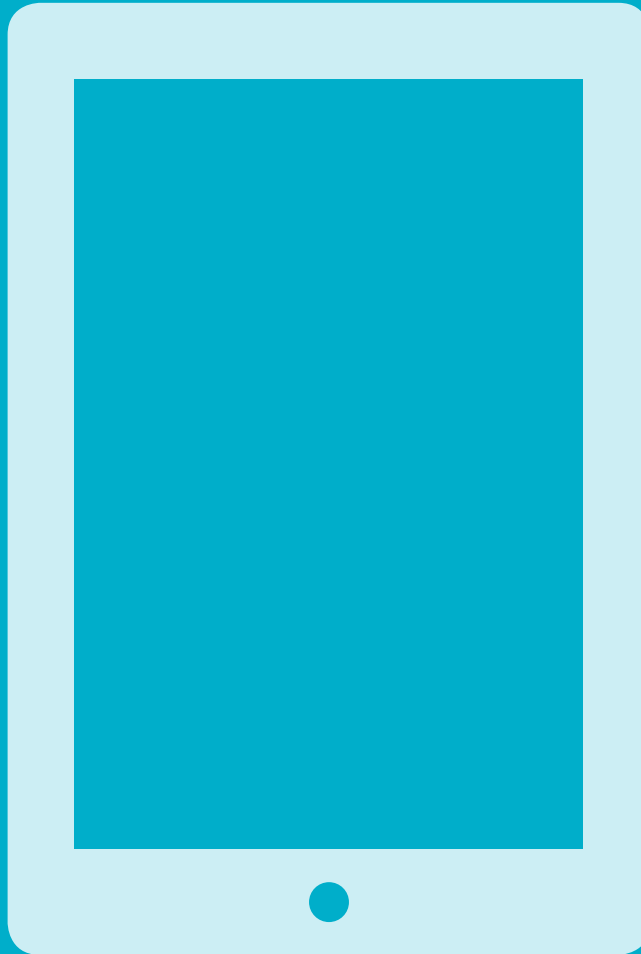
SOCIAL SUSTAINABILITY

# FACILITATING AIR TRANSPORT IN AUSTRALIA

The Australian air navigation service provider, Airservices Australia, entrusted Indra with the modernisation of the network of radar surveillance stations that provide support to en route movements of aircraft in the eastern part of the country.

With this contract, Indra has strengthened its relation with Airservices Australia while becoming one of the key competitors in the air traffic management (ATM) systems market in Australia. It also represents a major step in its expansion in the Asia Pacific region.

The company will implement eleven radar surveillance stations that will be equipped with MSSR (Monopulse Secondary Surveillance Radar) mode S secondary radars. The systems will cover areas with the highest traffic density, giving support to air control at the main airports in the eastern part of the country.



Indra will also supply Airservices Australia with a transportable mode S secondary radar system. This will be used so that air space surveillance is not affected by the work to replace existing radar sites, and it will also enable a gradual and safe transition without service interruptions. Finally, Indra will supply another radar system that will be used to train technical maintenance staff and radar system operators.

## PERFORMANCE



# ENERGY AND INDUSTRY



## GEOGRAPHY

(positioning in the various geographic markets) The Energy and Industry market achieved growth of 13% in 2012, maintaining the trend of strong progress in Latin America. In greater detail, the performance in each region was as follows:

### Spain

- Indra has consolidated its domestic position with key customers like Canal de Isabel II Gestión, Aqualia, REE, Gas Natural Fenosa and Endesa, among others.
- Indra also continues to make progress in Spain in its commitment to Smart Grids. The company is participating in various R&D&i projects, some finished, such as Energos (together with Gas Natural Fenosa), and others that are underway, like PRICE (Intelligent Networks Project in the Henares Corridor, together with Gas Natural Fenosa and Iberdrola). Indra is also participating in projects on a European scale, such as Integris, along with Endesa and the Italian company from the utilities sector AZA.
- In the Industry segment, Indra attempted to offset the effect of Spanair's suspended activities (this was an

important account for Indra) at the beginning of 2012 with an increase in its commercial efforts that should start to show results as of 2013.

### Support for global accounts:

- Indra has continued to strengthen its relation with Gas Natural Fenosa by being a partner in all the geographic areas where it operates and in several areas of business, including storage, generation, distribution and commercial activities. We should mention the success stories in this last area derived from the start-up of the new support platform for wholesale commercialisation.
- ENEL, either directly or through Endesa, was one of Indra's most important customers in 2012, and services were provided in most of the geographic areas and countries where the Group is present.
- In 2012, Indra's relation with Repsol was strengthened significantly by winning major contracts in the economic-financial area, upstream supplies and production with activities in the geographic regions where Repsol is present. Indra also strengthened its relation as a key technological partner for Repsol, as shown by the joint

commercialisation agreements for solutions developed for the oil company.

- Petrobras is another of Indra's key customers, with a relation that dates back to 2002. Indra's objective is to fulfil the company's technological needs throughout its value chain.

### Latin America

#### Brazil

- Implementation of the plant management system at Petrobras
- The maintenance of commercial management and distribution applications at AES SUL
- The maintenance of corporate systems at SABESP (Aguas de Sao Paulo)
- System outsourcing services for Liguigás
- Asset capture campaigns at Ligth.
- ERP implementation for the Petrópolis Group (see success story below)

#### Chile and Brazil

- Implementation of the revenue accounting solution for the merger of LAN (Chile) and TAM (Brazil) airlines.

#### Mexico

- Implementation of physical security systems for the Federal Electricity Commission (FEC).
- ERP Implementation for Taco Holding.

#### Peru

- Implementation of commercial management and distribution systems at ElectroDunas.
- Implementation of several SAP-oil modules at Petroperú
- Master Plan for the Implementation of Smart Grids at OSINERGMIN.

#### Colombia

- Software development services for ECOPETROL and Pacific Rubianes.

#### Dominican Republic

- Implementation of Smart Grid solutions at CDEEE.

#### Asia and Pacific

- > In 2012, Indra expanded its relation with Maynilad and won a commercial BPO contract for Manila Water. This means that Indra has become the service provider of commercial cycle services for the entire metropolitan area of Manila since the two water management companies of the Philippine capital are its customers (Maynilad and Manila Water)
- > Indra entered the utilities market in Australia by winning a contract to implement a risk management solution (ETRM) for Caltex.

#### Middle East

- This includes winning a contract for EDM in Mozambique.

#### USA

- As described earlier, Indra has continued its development of the US market together with Repsol.

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## → INTELLIGENCE AND EFFICIENCY

- In 2012, Indra continued its commitment to the energy and utilities offering, which beyond the field of electricity, continued expanding to areas such as the management of infrastructures and services for the oil industry, and the management of water, where major key customers have been obtained (as described throughout this chapter).
- Improving the commercialisation of ERP solutions for Consumer Goods & Services companies: as mentioned earlier, in 2012 Indra won contracts for the implementation of ERP in Brazil and Mexico.
- Progress and continuous improvement of hotel management solutions and revenue accounting: Indra continued working on the continuous improvement of these solutions.

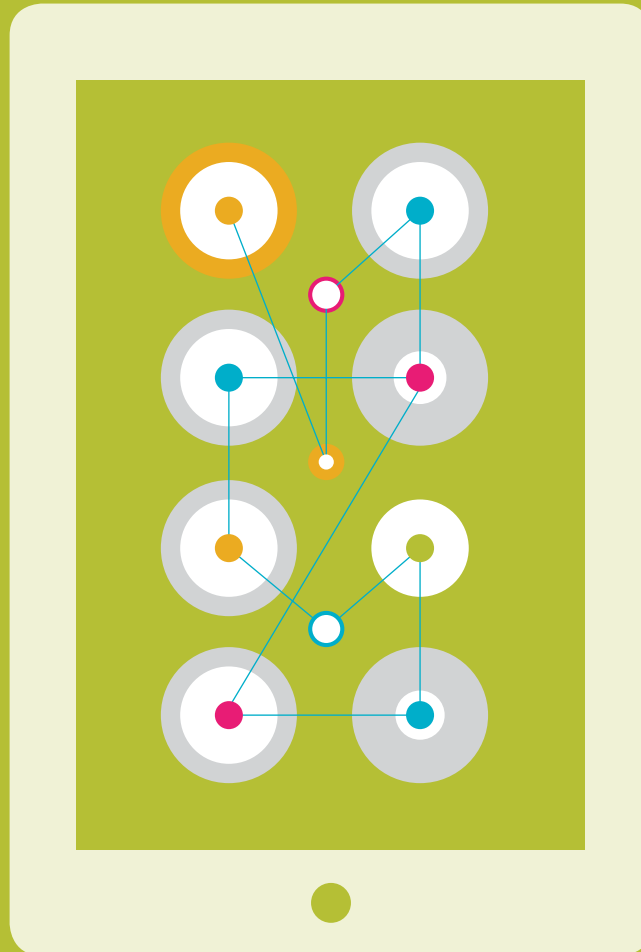
ECONOMIC SUSTAINABILITY

# DEVELOPMENT OF INFORMATION SYSTEMS THAT WILL ENABLE ORGANISATIONS TO GROW

In 2012, Indra began consultancy services for the implementation of ERP, SCM, HCM and BO services related to SAP technology for the Petrópolis group in Brazil.

The Petrópolis group is the second largest brewing company in Brazil and it has ambitious growth objectives for the coming years. To support this growth, the company plans to invest in the construction of two new distribution plants in the north-east region of the country, as well as to expand its distribution network.

However, for this growth to be possible and sustainable, the Brazilian group was aware that it had to align its processes and implement information and management systems that would give it an integrated focus.



For this reason, Petrópolis entrusted Indra with the re-engineering and implementation of new processes supported in SAP's ERP and based on best business practices.

For Indra, this key customer represents a significant development of its position in the Brazilian industrial market and should help drive continued growth in this segment in the coming years.

ECONOMIC, SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

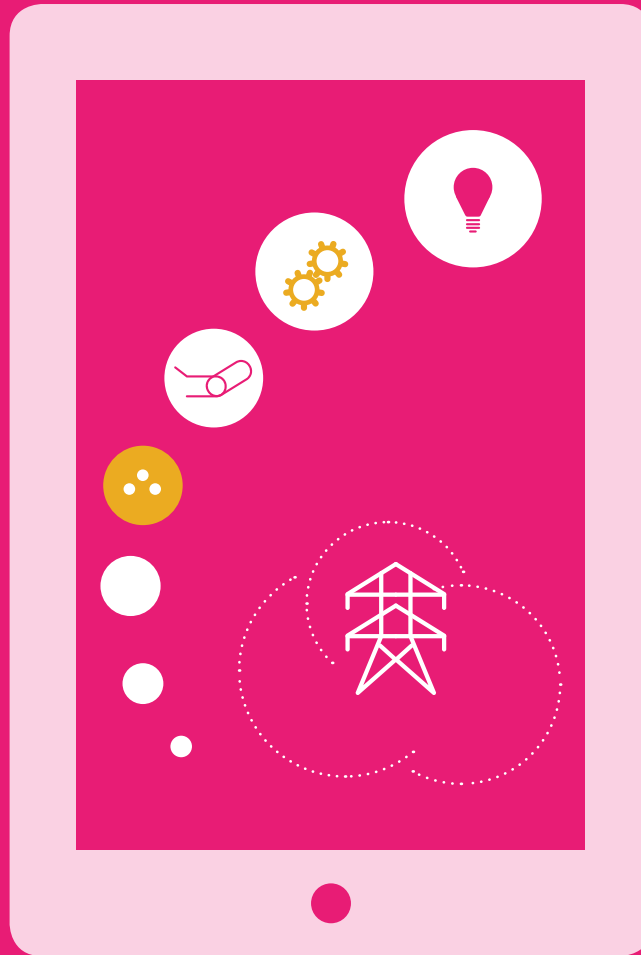
# CREATING SMART GRIDS IN BRAZIL

During the last 3 years (2009-2012), Indra has designed and developed a new solution (inGRID) for the company Elektro in Brazil for the intelligent operation of the electrical power grid.

The new system enables managing the entire power grid from a single operations centre (located in Campinas) that is capable of simultaneously controlling the activities of 400 field teams.

The solution includes Smart Grid concepts, it is compatible with different power grid models (European and American norms), and it incorporates advanced algorithms for planning and operating electrical power grids and for managing in real time the teams that work in the field. The project also involved transforming the classic software architecture into SOA architecture, based on market standards in the field of the architecture patterns and in terms of the products that implement it.

This made it possible to improve the system's critical processes, primarily in message traffic between servers (150% improvement) and message traffic between the customer and the server (31% improvement), resulting



in an improvement of the critical process for executing operations and calculating affected customers, and whose processing time was drastically reduced (average reduction from 30 seconds to 5 seconds in calculating interruptions due to operations).

The inGRID solution was added to Indra's offering portfolio and the company intends to develop it commercially so it can be implemented for other customers in the future.



## PERFORMANCE

# PUBLIC ADMINISTRATION AND HEALTHCARE

Growth  
**+32%**

Revenues for the Public Sector and Healthcare market have grown by 32% in 2012, driven primarily by the Latin American, Asian, Middle Eastern and African markets. This growth is due to the company's organic growth as well as the addition of Politec in Brazil and Galyleo in Italy.

## GEOGRAPHY

The exposure to the Spanish market was reduced considerably this past year, although this is not associated with a loss of market share in Spain.

Improved leadership in Spain, increasing the market share:

- Indra has registered a double-digit drop of activity in the Spanish market, and as mentioned earlier, this has been balanced with growth in other regions.
- An example of Indra's improved position in Spain is the outsourcing contract that Indra won with the Centre for Telecommunications and Information Technologies (CTTI) of the Catalan Regional Government.
- The important aspect of obtaining this contract was that it was done through a contracting model that differs from the usual one, which concentrates services and is based on "competitive dialogue". The improved efficiency of this type of contracting for customers makes it probable that the model will be repeated in other Autonomous Communities.
- Indra was awarded two of the largest portions of

the contract (transformation and operability, and tax management) and it is bidding for a third (user support).

- This has enabled Indra to improve its position with the Catalan Regional Government as a customer and become one of its main providers.

### Positioning in **Latin America**.

- Indra has managed to continue consolidating its presence in the region with the support of its key customers and its proven offering in the Spanish market.
- This has enabled it to win contracts such as for the management and modernisation of the technological infrastructure for the Colombian Family Welfare Institute and the SAYP Consortium, as well as an SAP contract in Mexico.
- The concept of exporting capabilities generated in Spain is especially important in companies that have been added recently, as in the case of Politec in Brazil.
- Indra is completing the existing offering in the country that

is strongly based on outsourcing services by developing local industry knowledge capabilities that are helping Indra win consultancy contracts, as occurred in Rio de Janeiro and the definition of the integrated tax system in Sao Paulo.

### Business development in **Southeast Asia and Pacific**.

- In 2012, Indra intensified its search for new customers in the region, which should result in obtaining new accounts in 2013.

### Taking advantage of opportunities in **The Middle East and Africa**.

- In 2012, Indra continued to execute the IT development and management project for the national health service of Bahrain that it was awarded in 2011.

## → INTELLIGENCE AND EFFICIENCY

Development of the healthcare offering:

- > The full integration of the Mensor company in 2012 (acquired in 2011) enabled Indra to complete its offering for the healthcare sector by adding a set of high added value services to its portfolio.
- > Indra's offering covers the entire value chain of its customers, from strategic consultancy to BPO.

In 2012, Indra worked on redefining its value proposition for the healthcare market, and consequently the offering has been organised as follows:

- > Healthcare Systems Platform: health insurance card, medical record and integration platform.
- > Centre Management Systems: integrated healthcare management, management of healthcare networks and electronic prescriptions.
- > Remote Healthcare Services Platform: telemedicine, telerehabilitation, outpatient follow-up and telehospitalisation.
- > Healthcare Relations Platform: information services, procedural management, telemedicine services and tools.
- > Knowledge Systems: dashboards, clinical intelligence and virtual library.

Smart Cities

- > In 2012, Indra finished the design of "Atenea", an Urban Interoperability Platform (UOIP) for integrating and managing all the services and solutions that comprise a city's ecosystem. This management centre enables the different systems to exchange information with each other in order to offer a complete vision of the activity.
- > Indra also presented its Smart Card prototype at the Smart City Expo World Congress. This is a contactless smart card based on RFID technology that allows single, integrated access to all the Smart City services that require payment, identification and access control.

## ELECTORAL PROCESSES

### Geography

- > Maintenance of its position in Spain: Indra was the provider for all the major 2012 elections: the autonomous elections of Andalusia, Asturias, Galicia and Catalonia
- > Consolidation in Europe and Latin America:
  - Indra carried out El Salvador's elections for the first time
- > Focus of growth in Asia and Africa:

- Indra repeated its experience of 2008 and carried out two projects for the 2012 Angola elections:
  - Supply of electoral material.
  - Provisional counting and support for the definitive counting. As a new aspect compared to the previous project, a distributed logistics management system via PDAs was used for collecting data and monitoring the polling stations in real time.

### Offering

- > Continuous development of its offering for electoral processes:
  - The technological advances used in the various projects carried out in 2012 included a distribution system via Smart Phones as well as Android and iOS tablets, used in the autonomous elections of Catalonia, Spain. These applications registered almost 90,000 downloads.

SOCIAL SUSTAINABILITY

# IMPROVING PATIENT CARE IN CHILE

## Indra accompanies the first digital concession hospital in Chile's public healthcare system by implementing its e-health system (IHS-Indra Health Solution).

This is a pioneer project in Chile within the framework of the Chilean government's hospital concession programme that has the aim of promoting the growth and modernisation of the national healthcare network in order to improve the services provided to the public and patients.

Indra's application will make La Florida the first hospital to begin managing its activities 100% digitally through the implementation of applications at all healthcare levels: the outpatient unit, accidents and emergencies, hospitalisation and the surgical ward, among others, with all the functionalities of healthcare stations that will supply the contents of patient medical histories.

Indra is also implementing applications for support areas such as clinical analysis laboratories, transfusions or anatomical pathology, as well as support solutions for the



hospital's critical units, including the integration of vital sign monitors and anaesthesia machines so information may be viewed in real time.

The system includes the implementation of a Business Intelligence tool to support decision making as well as the SAP ERP for financial management, supplies and maintenance, among others. The project will facilitate interoperability with the systems in the Health Service network and with governmental bodies, such as the National Health Fund (FONASA) and the Information System for the Management of Explicit Health Guarantees (SIGGES).

In recent months, Indra has implemented the IHS-Indra Health Solution at the Makati Medical Centre (MMC), which is the largest hospital in the Philippines, as well as a project for the Ministries of Health and Defence in the Kingdom of Bahrain, which includes the development and global operation of all the applications in the National Health Service network. The solution has also been implemented at several hospital centres in Morocco.

SOCIAL SUSTAINABILITY

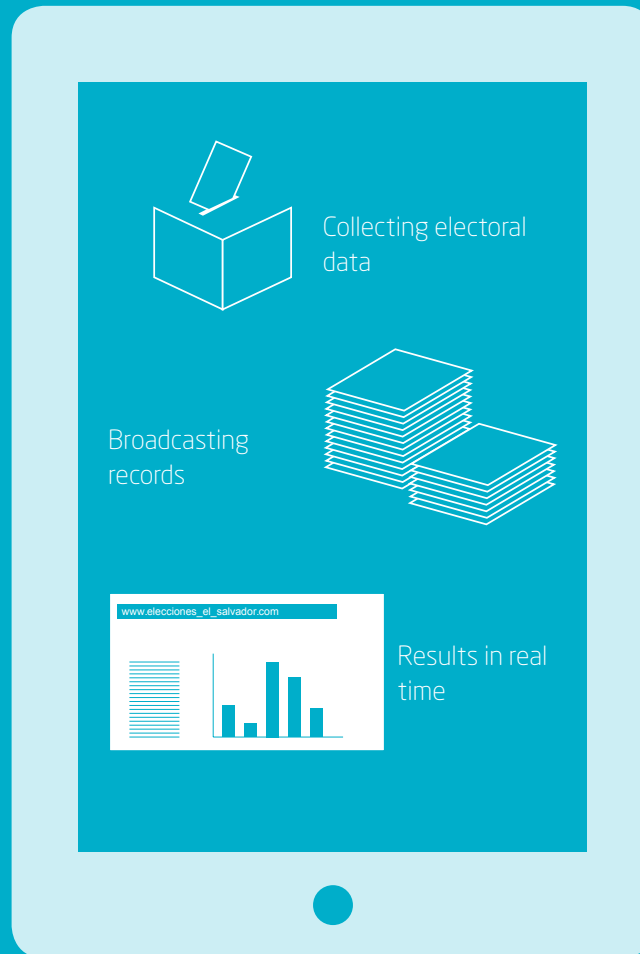
# ELECTIONS IN EL SALVADOR

## The Supreme Electoral Court of El Salvador (TSE) awarded Indra the contract for the country's Legislative Elections and the Municipal Council Elections.

The project is based on the installation and operation of the National Centre for Processing Electoral Results (CNPRE) for receiving, recording and collecting electoral data from the Polling Stations and the Distribution Centre, including all the human resources, equipment and communications associated to them.

Indra was also entrusted with providing, configuring, installing and operating nearly 1,700 devices for digitalising, printing and broadcasting records installed in the voting and collection centres, as well as training all the TSE and auxiliary staff responsible for their operation on Election Day, through which 84 Legislative Assembly members and 262 Mayors for all the municipalities in the country were elected.

It also coordinated all project management efforts with the TSE, as well as the configuration of locations, technical requirements, associated logistics, etc., for the correct execution of the project, which had a census of more than 4.5 million voters distributed in 1,300 voting centres..



Indra provided voters, political parties, observation missions and other agents interested in the process throughout election night with a **web page service offering results in real time** as votes were received and calculated from the 10,700 Polling Stations in the country.

The results web site was seen as an essential tool for establishing a high degree of transparency throughout the process, as well as an information point for checking the detailed and auditable results from each geographic branch in real time by previewing all the digitalised data from each Polling Station.

The system and equipment provided by Indra for this electoral process **made it possible for the elections to be transparent, reliable and secure** and all the results were available to the general public on election night, generating an image of excellence and reliability in light of the challenges faced initially by Indra and the Supreme Electoral Court of El Salvador.

## PERFORMANCE



# FINANCIAL SERVICES



In 2012, Indra accomplished major achievements in the execution of its strategy:

### GEOGRAPHY

(Positioning in the various geographic markets): One of the major achievements attained in 2012 has been that, despite the slowdown of the financial sector on a global level (especially in Spain), we have been able to considerably increase our market share in both areas.

**Spain:** Maintaining a leadership position in Spain, aspiring to become a key company in the new configuration of the financial services market:

- In 2012, Indra experienced a market growth of 20% and it has been able to maintain a level of business in the Spanish market during this period similar to that of 2011. This has been thanks to its good position in the banks that are leading the industry's consolidation process, and despite the drop in prices and volumes due to greater budget controls on behalf of entities.
- It has used the projects with Caixabank, BBVA and Ahorro Corporación as a lever for support in order to gain additional market share.

### **Positioning in Latin America:**

- Indra continues growing with its various customers thanks to its position as a local operator in Latin America, which has been strengthened upon acquiring Politec in Brazil.
- In Brazil, Indra has won contracts with six of the top 10 Brazilian banks, allowing it to benefit from excellent positioning in the public banks and to become one of SAP's main partners. Also worth noting is its presence in Banco do Brasil and Caixa Econômica Federal (see success stories).
- In Chile, the customer portfolio's growth in leading groups in Latin America such as Sura, Metlife and Caja de Los Andes stands out.
- In Argentina, the modernisation of Federación Patronal's hardware technological platform is worth highlighting.
- In Colombia, the positioning of the value-added offering has been worked on, and the most outstanding line was the document management consultancy carried out for Banco de la República. In addition, a strong effort has been vested in maintaining the Santander Group's business in its sales process to Corpbanca.
- In Mexico, Indra has improved the BPO business through the full BPO project of BBVA Bancomer's backoffice, the top Bank in Mexico.

### **Support for global accounts:**

#### MAPFRE

- Consolidation of the delivery model associated to application maintenance for its core insurance by creating a production centre in Pereira (Colombia) capable of fulfilling the needs of all the countries in the region.

#### Santander Group

- Opening of business in Brazil and entering the mortgage sector in BPO.
- Involvement in redesigning the entire corporate intranet strategy.

#### BBVA Group

- Consolidating ourselves in Mexico as a supplier of application maintenance and in the world of infrastructures within Bancomer.
- In Peru, the growth achieved in the country in the past two years stands out, highlighting the redesign of the insurance platform.

#### Zurich

- The agreement reached with the insurance company to implement our iONE platform (see success stories) in Brazil and Mexico stands out, in addition to providing a series of associated technological services.

## → INTELLIGENCE AND EFFICIENCY

Development, commercialisation and consolidation of Core Banking and Core Insurance solutions:

- As mentioned earlier, Indra has reached an agreement with Zurich to implement the insurance market solution in its life insurance branch in Latin America (see success stories)
- The iONE solution for the insurance market has received the "XCelent Technology 2012" award from Celent that recognises iONE as the most advanced platform in 2012, from a technological point of view, for the life insurance business in Latin America.
- Introducing the Core Banking platform in SaaS mode to the Spanish market.

Functional consolidation of the payment methods and foreign trade solution.

Consolidation and development of the BPO offering:

- Top tier positioning as a supplier of banking backoffice thanks to the integration project for Banca Cívica in Caixabank and the Rivera project for Bancomer.
- Development of a new consultancy offering for the insurance and financial services market.
- As a result of our strategic agreement with Ahorro Corporación, we have started (the roll-out) the commercialisation of our Cash Flow solution in Latin

America, exploring opportunities with local regulatory bodies and customers with a new offering for the management and administration of financial assets, trading in capital markets, market risk control and support for the distribution and administration of investment funds and portfolios, based on the extensive functional coverage of our platform and by efficiently providing technological services in SaaS mode.

ECONOMIC SUSTAINABILITY

# AGREEMENT FOR THE IMPLEMENTATION OF THE IONE CORE INSURANCE SOLUTION IN ZURICH

Indra reached an agreement with Zurich to provide services related to iONE, which is the core solution that the company has developed to support all the operations of the life insurance sector's value chain. Initially, Zurich will use the solution only for Latin America, although it is considering its subsequent roll-out to all the countries where the Zurich Group operates.

iONE has been developed as an improvement of Indra's solutions portfolio for the insurance sector, and it stands out in the operation and business area due to the extensive range of the product portfolio it operates as well as the simplicity and speed in launching the products.

This important agreement with Zurich contributes towards improving the presence in Latin America's insurance sector, a region that is currently our company's main international engine for growth.



ECONOMIC SUSTAINABILITY

# SPECIALISED IT SERVICES FOR THE FINANCIAL MANAGEMENT OF CAIXA ECONOMICA FEDERAL

Indra signed two contracts with Caixa Econômica Federal of Brazil to provide IT services during a period of four years. The contracts include specialised technical services for the development and maintenance of information technology programs aimed at addressing the demands related to the product portfolio offered by the financial entity in two strategic business areas: loans and financing, and risk management.

In addition to guaranteeing stability in the operation of the systems for these two areas of the Brazilian bank, the services provided by Indra will establish a sustainable and highly efficient business management model, favouring resource optimisation, improved service quality, lower operational costs and more competitiveness.

A multidisciplinary team belonging to the technological multinational will work in the cities of Brasilia, Rio de Janeiro and Sao Paulo (strategic bases for the bank) with the aim of establishing a robust technical structure to meet software development demands, perform corrective and developmental maintenance tasks, draft support documents, and guarantee the operation and stability of the systems integrated in the two areas of the financial



entity.

To manage the service level, incidents, project and quality tests, Indra will use a set of advanced proprietary and third-party technological tools.

The new contracts consolidate the multinational's positioning with the financial entity as well as its leadership as an IT service provider for large financial entities.



## PERFORMANCE

# SECURITY AND DEFENCE

Growth  
-9%

### GEOGRAPHY

In 2012, Indra accomplished major achievements in the execution of its strategy:

Maintaining its position in **Spain**:

In the final months of 2012 there was a drop in business in the Spanish market, which led to negative growth figures for Security and Defence as a whole, despite business growth in the other regions where the company operates. However, Indra continues to hold a dominant position in many areas of the security and defence market:

- In 2012, Indra was awarded the contract for all the terminals put out for tender during the year for the satellite communications network of the Spanish Ministry of Defence (SECOMSAT).
- Indra was also the only company in the Defence sector that was awarded the development of a solution within the framework of an Innovative Public Procurement (IPP) programme in Spain. This was for the Lanza-T product, which is described below (see success story).

Consolidating the company's presence in Europe: The following achievements were especially significant for the company in 2012:

- Supplying infrastructures for the European emergency

response centre, which will enable it to be connected to the various national emergency response centres in the EU and coordinate the actions of multiple countries from a single centre in Brussels.

- A Vessel Traffic Service (VTS) contract with the Port of Southampton in the United Kingdom, one of the leading passenger ports in the world (see success story).
- The security systems for the football stadiums involved in the European Championship in Hungary in 2012. This contract represents the company's entry into the country's security market.
- A contract for the expansion of the Galileo system's land segment and its preparation to manage approximately thirty satellites.

Promoting development in Latin America and Asia Pacific: Indra made significant progress in 2012 in developing these regions thanks to having obtained the following contracts:

- A PKI identification system for the Civil Registry of Panama that will make it possible to use digital signatures for transactions with the Registry. In the future, this technology will enable the identification of any Panamanian through their digital signature.
- A critical infrastructure security system for Mexico's Federal Electricity Commission (FEC).

- Security systems for Ecopetrol in Colombia.
- Supplying satellite communications equipment for the Brazilian Navy's ships.
- Defence contracts in Indonesia, Japan and Australia thanks to agreements with manufacturers (see details below).

**Africa and the Middle East:** Indra won two major contracts in the security sector:

- Military identification systems for Kenya. This represents Indra's entry into the security market of this country.
- Protecting the infrastructures of Phosphate Processing Plants (PPP) in Morocco.
- Improving the company's relationship with platform manufacturers in the defence sector:
- Indra significantly strengthened its relationships with the naval manufacturers Daewoo (South Korea) and Fincatieri (Italy) in 2012.
- These new agreements are in addition to the ones that Indra already had with Eurocopter (Europe) and AugustaWestland (Italy) in the simulation sector, and BEL (India) and HDW (Germany) in the satellite

- communications and electronic defence sector.
- > Strengthening these relationships has enabled Indra to improve its international development, especially in the Asia and Pacific market. The company won the following contracts in 2012 thanks to agreements with manufacturers:
    - Radar and electronic defence systems in Indonesia
    - Tactical voice communication management systems for the Australian Air Force
    - A simulator for Japan.
    - Egypt's electronic defence.
    - Submarine terminals for satellite communications for Turkey.

## → INTELLIGENCE AND EFFICIENCY

Improving the VTS offering:

- > As we mentioned earlier, in 2012 Indra won a major VTS contract in the United Kingdom, in addition to the consolidation of the project already under way in Poland and obtaining a few smaller contracts, such as for the Spanish Maritime Safety Agency (SASEMAR).
- > Improving the cybersecurity offering: this includes the contract to implement a PKI identification system for the Civil Registry of Panama, as mentioned earlier.
- > Developing Lanza-T: Indra began its development in 2012 (see success story).
- > Continuing with the space surveillance R&D project: The demonstrator was installed in Spain in 2012 (Santorcaz naval radio base), making future access to the space surveillance radar possible. The importance of having a critical infrastructure for this profile is its ability to attract investments from the European sector since few countries have similar technology.
- > Continuing with the development of MANTA (electronic

defence systems for military transport and VIP aircraft), MRI (Maritime Reconnaissance Intelligence light aircraft), Pelican (rotary wing UAS) and Mantis (micro UAS) products and obtaining key customers: In 2012, Indra continued to develop and improve its products.

## SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

# PORT OF SOUTHAMPTON

Indra was awarded the contract for **the modernisation and refurbishment of some of the VTS (Vessel Traffic Service) system equipment for the port of Southampton**. Aside from being subject to maritime regulations such as the recommendations of the IALA (International Association of Lighthouse Authorities), the project also required the integration of some of the existing systems and interaction with other port authorities with which the port of Southampton shares maritime space.

The scope of the project includes the upgrade of the port of Southampton's VTS system. This includes developing four sensor stations, each equipped with a new radar. Two existing radars will also be integrated into the system. Other sub-systems such as CCTV, AIS, RDF, meteorological sensors and GMDSS A1 will also be supplied and integrated. The control software will be iMare, a solution developed by Indra.



The new system is **a very useful aid for navigating in areas with high maritime traffic density**, it helps improve traffic safety and also protects the marine environment from the harmful effects of said traffic.

On the one hand, this key customer is a qualitative leap for Indra and especially its security business in **the WW market since the port of Southampton is one of the most prestigious ports in the world** in terms of cargo and passengers. It also represents the company's entry into the United Kingdom market, one of the great world powers and a geographic area that is difficult to penetrate.

SOCIAL SUSTAINABILITY

# PROTECTING AIR SPACE WITH NEW RADAR TECHNOLOGY

In 2012, the Spanish Air Force stated its need for a high-mobility **Long-Range 3D Mobile Radar** that can be deployed and stored quickly. The aim of this project is to guarantee support for air operations outside of domestic air space, as well as to complement the coverage of sovereign domestic air space if necessary.

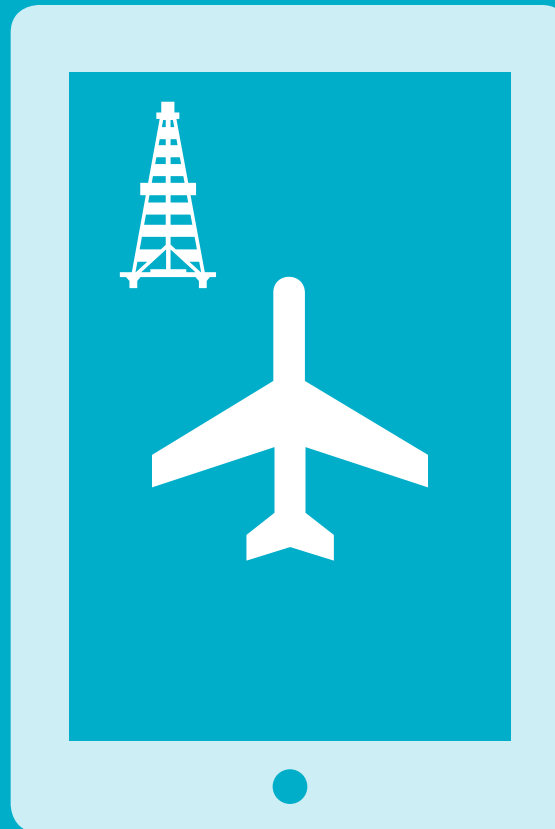
In response to these requirements, Indra will develop the new Radar LTR-25 system, composed of the following sub-systems:

Medium/Long-Range Pulsed 3D Primary Surveillance Radar (PSR), including solid state technology and long wave operation (between 1215 MHz and 1400 MHz). Since it is the primary element of the system, it will also have the same name; LTR25.

A Secondary Surveillance Radar (SSR) based on the INT-2000ASM HPCS Interrogator, which is mechanically, functionally and operationally integrated with the Primary Surveillance Radar, with interrogation capability in modes 1, 2, 3/A, C, S, 4 and 5, which will provide identification and operational classification of targets.

Radar Monitoring and Control Shelter (RMCS). This sub-system will house the radar's operating station, equipped with a control and local supervision console as well as an auxiliary workstation for data analysis and configuration.

This entire system will be transportable by land, air and sea, and will be able to be deployed and then stored in a short period of time and with few staff. Its mission is to eventually make it possible to improve the coverage of sovereign domestic air space by complementing the current network of fixed radars, and also to guarantee support for air operations beyond domestic air space.



Complemented by connectivity resources based on radio frequency or fibre/copper connections, the system will be able to operate in an integrated manner with remote control centres. This operation may be unmanned, which means that once it has been deployed and is running, it will not be necessary for operating staff to be present since the control and supervision will be able to be carried out via remote consoles. The system will also be able to operate independently without requiring any additional resources other than the primary electric power source, either via the power grid or generator equipment. Given its characteristics as a tactical system designed for possible use in international missions in any type of environment, the system will be designed so that it can operate in extreme environmental conditions.

The LTR-25 radar will be a new member of Indra's Lanza family, highly marketable due to the current trend of equipping armed forces with a high capability for deployment in operations in extreme environmental conditions. This reference, as well as fulfilling a need of the Spanish armed forces, puts Indra in an advantageous position in a market where the company expects a high demand.

## PERFORMANCE



# TELECOM & MEDIA



The Telecom & Media market registered a 7% drop in activity that, as expected by the company, was the result of the comparative effect of the strong growth experienced the last two years as well as lower activity in the Spanish market. Despite the drop in activity, in 2012 Indra was able to attain achievements related to its strategy's execution:

### GEOGRAPHY

Maintenance of its position in **Spain**:

- In 2012, operators established strong restrictions to investment projects and revised the scope of certain projects in progress.
- Despite the poor performance of the Spanish telecommunications market, Indra managed to maintain its activity levels with the leading telecommunications operators: Telefónica, Vodafone and Orange.
- This included the renewal of the contract for managing applications of the SAP global solution for Telefónica.
- In the Media segment, performance remained flat. Actions included:
  - Wining a long-term contract with RTVE for managing the maintenance of document management applications.
  - The renewal of the agreement with Antena3 for the

IBTV joint venture, after a six-year working relationship.

Growth in **Europe and Latin America**:

- Specifically, the Latin American market showed good results in 2012.
- Indra was awarded the project for implementing a network inventory solution at O2 in Germany, marking Indra's entry in the German telecommunications market.
- In 2012, Indra has continued to expand its presence in other telecommunications operators beyond the Telefónica Group, improving the exposure of its brand and laying the foundation for improved growth in the future.
- In the media market, Indra is developing its service provider model within the framework of its contract with the Prisa Group, from models that are more based on

"exports" towards models that are more based on "local support". Its local presence should enable the company to boost its growth in the region and, in fact, this has already helped it win new contracts with La Moderna in Brazil during 2012.

- In Italy, our key clients Telecom Italia and Sky TV, among others, helped us to continue growing in 2012 by obtaining two contracts with Wind and RAI.

Development of its presence in **Africa**:

- In 2012, Indra renewed its Meditel contract with a new multi-year format that is renewed automatically. This is a major milestone for the company because it provides Indra with greater stability in the region and it can serve as a driver for developing the company's presence in other African countries.

### INTELLIGENCE AND EFFICIENCY

Indra's strategy is defined along the following lines:

- In 2012, Indra began to define the new OSS solution for the Telecom market as well as the BPO service offering for the Media market.

- The various R&D projects that Indra is carrying out include Adapta, which is aimed at researching new technologies for personalising and interacting with digital contents.

## ECONOMIC SUSTAINABILITY

# A SINGLE SYSTEM FOR ALL THE INFORMATION OF RTVE

Indra was awarded the service contract for developing and improving RTVE's ARCA System. The system's objective is to make an integrated solution available to the entire Corporation (approximately 2,000 users) that will make it possible to manage all its multimedia contents (video, audio, photographs, text, etc.) through single user access and in a single information repository. The contract will last two years (2012-2013), with the possibility of an additional two-year renewal.

The scope of the service proposed by Indra includes the following activities and processes:

- > Preventive maintenance.
- > Developmental maintenance.
- > Corrective maintenance of the developments carried out.
- > Support activities for users in the developments carried out.
- > Support activities for managing interfaces between systems, periodic data uploads, and resolving incidents in the various processes.
- > Administration and management of the project and of associated services.
- > Documentation updates.
- > Functional analysis of changes and improvements, thereby complementing RTVE's functional analysts.
- > Consultancy and recommendations regarding the various commercial tools available on the market that could be used by RTVE.



- > Work plan and dimensioning for the various development and implementation phases of the analysed systems.

Indra provides its experience in projects for developing and maintaining multimedia document managers, as well as its knowledge of the different solutions available on the market. This translates into greater productivity for the service and allows offering the developed connectors to RTVE, as well as making the most of Indra's relationships with the corresponding manufacturers and distributors.

This contract represents a major milestone in Indra's strategy since it now has references in the area of providing document manager development and maintenance services for the leading communication groups in Spain: The Antena 3 Group in all its Television, Radio and Multimedia businesses; the PRISA Group in its Television, Radio and Press areas; EsMadrid for its online channels; the EFE Agency and the autonomous RTV of the Canary Islands.

This experience is especially important since it ensures knowledge of the business' processes and requirements, as well as of "industry language". This facilitates communicating with user areas and reduces the time for taking control, thereby increasing the equipment's.

ECONOMIC SUSTAINABILITY

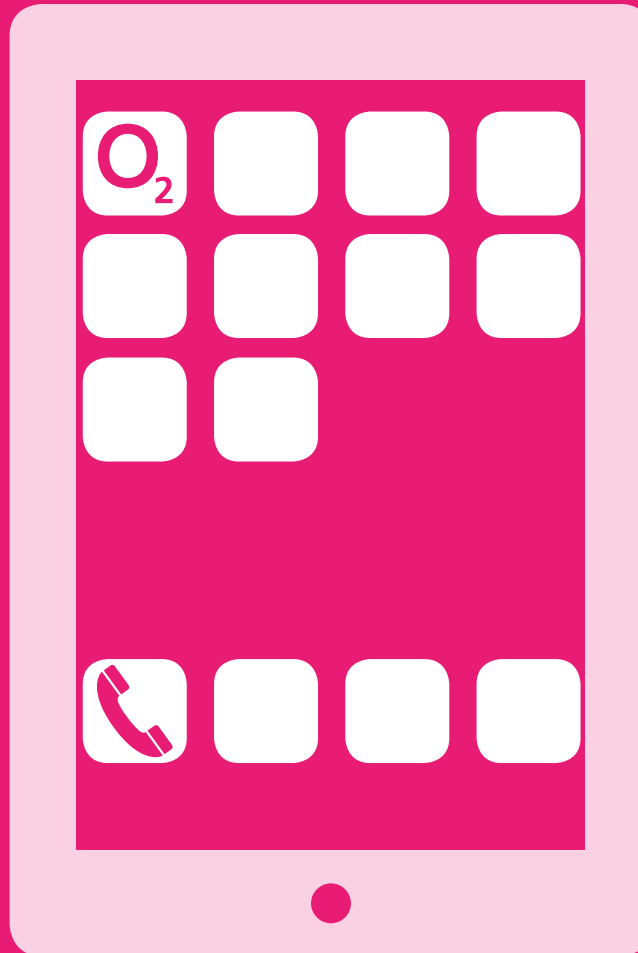
# O2 NETWORK INVENTORY IN GERMANY

In 2006 Telefónica acquired several telecommunications groups in Europe, a process that culminated in the consolidation of its operations in the United Kingdom, Ireland, Germany, the Czech Republic and Slovakia under the O2 commercial brand, thereby consolidating its position in the Top 5 of global telecommunications groups.

In 2011, Telefónica decided to expand its German subsidiary, which had traditionally been focused on the mobile business and one of the main drivers of growth for the O2 Group, by acquiring HanseNet/Alice, a landline telephone and local broadband operator, thereby strengthening its presence in Europe even more.

As a result, Telefónica Germany (TGE) was created in 2012 to take on the challenge of unifying the operations of the two merged companies in order to establish a truly convergent telecommunications operator. In this context, the network management and planning area is especially important due to the large financial volume of committed investments and the potential synergies that exist in a consolidated and convergent management, for which Operations Support Systems (OSS) play an essential role.

Following the merger, TGE now has two Network Inventory and Planning solutions in the OSS field, both based on



the product x:akta from the Swedish provider Aktavara. Indra, as a global technological partner and key partner for Telefónica, is accompanying the telecommunications company in this new country while unifying the Network Management and Planning processes.

The service, with an initial duration of three renewable years, includes, along with the usual activities and parameters in operations of this kind (corrective and developmental maintenance, subject to SLAs/KPIs), the ambitious task of unifying the existing network inventory and planning systems into a single convergent solution, which is organised as a traditional implementation project embedded within the service.

This activity is fully coordinated with day-to-day operations, covered by corrective and developmental maintenance that includes support for managing the traditional TGE networks (2G, 3G and Transmission), as well as the roll-out of LTE, a state-of-the-art mobile network.

The project is supported by Indra's development centres in Central Europe, which provide a local service and cultural affinity, and it fulfils the certified quality standards required by the Indra Software Labs network.

# CUSTOMERS

## GEOGRAPHIC MARKETS

Apart from the Spanish market, and less significantly the U.S. market, Indra's other geographic markets showed very positive results in 2012.

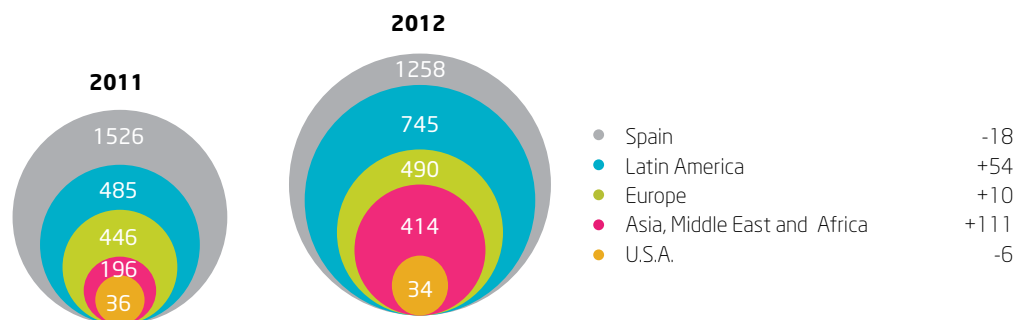
Therefore, excluding the Spanish market (which represents 43% of the company's revenues), revenues rose by 45% compared to 2011. In organic terms (without including the acquisitions of Galyleo in Italy, Politec in Brazil and Indra Navia in Norway), this growth stands at over 25%.

Order intake in the region increased by 45% for the financial year and reached €2.01 billion, being 19% higher than revenues (book to bill ratio of 1.19x, similar to the ratio recorded in 2011). This made it possible for the business portfolio to continue to be strengthened with growth of 18%, representing 1.34 times the international revenues of the previous 12 months at the end of the financial year.

- Spain: the weak situation of the Spanish market was confirmed during 2012. In this scenario, Indra's revenues dropped by 18% to €1.258 billion. Therefore, Spain now represents 43% of the company's total revenues, compared to 57% in 2011. All of Indra's vertical markets, except for financial services (which managed to maintain the same level of activity as in 2011), saw a drop in business volume. This was caused by the weak macro-economic situation, large cuts to investment budgets by public bodies in the areas of Transport & Traffic and Defence, and the current market pressure on prices. Order intake also fell (-26%) and placed the book to bill ratio at just under 1x (0.94x), compared to the result at the end of the previous financial year of 1.04x. The portfolio to revenues ratio for the last 12 months stood at 0.96x, above the level recorded in 2011 (0.86x).
- Latin America: showed strong growth, of 54%, and now

represents 25% of Indra's total revenues. Brazil, Mexico, Colombia, Peru and Chile maintained significant growth during the year while the company's presence was consolidated in other countries in the region.

- Europe: Indra's activity grew by 10% during 2012, including good performance in the Italian and English markets.
- Asia, the Middle East and Africa: revenues in the region increased by 111%, mainly driven by the good progress of the Public Sector and Healthcare market. Order intake in this geographic area also had positive results by winning major contracts in several of the company's fields of activity.
- USA and Canada: this region represents 1% of the company's total revenues. A fall of 6% was recorded in its 2012 revenues.





# Indra's major global projects in 2012

**LATIN AMERICA**  
**Financial Services:** Implementation of the core insurance solution for Zurich

**PANAMA**  
**Ty&T:** Integrated system for the control of access and security, vessel detection, communications, fire detection and extinguishing systems, and environmental sensor networks for the Panama Canal's expansion

**MEXICO**  
**Industry:** ERP Implementation for Taco Holding.

**USA**  
**T&T:** Operations Support System for the city of Savannah's fleet of buses and adapted vehicles

**PERU**  
**Energy:** Implementation of commercial management and distribution systems at Electrodnas.

**CHILE**  
**Healthcare:** Implementation of the e-health system (IHS-Indra Salud) at La Florida hospital

**COLOMBIA**  
**Public Sector:** Management and modernisation of the technology infrastructure of the Colombian Institute for Family Welfare and of the SAYP Consortium

**EL SALVADOR**  
**Electoral processes:** Legislative and Municipal Council Elections

**BRAZIL**  
**Defence:** Supply of satellite communications equipment for Brazilian Navy ships.

**ARGENTINA**  
**Financial Services:** Modernisation of the technological hardware platform of Federación Patronal.

**CHILE Y BRAZIL**  
**Industry:** Implementation of the revenue accounting solution for the merger of LAN (Chile) and TAM (Brazil) airlines.

**ANGOLA**  
**Electoral processes:** Provisional electoral count and support for the definitive count for Angolan elections

**MOROCCO**  
**Security:** Infrastructure protection of phosphate processing plants (OCP)

**SPAIN**  
**Media:** Long-term contract with RTVE to manage the maintenance of its document management applications

**UNITED KINGDOM**  
**Security:** Vessel Traffic Service (VTS) with the Port of Southampton

**POLAND**  
**T&T:** Operations Support System for public transport in the city of Wroclaw

**GERMANY**  
**Telecom:** Implementation of a network inventory solution at O2

**TURKEY**  
**Defence:** Underwater terminals for satellite communications

**OMAN**  
**T&T:** New air traffic control position

**HUNGARY**  
**Security:** Football stadium security systems for Hungary's bid to host the 2012 UEFA European Football Championship

**AZERBAIJAN**  
**T&T:** Baku air traffic control centre

**LITHUANIA**  
**T&T:** Ground operations management system at Vilnius airport

**ITALY**  
**Energy:** Global roll-out of the SAP corporate finance model for Enel Green Power

**AUSTRALIA**  
**Utilities:** Implementation of a risk management solution (ETRM) for Caltex

**PHILIPPINES**  
**Utilities:** Commercial BPO for Manila Water.

**INDONESIA**  
**T&T:** Radar systems for Indonesian air traffic control

**INDIA**  
**T&T:** Four traffic management and motorway toll contracts in India

**EUROPEAN UNION**  
**Security:** Infrastructures for the European Emergency Response Centre

## 5.2 VALUE-ADDED SOLUTIONS AND SERVICES

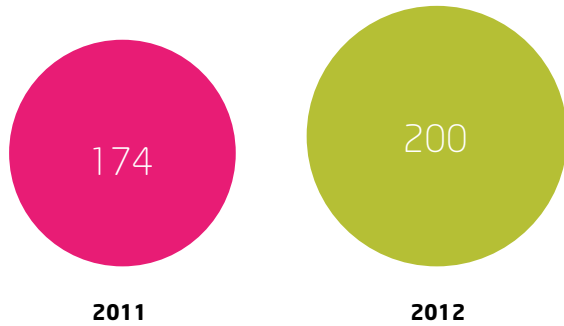


In 2012, the company continued its policy of investing in developing and adjusting its offering of solutions, which, along with tangible investments throughout the year, saw Indra invest a total of €74 million -net of subsidy payments- (within the target range of €65-75 million).

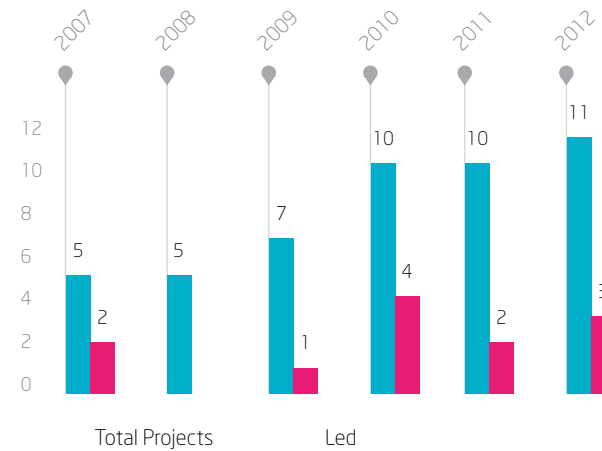
During the period, the company also paid out €53 million (net of divestitures) in financial investments over the year, primarily on the acquisition of Indra Navia (which helped bolster the company's offering in air traffic control services and on deferred payments).

In 2012, Indra also reached significant strategy implementation achievements:

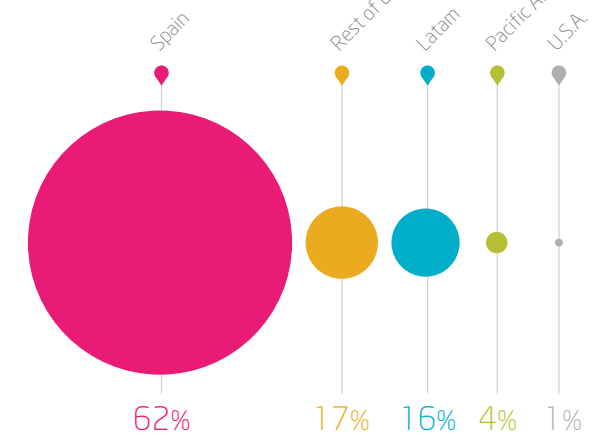
Number of technology partnerships.



Involvement of Indra in European programmes



Breakdown of agreements with knowledge institutions by country



## GEOGRAPHY

Ability to develop and adapt the offering locally for each region where Indra operates.

**Enhancing local offering development capabilities:**

- > Personnel in target regions (such as Latin America and Asia Pacific) showed double-digit growth in 2012. For additional information, please see the "talent" chapter.

**Developing relations in different regions with each innovation agent:**

- > Involvement in innovation programmes: in 2012, the company was involved in important European financing programmes, such as the 7th Framework Programme and Artemis. Indra believes that its growing involvement in European programmes over the last five years (see graph below) is the result of additional experience and higher levels of expertise, the involvement of a larger number of business units and Indra's stronger reputation within

these programmes (evidenced by the increasing number of projects that the company is leading).

**Internationalisation of partnerships:**

- > In 2012, Indra was involved in a total of 200 technology partnerships.
- > There was further internationalisation of Indra's agreements with technology partners, particularly with the nine that comprise the IGAN group (Indra Global Alliance Network). The result is that more Indra companies have been included within the scope of its partnership agreements.

**This has been reinforced by increased contacts with local technology partners in each country.**

- > In 2012, Indra signed a new global deal with Huawei. The agreement covers the full catalogue of Huawei products.
- > In 2012, Indra began developing three-year strategy

plans with certain IGAN partners. These include joint geographic development strategies in several countries.

**Developing agreements with knowledge institutions in key regions:**

- > In 2012, Indra stepped up its prospecting and analysis operations of knowledge institutions in target regions, particularly Latin America. This will allow the company to identify and prioritise those institutions that can contribute the most to the company's growth strategy, in terms of becoming a source of qualified professionals and innovation capabilities.
- > Indra held 155 agreements in 2012:

## INTELLIGENCE AND EFFICIENCY

Developing the offering of solutions and services as well as management improvements.

### Development of solutions and services in segments with strong growth potential:

- > In 2012, the services segment recorded growth of 21%, driven primarily by companies acquired in 2011 and the growth of international operations.
  - > The Solutions segment, which has been affected by the decline of the Spanish market, recorded growth of 4%.
- For additional information, please see the “solutions and services” chapter.

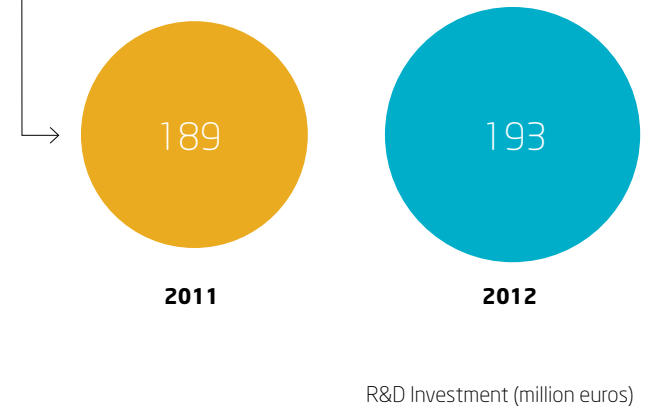
### Constant support for innovation and the new offering development model:

- > R&D&i investment of €193 million (7% of revenues).
- > Continuous improvement of the innovation model: in 2012, the company continued to prioritise initiatives that, having been matured and selected for potential implementation, were closely related to the aforementioned offering and capabilities development goals established by the company (see “Development of solutions and services in segments with strong growth potential”). Therefore, Indra considers these initiatives to be exacting, well-reasoned and coherent with corporate interests.
- > Top R&D&i projects in progress during 2012: coherent

with Indra’s innovation model, the projects carried out in 2012 pursued the following key targets: developing the strategic aspects of the new offering, reinforcing the value provided to the external and internal agents involved in the process, sharing experience and expertise, and promoting the talent and initiative of professionals.

Solutions
<p>Important projects supported the verticalisation of the consultancy offering</p> <p>Relevant milestones in the development of the six strategic offering lines:</p> <ul style="list-style-type: none"> <li>• Global partnership with SAP</li> <li>• Analytics</li> <li>• Cloud</li> <li>• Mobility</li> <li>• Digital</li> <li>• Key architectures</li> </ul> <p>To find out about the performance of specific vertical solutions, see the “vertical markets” chapters</p>

Services
<p>Developing the In-Cloud offering:</p> <ul style="list-style-type: none"> <li>• Migration of various proprietary solutions</li> <li>• Reinforcing relations with technology partners</li> <li>• New customers</li> </ul> <p>Focusing on high value-added services.</p> <ul style="list-style-type: none"> <li>• Verticalisation of the offering</li> </ul> <p>Improving excellence and efficiency in the process of providing services</p> <ul style="list-style-type: none"> <li>• Growth of the Global Development Centre network</li> <li>• Further implementation of the MIND suite</li> <li>• Consolidation of development and delivery operations</li> </ul>



Project	Title
Granted in 2012	
INTERTRUST	Interoperable trust assurance infrastructure
SIDRA	Smart Identification and Detection of Radioactive Anomalies
EVACUATE	A holistic, scenario-independent, situation-awareness and guidance system for sustaining the active evacuation route for large crowds
ULTRA	Unmanned aerial systems in european airspace
PALANTE	Patient leading and managing their healthcare through eHealth
EDEN	End-user driven demo for cbrne
TRAM	Audio-visual Motor Telerehabilitation
SHIP	Smart Health Intelligent Platform
BRAINS	Baseline for Media Access Networks in Sensor Integrators
AMISTAD	Smart Multifunctional Antennas compatible with SDR and Digital Advanced TTD technology
SPECTRA-2012	Spectrum and Energy Efficiency Through Multi-band Cognitive Radio
ADAPTA	Technologies for personalising digital content and interacting with it
FERROSMARTGRID	Development of the first Smart Grid
CELTIC	Technology-led strategic knowledge for competitive intelligence
SIXIC	Smart solution for the comprehensive management of chronic patients
PRICE	Power distribution management, Smart Grid...
G-SEXTANT	Service provision of geospatial intelligence in EU external actions support
G-NEXT	GMES pre-operational security services for supporting external actions
Granted in previous years	
ADAM	Automation development for autonomous mobility
CIUDAD2020	Towards a new sustainable Smart City model
PERSEUS	Protection of European borders and seas through the intelligent use of surveillance

Participation in platforms: the most noteworthy operations for 2012 involved the following platforms:

Platforms	Indra's involvement
<b>ARTEMIS</b>	Member of the Steering Board of ARTEMIS-IA (European Industry Association on Embedded Systems). Active participation in Smart Cities and defining the steps for developing the platform in H2020.
<b>ES.INTERNET</b>	Vice Chairman of the Spanish platform es.Internet. Involvement in Management of the Strategic Agenda and leadership of the Smart Grids work group.
<b>FUTURED - Spanish Power Grid Platform</b>	Member of the Governing Board and promoter of the platform. Objectives: <ul style="list-style-type: none"> <li>• Integrating all energy sector operators in order to establish and promote nationwide strategies for consolidating a much more advanced grid that is capable of addressing the challenges of the future.</li> <li>• Defining a shared vision and defending a common position before Europe</li> </ul>
<b>HISPAROB - Spanish Robotics Technology Platform</b>	Platform coordinator.
<b>PLANETIC (Integration of the PROMETEO, INES and GENESYS platforms)</b>	Member of the Executive Committee for this Spanish Technology Platform, which will be established in the first quarter of 2013, with the goal of adopting and distributing electronic ICTs.
<b>PTC - Road Technology Platform</b>	Vice Chairman of the Management Committee. Involved in the following groups: <ul style="list-style-type: none"> <li>• ITS and Mobility</li> <li>• Road Safety</li> <li>• Transport and Intermodality</li> <li>• Energy and Sustainability</li> </ul>
<b>PTME - Spanish Maritime Technology Platform</b>	Involvement in the FP10 - Surveillance work group
<b>SECPhO - Southern European Cluster in Photonics and Optics</b>	Founding partner and member of the Executive Committee

Emov	Involvement in the Spanish Wireless Communications Technological Platform
Net!Works (formerly eMobility)	Involvement in the Net! Works European Technology Platform
eNEM	Involvement in the Spanish Technology Platform for Networked Audiovisual Technologies
ESEC	Involvement in the Spanish Technology Platform for Security and Trust Technologies
PESI	Involvement in the Spanish Industrial Security Technological Platform
PTFE	Involvement in the Rail Technological Platform. Indra is a member of the platform
PTE-EE	Involvement in the Spanish Energy Efficiency Technological Platform
eISI	Involvement in the Spanish Satellite Communications Technological Platform
eVIA	Involvement in the Spanish Technological Platform for Health, Well-being and Social Cohesion Technology
Connect-EU	Involvement in Connect-EU
ISI	Involvement in the Integral Satcom Initiative

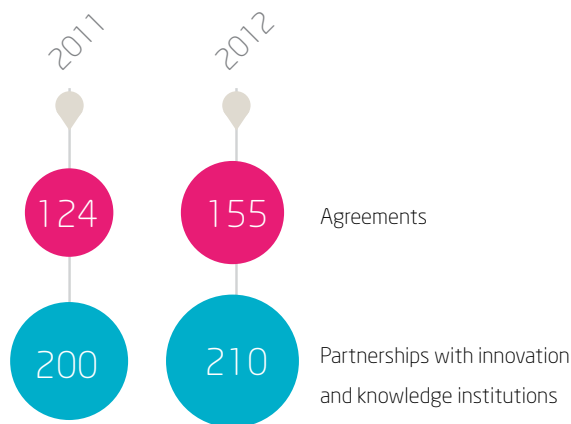
In 2012, the ESTRATECO and SENIOR CHANNEL R&D&i projects were recognised for their potential to drive sustainable development as part of the EU's Enterprise 2020 initiative.

Continuous promotion of institutional relations with innovation and knowledge institutions: in 2012, Indra's relations with knowledge institutions consisted of:

**20 research chairs and new framework agreements:**

- > Research chair with the University of Lleida (Spain), focusing on Accessible Technologies.
- > General research chair with the Polytechnic University of Madrid (Spain)
- > Research chair with the Polytechnic University of Madrid (Spain), focusing on Accessible Technologies.
- > Research chair with the Polytechnic University of Valencia (Spain), focusing on Health.
- > Research chair with the University of Cantabria (Spain), focusing on Space.
- > Research chair with the University of Castilla La Mancha (Spain), focusing on Security and Accessible Technologies.
- > Research chair with the European University of Madrid (Spain), focusing on Security and IT Services Management.
- > Research chair with the National University of Cordoba (Argentina), focusing on Accessible Technologies.
- > Research chair with the University of Oviedo (Spain), focusing on Air Traffic Control.
- > Research chair with the University of Alcalá (Spain), focusing on Defence and Security.
- > Research chair with the University of Extremadura (Spain), focusing on Accessible Technologies.
- > Research chair with the University of Salamanca (Spain), focusing on Accessible Technologies.
- > Research chair with the University of Valencia (Spain),

- focusing on Accessible Technologies.
- > Research chair with the Autonomous University of Madrid (Spain), focusing on Accessible Technologies.
- > Research chair with the UPM Indra-ETSI Minas (Spain), focusing on Energy.
- > New framework agreement with the University of Cantabria and its International Excellence Campus (Spain).
- > New framework agreement with the Polytechnic University of Catalonia (Spain).
- > New framework agreement with IE University (Spain) to create the observatory of IBEX-35 Chairpersons and CEOs.
- > New framework agreement with the Complutense University of Madrid and the Polytechnic University of Madrid (Spain), as part of the International Excellence Campus "The Energy of Diversity".
- > New framework agreement with the Autonomous University of Barcelona (Spain).



**Strengthening key partnerships:**

In 2012, Indra began preparing three-year global joint business plans with certain IGAN partners.

Indra simplified its partnership governance model in order to improve dialogue between the organisations. This particular aspect (dialogue with Indra) was identified as the main areas for improvement in the partner satisfaction surveys conducted in previous years.

The improvements made in partner management was reflected in the results of the satisfaction survey, with a 0.2 point increase to an overall score of 3.8 (out of 5).

Despite the improvements, dialogue-related aspects remain as one of the main areas for improvement identified by partners, along with sharing knowledge and returns on investment.

**Continuous supply chain improvements:**

In 2012, the supplier satisfaction survey score improved 0.19 points to 4.24 points (out of 5). There were significant improvements in certain aspects identified in 2011 as areas for improvement, such as the "supplier selection policy" (+0.36), "flexibility" (+0.24) and "required standards" (+0.23). The main supplier management improvements introduced in 2012 were:

- > Purchasing Portal:
  - Throughout 2012, Indra continued to implement its Purchasing Portal, adding new suppliers to the platform.
- > Consolidation of logistics procedures:
  - The experience from the US and Spain was expanded to new regions.
  - Expanding the commitment to excellence to suppliers:
- > More requirements for the pre-approval process:
  - In 2012, Indra expanded the pre-approval process based on the Achilles platform to 843 active suppliers.
  - The prioritisation criteria are established according to the risk of each supplier's operations.
  - Purchases included in this process represent 36.6% of Indra's total purchasing volume.
  - For additional information, consult the "sustainable environment" chapter.



## 2012 COMMITMENTS AND ACHIEVEMENTS

2012 Objective	2012 Achievement	
Tangible investments between €65-75 million.	Tangible investments reached €74 million	<b>Met</b>
Achieve a 0.1 point improvement in the supplier satisfaction survey.	An improvement of 0.19 points was achieved	<b>Met</b>
Evaluate the possibility of new research chairs with knowledge institutions in Latin America	Indra did not find it appropriate to establish new research chairs in Latin America in 2012	<b>Met</b>
Launch new features for the Purchasing Portal	Progressive increase in the volume of suppliers added to the supplier portal The request for proposals portal is implemented	<b>Met</b>
Expand the supplier pre-approval system	Expansion of the pre-approval process to 843 suppliers.	<b>Met</b>

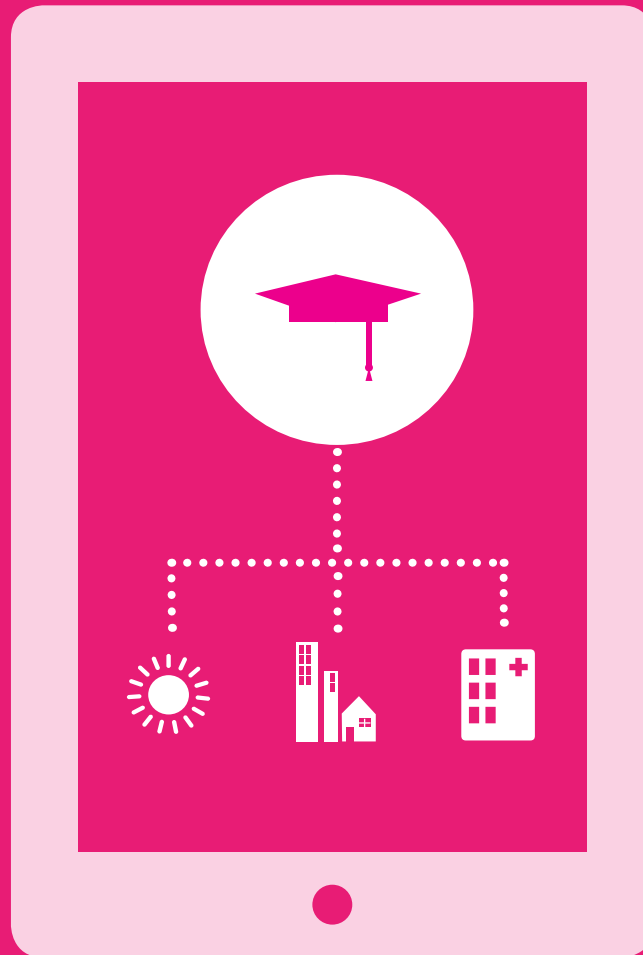
SOCIAL SUSTAINABILITY

# CREATING RESPONSES TO SOCIAL PROBLEMS THROUGH UNIVERSITIES

Indra signed a framework agreement with the Polytechnic University of Catalonia (UPC) in Spain to cooperate in R&D&i activities.

The two institutions will promote the development of specific agreements between Indra and various UPC research groups in order to work on research and development projects in various business areas, such as Smart Cities, health and energy.

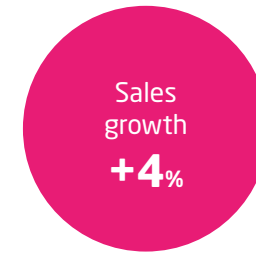
The agreement also includes arranging joint activities, such as seminars and training sessions, experience exchanges, technology transfer and the mobility of UPC graduates for research matters at Indra.



Indra and the UPC have worked together for more than 10 years on various R&D&i projects. This agreement will further strengthen their partnership and create a stable institutional framework for cooperation.

# VALUE-ADDED SOLUTIONS AND SERVICES

## SOLUTIONS



### GENERAL PROGRESS IN 2012

- Revenues increased by 4% with respect to 2011, with solid growth in the Transport & Traffic, Public Sector & Healthcare and Energy & Industry markets, which has balanced the lower revenue results of the Security & Defence, Telecom & Media and Financial Services markets.
- Order intake increased by 9%, which is 10% higher than revenues (book-to-bill ratio of 1.10x, greater than the 1.05x registered in 2011), with good performance in

emerging markets and especially in Asia, the Middle East and Africa.

- All the vertical markets, except for Security & Defence and Financial Services, registered positive growth rates. The lower results of the Security & Defence segment in the last quarter of the year have had an effect on the level of order intake at year-end.
- The order book reached €2.426 billion, which represents a 9% growth. The portfolio to revenues ratio stood at 1.29x at year-end, 5% higher than the ratio recorded in

2011 (1.22x).

All of this was accompanied by major achievements in executing the company's strategy\*:

\* (to learn about performance by vertical market, see the "vertical markets" chapters)

### GEOGRAPHY

Development of the ability to deliver solutions in various geographic markets.

The most relevant achievements for each geographic market in 2012 were:

#### To continue increasing its market share in Spain:

- The significant improvement of Indra's position in the Inditex account stood out in 2012. Indra considerably increased its turnover with Inditex by consolidating operations in many areas, such as HR, Analytics, ERP and Architecture. The following major projects are worth mentioning:
- Tax management solution: Indra's proprietary solution already included FCC and Repsol as key customers.

Inditex, the new key customer, strengthens Indra commercially in terms of expanding the solution to new customers in Spain.

- "PowerCenter" Developments: Indra has created a production platform based on the company's model for software development factories.
- Purchasing recommendations model for the e-commerce platform (described further on).
- In addition, the following contracts obtained in 2012 stand out:
- BBVA, the first key customer in voice biometrics (voice recognition).
- Leed Gold Certificate for BBVA's new head office in La Moraleja (Madrid).
- Project "Comunicate" for Bankinter: support and

development of the bank's contact centre platform.

- Knowledge management platform for Orange's call centre and sales force: support solution for the contents that Orange agents must use.
- Archive platform for audiovisual content, for RTVE.
- Geospatial system "geored" for Red Eléctrica.
- End-to-end management system for electric vehicle charging points for Iberdrola. This integrated solution covers from the charge point to the electric vehicle's management system.
- CPM solution (credit portfolio management) for Mapfre.
- A solid base of top key customers has been maintained in the field of consultancy, and the following stand out: CaixaBank, Telefónica, BBVA, Femsas, Iberia or Banco de Sabadell.

**To continue improving its capabilities for developing and delivering consultancy services and solutions in Latin America and Italy:**

Especially relevant achievements in 2012 include the development of the SAP competency centre in Mexico (by winning a contract for Taco Holding) and the significant business growth of SAP operations in Brazil. Likewise, the centre of excellence and the integration factory in TIBCO and Oracle SOA solutions in Brazil was consolidated, with the capability for serving all of Latin America.

In addition, the following contracts are worth mentioning:

- > Expansion of BBVA's information platform to its Bancomer subsidiary in Mexico.
- > Document management solution for Banco La República de Colombia. This is Indra's first ECM key customer in the country.
- > Architecture for Caja Los Andes in Chile.
- > In Italy, the contract obtained to implement a help desk for public social institutions. It strengthens the call

centre competency centre in Italy.

- > Indra has won new key customers in the area of consultancy operations, including LanTam, Petropolis, the City Hall of Méxicali, Rio Tinto and the Government of Antigua.

**Supporting global customers:** : the following contracts obtained in 2012 stand out:

- > Standardisation of purchasing management for Repsol. This contract has been carried out in Spain but it provides support for the oil company's operations around the world.
- > A contract to implement a CRM solution for Enel, in conjunction with the SAP project obtained in 2011. The contract was carried out in Italy, but it has been rolled out in all the locations where Enel-Endesa operates.
- > Roll-out of the campaign management solution for Telefónica in Brazil and the Czech Republic

**Taking advantage of opportunities in other regions:**

- > Relationships with key technological partners contributed to obtaining major contracts in 2012, such as:
- > Implementation of the IBM asset management solution (Maximo) for the OCCAR in Germany.
- > SAP implementation for PNM in Indonesia.
- > In 2012, Indra launched its consultancy operations in Morocco, from where business is already being carried out.

**INTELLIGENCE AND EFFICIENCY**

Development of the technological solutions and consultancy services offering:

**Improving consultancy capabilities:**

- In the operational consultancy segment, Indra carried out projects for process automation, change management, project management offices for the construction of new commercial systems, and updating the economic model of several companies.
- In 2012, Indra completed significant projects that

contributed to developing its verticalisation strategy for the consultancy offering:

- > **Financial services:** Indra provided services for merger projects as well as to develop commercial and management models for retail banking and companies.
- > **Telecom:** the company carried out projects such as the development of an income growth office for a telecommunications operator in Latin America, the optimisation of customer retention processes or the development of business strategies and value channel strategies.

- > **Consumer Goods & Services:** Indra developed a number of strategic plans for companies in the food and alcoholic beverages sector, as well as efficient e-commerce models. Within the tourism segment, Indra carried out tourism development plans in Colombia, Antigua and Peru.
- > **Healthcare:** Indra continued with to integrate the company's offering acquired in 2011, Mensor.
- > **Transport & Traffic:** Indra carried out Bus Rapid Transit projects in Mexicali and El Salvador, it participated in the development of the new Cusco airport in Peru, and it contributed towards defining Vietnam's Intermodal Plan, among other contracts.

**Developing the technological solutions offering:** in 2012, the major milestones in the development of the six strategic offering lines were:

**Global partnership with SAP:**

- > Indra continued to grow significantly, especially in countries like Brazil.
- > The company launched commercial initiatives with SAP solutions for mergers and split-offs, treasury or “in-Memory computing”, and obtained the first projects.
- > With regard to new contracts obtained, the following stand out:

Human resources management system for Telefónica, with subsequent roll-out in various Latin American countries.

Design, construction and roll-out of the ERP system for the United Nations (Project MOJA)

**Analytics:** in 2012, Indra won key customers in the area of analytics:

- > **Project “TRACER” for Telefónica:** this is an Analytics system for proactive network management, based on the predictive analysis and simulation of the network’s performance. In other words, the network’s management is not based on actual performance but rather on expected performance, making it possible to anticipate and prevent problems. Beyond the significance of the project itself, it is important for Indra since it is a solution that can be replicated for other companies in the telecommunications sector as well as in other sectors.
- > Purchasing recommendations model for Inditex’s

e-commerce platform: the solution implemented suggests purchasing options Inditex website users (with up-selling and cross-selling), based on the historical compilation of information about preferences, inventory data, etc. This allows a dynamic management of the offering and the price of the products in real time on the website.

- > Implementation of the AirBIS solution for Iberia: allows the control and monitoring of airport management processes in real time. Although Iberia already formed part of Indra’s customer portfolio, this contract represents the first analytics experience for the company within the account.
- > First key customers of “Analytics as a service”, in small and medium accounts.

**Cloud:** In 2012, Indra reached the following major milestones:

- > It won a contract to implement a management solution for marketing campaigns in the SaaS model for Danone in Spain. This key customer is very important for the company since it involves a solution in SaaS mode and because Danone represents a key company in promotional and marketing models for the retail trade.
- > It improved its presence in the field of cloud CRM through Microsoft and Oracle solutions. Indra obtained its first key customers in small volume projects, including a project carried out for O&M Energy in Spain. These projects also show how solutions in the cloud and in the “As a Service” mode are enabling Indra to access a new profile of smaller customers.
- > Nissan Europe began to operate with Indra’s Cloud-mode logistics platform.
- > Partnership with Necon, by means of which Necon

commercialises an energy efficiency solution by Indra in SaaS mode for SMEs. It improves the company’s solutions offering for sustainability in cloud mode, which already included the ISOCloud environmental certification solution.

**Mobility:** In 2012, Indra reached the following major milestones:

- > It developed the concept of a “marketplace” in a cloud environment by obtaining two major contracts with the Port of Valparaiso in Chile and the city-state of Andorra.
- > Within the framework of the project for the autonomous elections in Catalonia, Indra developed the applications for viewing results via mobile devices. The application that was developed registered almost 90,000 downloads from the two most important marketplaces (Apple and Android).
- > Expansion of Vodafone’s self-care solution to mobile devices in Spain.
- > Indra continued to work on the value proposition for self-care and automation solutions by means of the first “kiosk” initiatives for the banking industry. The aim is to be able to offer banking services in remote areas (such as villages) or in other types of spaces, such as shopping centres.

**Digital:**

- > In 2012, the project to modernise Ecuador’s Judiciary Department was finalised, which included a significant document management and digitalisation component.

**Key architectures:**

- > In 2012, Indra obtained its first key customers in the

areas of its new key architecture and its new offering line for “testing”. In testing, some of the major customers have been: BBVA, Verti, Aviva, CTTi, Endesa and Enresa.

- Indra maintained its position as key supplier in SOA architecture, with major achievements such as the CTTi in Catalonia (contract that also included Analytics and content management solutions), Madrid City Hall, ISBAN, Sanitas, Telefónica and the Spanish Ministry of Defence.

- The growth of the operations registered in 2012 for BBVA’s architecture office (awarded in 2011) also stands out. This is the architecture on which all of the bank’s technological developments are carried out, and it is rolled-out in Spain, Portugal, Mexico and the US.

# VALUE-ADDED SOLUTIONS AND SERVICES

## SERVICES



### GENERAL PROGRESS IN 2012

- > Revenues from the “services” business reached **€1.060 billion, with growth of 21%** compared to the previous year.
- > The weakness of the Spanish market was offset by the double-digit increase recorded by the other markets as a whole. This **growth outside of Spain** was largely based on contributions from the acquisitions of Galyleo

in Italy and Politec in Brazil.

- > **Order intake grew by 4%** compared to the previous year. All the vertical markets show positive growth rates, except Telecom & Media, whose comparative figure is affected by the order intake in 2011 of a major outsourcing project in Spain’s Media sector.
- > Order intake is 6% higher than revenues (ratio book-to-bill - order intake/revenues of 1.06x).

- > **The order book shows an increase of 3%** and remains at similar revenue levels as for the last 12 months.

All of this was accompanied by major achievements in executing the company’s strategy:

### GEOGRAPHY

Growth in Spain:

- > The BPO business experienced strong growth in all the markets in which Indra operates, except for the Public Sector.
- The financial services market was especially impressive, in which the company grew significantly with nearly all its key customers: CaixaBank, Santander, BBVA, Barclays and Bankinter.
- We should also mention the turnover growth for customers such as Ono, Gas Natural-Fenosa, Endesa and Iberdrola.
- > In the IT outsourcing sector, the downward pressure on revenues was especially noticeable in the financial services sector, the public sector, telecommunications

and energy.

- The new “Flex-IT” offering, launched in 2011, enabled Indra to gain access to new customers with a different profile (smaller), especially in the Industry market, as well as to expand its cloud-based leveraged infrastructure management services for other sectors (financial services, media and telecom).
- Indra is also developing transformation plans for the IT of other customers who are migrating towards shared environments, with major cost benefits.
- This particularly applies to the contract won with the CTTI (Telecommunications and Information Technology Centre) of the Government of Catalonia, as this represents a transition in how IT is managed by the Public Sector.

- It is likely that other Spanish regions will replicate this model and the key customer obtained by Indra positions it favourably for new contracts.
- The new IT management model developed by the CTTI is based on key providers that are responsible, through the service itself, for transforming programs and infrastructures towards a more open vision. This entails contracts with longer terms that make it possible for the technological provider to obtain a return on its investment.
- This transformation includes better access to technology (in terms of efficiency and speed) in which “as a service” models could play an important role.

- We should also mention the contract for technical support and the infrastructure for the entire network of AENA airports. .

#### Improvement and consolidation in **Latin America:**

> Indra grew strongly in this region in 2012, consolidating the large-scale operations that began at the end of 2011 (which were transitioned and stabilised in 2012) and obtaining new, important contracts.

> These include the following contracts:

- **BRAZIL:**

- In 2011, a BPO contract was signed with Caixa Económica Federal that continued through 2012 and was expanded with a new contract for application management and data centre renewal.
- Mortgage management BPO contract for Banco Santander (signed in December 2011 but started in 2012).
- "Price register" for the Ministry of Science, Technology and Innovation (MCTI). The price register is a way of contracting application management that makes it possible for any public body in the 27 states in Brazil to "join" the contract, with the same conditions agreed, in this case, with the MCTI. Throughout 2012, nearly 30 organisations joined the contract.
- A contract to implement a private cloud solution for Telefónica. The project consists of transforming Telefónica's Data Processing Centre (DPC) by migrating it to a cloud system and its subsequent maintenance.

- **Colombia:**

- Renewing and expanding the application management

(AM) project for Ecopetrol and signing a new BPO contract that consolidates Indra as a leading technological partner.

- **Mexico:**

- Application management contract for Bancomer.
- Start-up of the infrastructure management (ITO) and application management (AM) project for Mexico's Tax Administration Service (SAT) (contracted in 2011).

- **Peru:**

- Application management contract for the National Superintendency of Tax Administration (SUNAT).
- Renewal of the BPO administrative management service for the National Pension System (ONP).

- **Ecuador:**

- Project for the Judiciary Department with a major BPO component.

> In 2012, Indra continued expanding its service capabilities in Latin America by adding new offices to its network of global development centres: Pereira (Colombia), Querétaro (Mexico) and Salvador de Bahia (Brazil).

> In 2012, the company also improved the Business Development area for Outsourcing Services in various key countries in the region by creating specialised teams.

#### Development in **Europe:**

> This includes obtaining the following contracts:

- Support for implementing and maintaining Telefónica's

Global ERP (SAP) in Germany (O2), which represents Indra's entry into a new country with the customer Telefónica.

- Outsourcing for Enel Green Power in Italy. Indra's Software Lab in Naples contributed decisively towards obtaining the contract.

#### Development in Asia:

> In 2012, Indra was awarded a BPO contract for Manila Water Services. This operation positions the company favourably in the "Meter to Cash" (M2C) service segment, in which it has other key customers such as Sedapal (Peru) and Maynilad (the Philippines).

#### Making the most of opportunities in the **Middle East:**

> The operations and user management service for the health solution (previously implemented by Indra) began in 2012 for Bahrain's entire health system.



## → INTELLIGENCE AND EFFICIENCY

(developing the service offering and internally improving the delivery model):

➤ Developing the In-Cloud offering:

- In 2012, Indra continued working on the migration of various in-house solutions so they could be delivered as services to complement its “as a service” offering within the application environment. More than 35 solutions comprise the SaaS portfolio, with the aim of gradually adding more new products. Commercial management via mobile devices, Open Government and geolocation platforms, as well as tools that promote energy efficiency, are some of the many solutions of the new cloud offering.
- Relationships with Telefónica and BMC were strengthened in 2012 for the joint development of the offering. An agreement was reached with Telefónica to provide cloud services.
- Twenty customers in Spain now manage their infrastructures using Flex-IT, with the service being offered to various countries as well as supporting the offering of the company's SaaS solutions.
- The key customer that was won with the migration of Telefónica's CPD in Brazil (mentioned earlier) improves Indra's commercial capabilities in this sector, as do its key customers for marketplace solutions in the Port of Valparaiso (Chile) for distributing and marketing cloud solutions.
- In 2012, Indra worked on developing a specific Platform Business BPO offering for the financial services market in payment methods, foreign trade and mortgage

management.

➤ Focusing on high added-value services:

- In 2012, Indra continued customising its service offering towards sectors where, due to the company's capabilities and the market's progress, it has identified greater potential for growth.
  - This is the case with the BPO offering for the mortgage business, which in 2012 attained a significant achievement by winning a contract for Banco Santander in Brazil (mentioned earlier). For Indra, this contract represents a demonstration of its ability to translate its experience in the Spanish mortgage management market to other countries, as well as the service's adaptation to a new country where the process has substantial differences.
  - Indra also began to develop a specific BPO service offering in capital markets and in foreclosed assets for financial institutions, media companies and water companies, among others. This was in addition to the aforementioned BPO platform for financial services.
  - Indra rolled out its first BPO Platform tools for credit management and advanced document services.
  - The integration of the company Addendia in 2012 enabled Indra to improve its offering (in terms of capabilities and market positioning) with the addition of a new line of specialised telephone support services, which require profound knowledge of the customer's business and for which a high potential for growth is expected.
  - Indra intends to focus these services on telephone

banking and customer support in the Public Sector, Telecom and Utilities fields.

- Indra has key customers in 061 telephone support and the Emergency Public Health Service of the Government of Andalusia.
- Improving excellence and efficiency of services provided:
  - Growth of the Global Development Centre network: aside from the addition of offices in Pereira (Colombia), Queretano (Mexico) and Salvador de Bahía (Brazil) mentioned earlier, Indra's network of Global Development Centres was strengthened with the integration of the new Naples office and the expansion of the centre in the Philippines.
  - Implementation of the Mind Suite for the industrialisation of the outsourcing services continued in 2012 in Brazil, Colombia, Argentina and the Philippines.
  - The company consolidated its BPO businesses in Madrid and Barcelona into two new production centres. The new Madrid centre specialises in advanced digital services.
  - In 2012, Indra began to align its BPO services with the CMMI-SVC model.

# PERFORMANCE

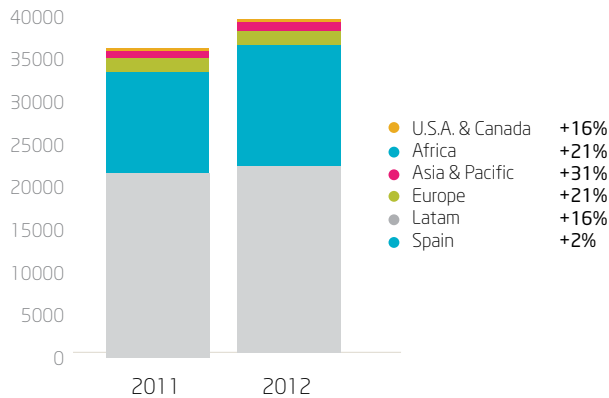
## 5.3 TALENT

In 2012, Indra got significant achievements in implementing its strategy

### GEOGRAPHY

Expansion of management systems:

**Global development of commercial operations** (order intake and sales), production (development, execution and delivery of projects, as well as providing services), and the offering (adapting the offering and generating new solutions and services):



In 2012, Indra significantly improved its capacities (in terms of volume of local professionals) in the company's priority areas for growth:

- > In Latin America, the staff grew by 16%, with an especially significant increase in Colombia (+32%), Mexico (+27%) and Brazil (+18%). Indra now has more than 14,000 professionals in the region (37% of the total workforce).
- > In the Asia-Pacific region, the staff grew by 31%. This includes a strong growth in India, where it has tripled the number of staff it had at the end of 2011. Likewise, the recent establishment of subsidiaries in countries such as Malaysia, Indonesia and Turkey is allowing Indra to develop its capacities in these countries.
- > The workforce in Spain has increased marginally (+2%) with respect to the end of the year. In this regard, the following is worth highlighting:
- > The greater importance of the international projects for "solutions" with a high developmental component carried out in Spain means that, although the teams are located in Spain, their assignment is international.

### Talent recruitment:

**Indra Future Minds Competition:** the second edition of the competition aimed at university students from different countries around the world took place in 2012. (see highlighted case). The competition intends to increase the company's brand recognition and reputation in universities of countries where Indra is growing significantly, such as Brazil, Mexico... The main objectives are:



- > To promote the Indra brand as a global employer, placing special emphasis on countries where higher growth is expected and, therefore, there is a greater need to attract talent.
- > To improve the knowledge of university students about the company, promoting the aspects that differentiate us from competitors: Business diversity, emphasis on innovation, cultural diversity and a global scope.
- > To create and consolidate, as applicable, relationships with the universities that interest us as a source of talent.
- > Talent recruitment. The competition enables us to identify talent anywhere in the world.

Indra currently has agreements with more than 155 universities, research centres and business schools.

- > Indra is developing an active social networking strategy in different countries with the aim of improving the position of its employer brand, with a focus on the following aspects:
- > Developing our characteristics as an employer brand in order to address the progress of recruitment actions
- > Accessing candidates (with or without experience) through social networks

- Shifting university forums to a virtual environment, with continued actions that require an immediate response

## → INTELLIGENCE AND EFFICIENCY

Contributing to the creation of a culture of internal innovation and entrepreneurship:

### Promoting diversity and equality:

- Winning the Seal of Distinction for Equality in Spain in 2012 stands out.
- It is awarded to companies that stand out in the area of applying policies for equal treatment and opportunities.
- It is renewed every three years and monitored annually, which is when the company must show its progress in order to maintain the certificate. The Seal of Distinction is awarded thanks to the collaboration and support of the Equality Committee, which is comprised by representatives from most of the trade unions present at Indra.
- The Seal of Distinction may be taken into account by the Spanish Public Sector for public tenders, as established by the Royal Decree that governs them.
- The Diversity Office promotes initiatives aimed at making diversity in the company a driving force of innovation. It is a multidisciplinary committee that acts on three main lines of work: Gender Equality, Integration of People with Disabilities, and Promoting New Ways of Working.

### Retention and development of talent:

- Global model that promotes development through progression and continued training for professionals.

### Development of the company's professionals:

Continued development of professionals' capabilities through training:

- 65% of employees had access to the training platform to complete more than 56,000 training actions. Indra rolled-out the training model in Latin America, where special actions were carried out to develop the middle management team.
- Indra launched the I Edición del Postgrado Especialista en Función Gerencial Estratégica (1st Edition of the Strategic Management Specialist Postgraduate Qualification) for all Indra professionals.
- Aimed at Indra's senior middle management team in Spain
- Participants receive the postgraduate Strategic Management Specialist qualification from the Polytechnic University of Madrid.
- The objectives of this postgraduate qualification are to continue working on knowledge of the company's solutions and services; to promote innovation, expertise and excellence; and to focus the middle management team on internationalising and developing a strategic and global vision.
- The programme combines classroom training with online activities (via Sharing Knowledge), focusing on the

necessary flexibility so as to balance training and daily work.

- The programme will have a duration of 14 months and the teaching staff will consist of UPM professors and speakers from Indra, making it possible to integrate technical knowledge with the company's reality.

### Promote knowledge sharing and management:

In 2012, Indra renewed its "Sharing Knowledge" platform by adding new functionalities, and more than 20,000 professionals have participated on a global level in collaborative actions in the platform. The number of communities and groups has doubled (40) in order to address the needs of the business and of professionals. Additions to the 20 existing communities include those for Knowledge about Indra's Offering, the GDM (Global Delivery Model), the Quality and Innovation Management community, as well as the Architecture Community for disseminating key architectures at Indra.

### Professionals and their representatives:

The union and joint representation of employees in Spain is structured around Trade Unions and Employee Committees. Indra's Representation in Spain is composed

of more than 450 individuals from different Trade Unions: ATC, Co.Bas, CCOO, UGT, USO, and STC.

- > In the area of Consultancy, the company and the CCOO union representation (COMFIA) have not yet reached an agreement regarding the discrepancies highlighted in the 2008 Sustainability Report with respect to the model of representation (by centre or company) and the system for trade union hours.

#### Improving the efficiency and productivity of professionals:

In 2012, Indra continued developing initiatives to maximise the productivity of its professionals:

- > Continued improvement of work methods: the "customers" chapter describes the initiatives launched in this area throughout 2012.
- > Internal communication: in 2012, Indra launched a new online and periodic internal publication aimed at professionals called "Indra Community":

The new platform has local versions in Argentina, Brazil, Chile, Colombia, Spain, Italy, Mexico and Portugal.

- > The platform was created to complement other company communication/dissemination channels, such as the Intranet or the Sharing Knowledge platform.
- > Its objective is to contribute towards improving corporate culture and to bring together Indra's worldwide professionals around a series of shared values.

#### Employee satisfaction:

In 2012, Indra held the first position of its sector (and number 28 in the overall ranking) in the MercoPersonas ranking for Spain.

- > The Monitor methodology integrates six different assessments, including the internal reputation survey conducted on a representative sample of Indra professionals.

#### Risk prevention:

- > Expansion of the preventive organisation's scope: integration of new companies into Indra's Joint Preventive Service in order to maintain a single management and standards system for health and safety. The companies COB Barcelona, Mensor Consultoría y Estrategia, Teknatrans Consultores and Vialogos Servicios de la Comunicación were integrated in 2012.
- > Global Occupational Health and Safety. A Basic Occupational Health and Safety Management System has been designed in order to establish a standardised management system for preventive actions in all the countries where Indra operates. This applicable management system is comparable to the requirements for management and continued improvement established in the OHSAS 18001 standard.
- > Training for Indra professionals in matters of risk prevention:
  - > A total of 59,122.50 training hours were completed in 2012.
  - > Consultation and participation of corporate

representatives in companies integrated into Indra's Joint Preventive Service

- > Assigned Prevention Delegates: 1 05
- > Occupational Health and Safety Committees: 29
- > Employees represented in matters of occupational health and safety: 85%
- > Promotional and awareness campaigns:
  - Ergonomic Equipment (wrist-rests and footrests)
  - Gynaecological Preventive Campaign
  - Flu Vaccination Preventive Campaign

#### Reconciliation and promotion of new work methods:

- > In 2012, Indra launched a new internal instant messaging service based on Microsoft's LYNC solution.
- > LYNC improves the process of establishing contact with other individuals (inside and outside of Indra) using chat, audio conferencing, video conferencing, shared applications, etc.
- > All this improves interactions, making them more collaborative, participative and accessible.

## 2012 COMMITMENTS AND ACHIEVEMENTS

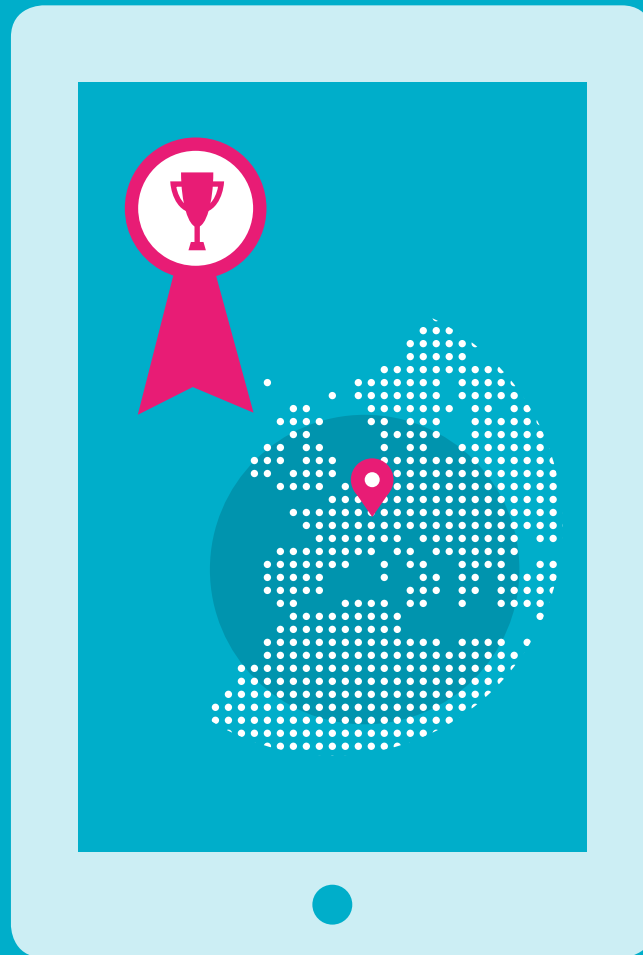
2012 Objectives	2012 Achievement	
<p>Changed technological platform that supports Sharing Knowledge.</p>	<p>In 2012, Indra renewed its "Sharing Knowledge" platform by adding new functionality.</p>	<p><b>Met</b></p>
<p>Launch of a certification programme for the middle management team with an external institution.</p>	<p>Indra launched, with the Polytechnic University of Madrid, the 1st Edition of the Strategic Management Specialist (Postgraduate Qualification) for all Indra professionals.</p>	<p><b>Met</b></p>
<p>Integrate the following companies in the preventive organisation of the Joint Prevention Service:</p> <ul style="list-style-type: none"> <li>• COB Barcelona</li> <li>• Mensor</li> <li>• Vialogos</li> </ul>	<p>The following were integrated in 2012:</p> <ul style="list-style-type: none"> <li>• COB Barcelona</li> <li>• Mensor</li> <li>• Teknatrans</li> <li>• Vialogos</li> </ul>	<p><b>Met</b></p>

## SOCIAL SUSTAINABILITY

# IMPROVING THE EMPLOYER BRAND IN KEY REGIONS FOR INDRA

In 2012, Indra's Future Minds Competition was awarded an "accessit" in the 10th edition of the Entrepreneurs and Employment Awards for Innovation in Human Resources, organised by the Spanish economy newspaper "Expansión" with the collaboration of IE Business School as the jury of experts.

These awards recognise companies that maintain a greater commitment with the management of individuals.



Indra's Future Minds Competition is a competition for university students that takes place simultaneously in different countries around the world. The competition brings together teams of students and presents them with a number of enigmas based on Indra's projects, such as Smart Cities, London's electoral process, the UAV Pelicano or the Real Madrid website, among others.

## PERFORMANCE

# 5.4 SUSTAINABLE ENVIRONMENT

In 2012, Indra accomplished major achievements in the execution of its strategy:

### GEOGRAPHY

Expansion of policies:

#### **Internationalisation of policies:**

- Expanding the implementation of the Environmental Management System or the “implementation module of legal environmental requirements”:
- In 2012, Indra certified two new centres in Colombia under the ISO14001 standard (centres at calle 93 in Bogotá and Pereira)
- The company also began implementing the “module of legal environmental requirements” at two centres in Brazil.

### ➔ INTELLIGENCE AND EFFICIENCY

improvements in the management systems:

#### **Contribute to the economic, social and environmental development of the communities in which the company operates:**

Developing the offering of “solutions for sustainability”:

In 2012, Indra continued developing its offering of “solutions for sustainability”. Specifically, the company

designed the development of its Isocloud solution to support new standard compliance systems, such as the Carbon Footprint Calculation (GHG protocol) or the Corporate Responsibility Management System (ISO26000).

#### **In addition, Indra carried out major projects such as:**

- Gas Natural Fenosa relied on Indra to prepare Carbon Footprint reports for its customers. Seven Corporate Carbon Footprint reports were prepared with the support of the SAP solution for calculating and managing emissions.
- Advisory projects for the LEED certification (Leadership in Energy and Environmental Design) of Google, 3M, Desigual, BBVA, University of Oviedo and Inditex buildings in Spain.
- First functional analysis for implementing the SAP Sustainability Performance solution at Enagás.
- Four companies in Colombia implemented the Isocloud solution, a cloud solution for standard compliance management (ISO9001 and ISO14001).
- The LEED training courses were attended by more than 150 professionals.

**Contributing to developing an entrepreneurial and innovative culture in the communities where the company operates:** In 2012, Indra carried out several initiatives to support entrepreneurship and innovation in the society:

**“Entrepreneuring is Possible”:** portal launched by the Prince of Girona Foundation aimed at offering personalised advice for entrepreneurs in Spain. It relied on the collaboration and leadership of Indra, which is a member of the Foundation’s board of trustees. See “highlighted case” below.

**“Think about Innovating”:** global competition supported by an online platform that aimed to identify new technology-based entrepreneurial ideas.

- It took place between December 2011 and January 2012.
- The competition stood out for its open and public nature on Indra’s website, and it had the aim of promoting comments, debates and synergies between ideas.
- It is in line with Indra’s open innovation model.
- After the competition ended, Indra continued to support the three winning projects:

**e-avatar:** service that provides 3D models and allows generating humanoids through image processing. It is useful for a variety of industries in the cloud, such as to simplify the purchase of clothing in e-commerce. The entrepreneur has decided to carry out the initiative once the business plan is finished.

**Virtual guide dog:** application for mobile devices that warns a blind person about physical obstacles and calculates optimal routes by combining the device's video camera with visual pattern recognition and GPS technology. It will be handled as an intra-entrepreneurship initiative within Indra.

**Distance visual control (Lynza):** development of drones (unmanned vehicles) to reduce risks and dangers for operators. It allows "establishing vision" in a location that

is inaccessible in normal situations or circumstances. It has been established as a company.

**YUzz Program:** agreement between the Banesto Foundation and Indra for training young entrepreneurs.

➤ Indra will make available several professional experts from the company for the program. These individuals will deliver lectures and hold meetings in order to share their experiences with young entrepreneurs from different centres in Spain.

**San Fernando Entrepreneur Campus in Spain:**

➤ Project launched in November 2012 that will continue in 2013.  
➤ Indra has contributed to developing and maintaining a methodological foundation based on the CANVAS model that provides support for defining projects and, as a result, helps carry out entrepreneurship initiatives.

**Collaboration with the Open Source community:** as part of the developments of the CELTIC R&D&i project (Conocimiento Estratégico Liderado por Tecnologías para la Inteligencia Competitiva - Strategic Knowledge Led by Technologies for Competitive Intelligence), Indra has collaborated with the APACHE GORA project.



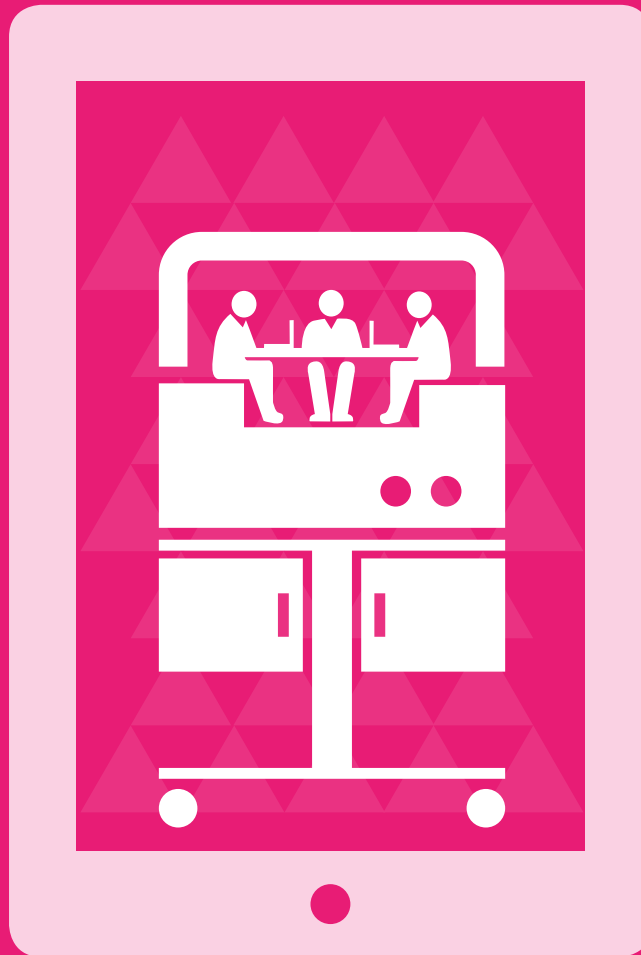
## HIGHLIGHTED CASE

# SOCIAL SUSTAINABILITY - CONTRIBUTING TO ECONOMIC AND SOCIAL PROGRESS BY DEVELOPING AN ENTREPRENEURIAL CULTURE

**In 2012, the Prince of Girona Foundation (FPdGi), with Indra's collaboration and leadership, launched the "Entrepreneuring is possible" portal, which is a platform of personalised assistance and advice for entrepreneurs.**

The portal is aimed at entrepreneurs from all fields: social, cultural, educational, environmental, technological, sports-related, artistic, etc., as well as the professionals and agents that promote an entrepreneurial spirit, with the aim of facilitating the emergence of new innovative projects in all sectors.

The platform offers information and enables entrepreneurs to access tools and utilities for defining an idea and developing their business plan based on the Canvas method. This facilitates the transition from an idea to a business plan in a natural and guided manner.



The platform is a collaboration and meeting point for entrepreneurs as well as between entrepreneurs and possible funding agents since it has a marketplace that favours the co-creation of initiatives from similar business ideas and that helps entrepreneurs find business angels or potential investors.

The Confederación Española de Junior Empresas (CEJE - Spanish Confederation of Junior Companies) recognised Indra's commitment by awarding the Premio al Apoyo a la Cultura Emprendedora Universitaria 2012 (2012 Award for the Support of University Entrepreneurial Culture) for its contribution and development of "Entrepreneuring is Possible" by the FPdGi. CEJE highlighted the platform's value in "promoting entrepreneurial spirit in universities."

**Promoting volunteering initiatives:**

- > In 2012, Indra carried out several initiatives with different NGOs and foundations, such as the Dalma Foundation, Norte Joven, Alcer Turia, the Exit Foundation and the Prince of Girona Foundation.
- > In total, more than 120 volunteers participated.
- > The initiatives included basic computer lessons for underprivileged groups taught by Indra professionals, coaching projects for young people at risk of social exclusion, sponsorship programmes for young university students to help guide their professional career and their professional integration, website development projects, computer support for NGOs, and initiatives supporting entrepreneurship.

**Collaborating with non-profit foundations, associations and entities:** in 2012, Indra collaborated in the following major projects:

**Sector Associations**

Association	Country
Association of Electronics, Information Technology, Telecommunications and Digital Content (AME (AMETIC))	Spain
Spanish Association of Consulting Firms (AEC)	
Spanish Association of Defense Technology, Aeronautics and Space Administration	Spain
WTC Business Club	Brazil
Brazilian Association of ICT Companies (LIDE)	Brazil
Brazilian Association of Companies Seguran� Eletr�nicos Systems (ABESE)	Brazil
Mexican Association of the Information Technology Industry (AMITI)	Mexico
House of the Software Industry and Information Technology and Communications (CISTIC)	Argentina
National Business Association of Colombia (ANDI)	Colombia
Uruguayan Chamber of Information Technology (CutI)	Uruguay
Chamber of Industries of Uruguay (CIU)	Uruguay

**Associations related to Corporate Responsibility**

Association	Country
Spanish Association for Quality	Spain
Argentine Business Council for Sustainable Development (BCSD)	Argentina
Foundation National Award for Quality and iPACE (FUNDECE)	Argentina
Global Compact	World

## SOCIAL ACTION PROJECT HIGHLIGHTS IN 2012

Projects to support innovation and the implementation of the Information Society	Activities involved	Project Partner (Foundation, Association, etc.)	Beneficiaries
Developing the entrepreneurial culture in universities, stimulating the role of universities as a driving force in regional society	Participating in drafting the CYD Report and in seminars, conferences and surveys	Fundación Conocimiento y Desarrollo (CYD - Knowledge and Development Foundation)	Society
Contributing to the country's development by promoting technological innovation in the company and in society	Publishing books and research studies; involvement in work committees	COTEC Foundation	Society
Promoting knowledge of matters related to security and defence	Funding the activities carried out by the Foundation	Eurodefense-Spain Foundation	Society
Promoting the research, development and dissemination of financial studies	Funding the research activities carried out by the Foundation in the fields of finance and equity markets	Fundación de Estudios Financieros (Financial Studies Foundation)	Society
Promoting the growth of the economic activity around Technology, increasing the knowledge of technology and its potentials	Funding the activities carried out by the Foundation	Ctecno Foundation	Society
Conducting a comprehensive study on the interests of Spain and the Spanish people in the international society, to be placed at the service of the community	Organising congresses, presentations, seminars, conferences and bilateral forums. Publishing "Barometer" surveys, newsletters and working papers	Elcano Royal Institute	Society
Supporting companies to innovate and grow in a world that is increasingly dependent on the major challenges of sustainable development.	Funding the activities carried out by the Foundation	Entorno Foundation	Society
Promoting the dissemination of aerospace science and technology	Funding the activities carried out by the Foundation	Spanish Aeronautical and Astronautical Foundation	Society

Projects to support innovation and the implementation of the Information Society	Activities involved	Project Partner (Foundation, Association, etc.)	Beneficiaries
Collaborating with the Royal Academy of Engineering to promote and carry out all the activities that contribute to fostering and disseminating technologies and, especially, their application in the business world and society in general	Funding the activities carried out by the Foundation	Pro Rebus Academiae Foundation	Society
Promoting the use and development of information technologies in the field of healthcare.	Funding the chair in order to carry out training, research, technological transfer and employment creation activities for information technologies in the field of healthcare.	Polytechnic University of Valencia Foundation	University Society.
Projects to support Corporate Responsibility	Activities involved	Project Partner (Foundation, Association, etc.)	Beneficiaries
Fostering and promoting strategic business initiatives that contribute to the overall improvement of the social reality	Funding of activities carried out by the Foundation	Seres Foundation	Society
Entrepreneurial support projects	Activities involved	Project Partner (Foundation, Association, etc.)	Beneficiaries
Collaborating in improving training for young people, providing a forum for reflection and promoting projects of a social nature	Funding the activities carried out by the Foundation	Prince of Girona Foundation	Young people
Cultural support projects	Activities involved	Project Partner (Foundation, Association, etc.)	Beneficiaries
Promoting the study, research and dissemination of military history	Funding the activities carried out by the foundation	Military Museum Foundation	Society

Projects to support technological development for underprivileged groups	Activities involved	Project Partner (Foundation, Association, etc.)	Beneficiaries
Accessible Technology Chairs for developing innovative solutions and services in the field of accessibility and inclusion	Generating innovation jointly with universities in the field of accessibility and inclusion by developing lines of research and specific projects	Adecco Foundation, University of Lérida, University of Castilla-La Mancha, Polytechnic University of Madrid	People with disabilities University Society
Developing innovative solutions and services in the field of accessibility and inclusion	Toyra Project	Toledo Paraplegic Hospital and Rafael del Pino Foundation	People with disabilities Society
Developing innovative solutions and services in the field of accessibility and inclusion	Developing a webpage	FEAPS	People with disabilities
Developing innovative solutions and services in the field of accessibility and inclusion	Unifying the Foundation's databases	Down Syndrome Foundation	People with disabilities
Donating equipment	Donating computer equipment	Schools and various NGOs	Underprivileged groups
Projects to support underprivileged groups	Activities involved	Project Partner (Foundation, Association, etc.)	Beneficiaries
Supporting the professional integration of people with disabilities	Preparing a plan to increase visibility through viral marketing (Online Communication Plan)	Sentit Foundation (La fageda)	People with disabilities
Supporting the development of professional integration activities for people with disabilities	Donation	Integra Foundation	Underprivileged groups
Underprivileged groups	Donation	Stop Sanfilippo, WWF, Red Cross, Fundal, Armed Forces and Civil Guard Assistance Foundation, AECC, Nuestra Señora del Carmen Association, ADELA	Underprivileged groups
<b>Total investment</b>			<b>1,318,192 €</b>

> Contributing to minimising the digital divide: technologies help minimise the digital divide, especially in the case of people with disabilities. Therefore, our main project in social action is the Accessible Technology Chair. The chairs are agreements with Universities and NGOs, especially with Adecco Foundation, to develop projects in the field of accessibility and inclusion. In 2012, Indra devoted 41% of its investment activities aimed at contributing to society to projects for accessible technologies. The following major achievements stand out in 2012:

**Signing of new projects for three Chairs:**

- > APR project with the University of Lleida: video conferencing system implemented on the base of a mobile robot that allows employees with disabilities who primarily carry out their work telematically to be present in a virtual and mobile manner in all meetings.
- > AMICOG project with the Autonomous University of Madrid: project for the professional integration of people with intellectual disabilities based on mobile devices.
- > POSET project with the University of Extremadura (started and ended in 2012): its aim was to develop a task sequencing system that facilitated the professional integration of people with cognitive disabilities.

**These new projects were added to those the company had already started in 2012 and that it continued working on:**

- > SAINET project with the University of Castilla La Mancha: the aim of this project is to develop a mobile hardware/software solution that provides a blind person with auditory feedback containing information about the non-verbal cues of the social interactions that take place at the job post.

- > HeadMouse and VirtualKeyboard projects with the University of Lleida: in 2012, work was carried out to introduce improvements in the functionality of these two solutions aimed at improving the interaction between people with disabilities and computers.
- > REM project with the University of Lleida: development of a device that allows disabled people to move the cursor on a computer screen through eye movements and with a minimal effort.
- > INLADIS project with the Polytechnic University of Madrid (ended in 2012): creation of a platform that, via the Internet, provides distance-learning services, allows searching for employment opportunities or enables monitoring a person's integration in the job post, among other items, with the aim of achieving the professional integration of people with disabilities.
- > MOVI-MAS project with the University of Salamanca (ended in 2012): a new technological simulation platform has been developed that allows representing a virtual environment in 3D for office work, as well as the employees and the tasks they must perform in their job post.
- > ELCANO project with the University of Castilla la Mancha (ended in 2012): a support infrastructure has been developed and designed for navigating in large intelligent spaces (e.g., large office buildings) in order to facilitate the professional integration of people with disabilities and their autonomy in large infrastructures (airports, stations, government buildings, etc.).
- > Social Support Networks Project for professionals with disabilities, in conjunction with the University of Valencia: this R&D&i initiative deals with the creation of technological aids that guarantee the support needed by people with disabilities in order to access a job in a standardised environment.

Other projects in 2012: beyond the scope of the Chairs, another project that stands out in 2012 is the project carried out with FEAPS: My Plan.

- > It is the development of a tool in its website that allows analysing the current situation and the personal goals of each person with a disability.
- > The "My Plan" tool has four basic areas: housing, health, friends and work. People with an intellectual disability can answer questions about their life, what is important, how they would like their life to be in the future, the support they need and things they need to know in each of these areas.

In 2012, Indra was recognised as an "Ability Company" in the "Commitment and Leadership of Senior Management" category of the "Telefónica Ability Awards".

This recognition highlights the commitment of senior management and all the company's professionals in the occupational integration of people with disabilities. Among other aspects, the jury valued the Disability Unit, the Adding Capacities grant programme and the Accessible Technologies programme.

**Creating highly skilled employment:**

- > In 2012, Indra created 2,847 jobs on a global scale.
- > 88% of the professionals are highly skilled
- > For additional information, please see the "Talent" chapter.

**Financial contribution to society:**

- > Indra created value in a sustainable manner for the various stakeholders with which it interacts, as illustrated in the graph included in the "Our business" chapter.

**Ensure sustainability throughout the entire value**

**chain:** Extending the principles of sustainability to suppliers: Launching the Supplier Code of Ethics:

- > In 2012, Indra launched a process to request from its suppliers their commitment towards a series of basic ethical principles that are based on the principles established in Indra's internal Code of Ethics and Professional Conduct.
- > 61% of recurring active suppliers (and 34% of all the active suppliers) accepted the Code formally.

**Environmental requirements:**

- > At the close of 2012, 616 Indra subcontractors had been assessed by the company regarding the impact of their activities in terms of waste, emissions and spills. Of these, 232 subcontractors have been approved and 44 are pending to answer the assessment. The remainder are subcontractors to which these environmental requirements do not apply due to the lack of environmental impact of their business or because they are subcontractors located outside of Spain.
- > In 2012, 284 subcontractors from different business sectors were assessed, of which 98 have been approved.
- > Minimise the environmental impact: in 2012, Indra made the following expenses and investments aimed at minimising the impact of its operations:

## 2008

- Expanding updated environmental legislation to new autonomous regions.
- Internal audits of centres.
- Establishing a waste room at the Anabel Segura centre (Madrid).
- Measuring noise levels at the La Finca centre.
- Certification audits.
- UW separation at Anabel Segura.
- Tank inertisation at the Torrejón centre.
- Cooling equipment at the Aranjuez centre.
- Adapting polluting refrigerant gas R-22 in accordance with EC regulation 2037/2000.

42,231 €

## 2009

- Expanding updated environmental legislation to new autonomous regions.
- Internal audits at centres.
- Certification audits.
- Measuring noise levels at the A Coruña centre.
- Replacement of air conditioning equipment that used R-22 gas.
- Amortisation of the installation of natural gas boilers at the Aranjuez centre.
- Addition of glass waste to the waste separation system in the San Fernando de Henares centre (Madrid).

511,078 €

## 2010

- Expansion of updates to environmental legislation.
- Internal audits at centres.
- Certification audits.
- Removal of equipment placed on the market after its useful life.
- Replacement of air conditioning equipment that used R-22 gas.
- Maintenance of air conditioning equipment.
- Maintenance of emergency generator.
- Self-monitoring of environmental emissions.
- Replacement of internal diesel boilers.
- Management of Hazardous Waste treatment.
- Analysis of spills.
- Waste collection.
- Equipment removal.
- Consultancy for the implementation of a comprehensive HSEQ management system at the four centres in Colombia.
- Installation of two automatic revolving doors, with the aim of keeping a constant temperature and reducing electrical consumption at the headquarters in Arroyo de la Vega (Alcobendas, Madrid).

398,216 €

## 2011

- Expansion of updates to environmental legislation.
- Expansion of LED lighting usage.
- Charging points for electric cars.
- Efficiency devices for water sources.
- Internal audits at centres.
- Certification audits.
- Removal of equipment placed on the market after its useful life.
- Replacement of air conditioning equipment that used R-22 gas.
- Renewal of air conditioning equipment.
- Installation of a solar water heating system.
- Replacement of internal diesel boilers.
- Waste collection.
- Management of hazardous waste treatment.
- Improved storage facilities for hazardous waste.
- Awareness among professionals.

755,059 €

## 2012

- Expansion of updates to environmental legislation.
- Internal audits at centres.
- Certification audits.
- Waste collection.
- Management of hazardous waste treatment.
- Removal of equipment placed on the market after its useful life.
- Improvement of water installations.
- Installation of new LED lighting.
- Replacement of air conditioning equipment that used R-22 gas.
- Renewal of air conditioning equipment.
- Awareness among professionals.

184,731 €



Resource consumption, waste generation and CO2 emissions of Indra in 2012 was:

2012	Electricity Kwh	Diesel C l	Natural gas m3	Drinking water m3	Well water m3	Hazardous waste Kg	Non-hazardous waste Kg	Direct CO2 emissionsTon.	Indirect CO2 emissions Ton,
GERMANY	163,248 <sup>1</sup>	not available	not available	344 <sup>1</sup>	not applicable	not available	not available	not available	56
ALGERIA	2,551 <sup>1</sup>	not available	not available	5 <sup>1</sup>	not applicable	not available	not available	not available	1
ARGENTINA	3,821,034 <sup>1</sup>	not available	not available	8,044 <sup>1</sup>	not applicable	not available	not available	not available	1,073
AUSTRALIA	163,248 <sup>1</sup>	not available	not available	344 <sup>1</sup>	not applicable	not available	not available	not available	110
BAHRAIN	86,726 <sup>1</sup>	not available	not available	183 <sup>1</sup>	not applicable	not available	not available	not available	46
BOLIVIA	12,326	not available	not available	615	not applicable	not available	not available	not available	5
BRAZIL	3,265,168 <sup>2</sup>	not available	not available	36,010 <sup>1</sup>	not applicable	not available	not available	not available	204
BULGARIA	7,652 <sup>1</sup>	not available	not available	16 <sup>1</sup>	not applicable	not available	not available	not available	3
CANADA	10,203 <sup>1</sup>	not available	not available	21 <sup>1</sup>	not applicable	not available	not available	not available	1
CHILE	490,360	not available	not available	3,856 <sup>1</sup>	not applicable	not available	not available	not available	183
CHINA	160,698 <sup>1</sup>	not available	not available	338 <sup>1</sup>	not applicable	not available	not available	not available	94
COLOMBIA	1,668,575	not available	not available	8,278	not applicable	not available	not available	not available	292
COSTA RICA	22,957 <sup>1</sup>	not available	not available	48 <sup>1</sup>	not applicable	not available	not available	not available	1
DUBAI	20,406 <sup>1</sup>	not available	not available	43 <sup>1</sup>	not applicable	not available	not available	not available	4
EL SALVADOR	525,456 <sup>1</sup>	not available	not available	1,106 <sup>1</sup>	not applicable	not available	not available	not available	132
SLOVAKIA	237,220 <sup>1</sup>	not available	not available	499 <sup>1</sup>	not applicable	not available	not available	not available	42
USA	267,829 <sup>1</sup>	not available	not available	564 <sup>1</sup>	not applicable	not available	not available	not available	113
SPAIN	77,788,897 <sup>2</sup>	280,297	390,152	118,143 <sup>2</sup>	19,205	68 177	1244710	1,489	23,162
PHILIPPINES	740,081	not available	not available	55	not applicable	not available	not available	not available	354
FRANCE	35,711 <sup>1</sup>	not available	not available	75 <sup>1</sup>	not applicable	not available	not available	not available	3
HUNGARY	20,406 <sup>1</sup>	not available	not available	43 <sup>1</sup>	not applicable	not available	not available	not available	5
INDIA	216,814 <sup>1</sup>	not available	not available	456 <sup>1</sup>	not applicable	not available	not available	not available	163
INDONESIA	12,754 <sup>1</sup>	not available	not available	27 <sup>1</sup>	not applicable	not available	not available	not available	8
ITALY	341,487	not available	not available	2,674 <sup>1</sup>	not applicable	not available	not available	not available	132
KAZAKHSTAN	12,754 <sup>1</sup>	not available	not available	27 <sup>1</sup>	not applicable	not available	not available	not available	5
KENYA	170,901 <sup>1</sup>	not available	not available	360 <sup>1</sup>	not applicable	not available	not available	not available	40
LATVIA	12,754 <sup>1</sup>	not available	not available	27 <sup>1</sup>	not applicable	not available	not available	not available	2
MALAYSIA	22,957 <sup>1</sup>	not available	not available	48 <sup>1</sup>	not applicable	not available	not available	not available	12
MOROCCO	56,117 <sup>1</sup>	not available	not available	118 <sup>1</sup>	not applicable	not available	not available	not available	28
MEXICO	3,250,859	not available	not available	7,072 <sup>1</sup>	not applicable	not available	not available	not available	1,479
MOLDOVA	124,987 <sup>1</sup>	not available	not available	263 <sup>1</sup>	not applicable	not available	not available	not available	40
NORWAY	548,413 <sup>1</sup>	not available	not available	1,155 <sup>1</sup>	not applicable	not available	not available	not available	7
OMAN	25,508 <sup>1</sup>	not available	not available	54 <sup>1</sup>	not applicable	not available	not available	not available	17
PANAMA	136,265	not available	not available	913 <sup>1</sup>	not applicable	not available	not available	not available	41
PERU	1,504,730 <sup>2</sup>	not available	not available	10,232	not applicable	not available	not available	not available	304

1. Estimated consumption

2. Consumption partially successful

**PERFORMANCE > SUSTAINABLE ENVIRONMENT**

	Electricity Kwh	Diesel C l	Natural gas m3	Drinking water m3	Well water m3	Hazardous waste Kg	Non-hazardous waste Kg	Direct CO2 emissionsTon.	Indirect CO2 emissions Ton,
<b>2012</b>									
POLAND	5,102 <sup>1</sup>	not available	not available	11 <sup>1</sup>	not applicable	not available	not available	not available	3
PORTUGAL	290,395 <sup>1</sup>	not available	not available	1,315	not applicable	not available	not available	not available	107
UK	71,421 <sup>1</sup>	not available	not available	150 <sup>1</sup>	not applicable	not available	not available	not available	25
CZECH REPUBLIC	278,032 <sup>1</sup>	not available	not available	585 <sup>1</sup>	not applicable	not available	not available	not available	113
DOMINICAN REPUBLIC	86,726 <sup>1</sup>	not available	not available	183 <sup>1</sup>	not applicable	not available	not available	not available	40
ROMANIA	260,177 <sup>1</sup>	not available	not available	548 <sup>1</sup>	not applicable	not available	not available	not available	85
TURKEY	40,812 <sup>1</sup>	not available	not available	86 <sup>1</sup>	not applicable	not available	not available	not available	15
URUGUAY	257,626 <sup>1</sup>	not available	not available	542 <sup>1</sup>	not applicable	not available	not available	not available	52
VENEZUELA	1,083,132	not available	not available	1,509 <sup>1</sup>	not applicable	not available	not available	not available	215
ZIMBABWE	2,551 <sup>1</sup>	not available	not available	5 <sup>1</sup>	not applicable	not available	not available	not available	1
<b>TOTAL</b>	<b>98,324,024</b>	<b>280,297</b>	<b>390,152</b>	<b>206,990</b>	<b>19,205</b>	<b>68,177</b>	<b>1,244,710</b>	<b>1,489</b>	<b>28,818</b>

1. Estimated consumption

2. Consumption partially successful

**Reducing environmental risks:**

- > In addition to the two new centres in Colombia certified under the ISO14001 standard mentioned earlier, Indra certified the centres of Julián Camarillo (Madrid), calle Alcalá (Madrid), Leganes (Madrid) and Santa Perpetua (Barcelona) in Spain.
- > The company also installed the “implementation module of legal environmental requirements” at five centres in Spain: Coruña, Bilbao, Cartagena, Ferrol and Puerto de Santa María.
- > At the close of 2012, 51% of Indra’s professionals were located at centres covered by the certifications based on the ISO 14001 standard or by the “implementation module of legal environmental requirements” (48.6% in 2012). The percentage has remained at similar levels as the previous year due to the large increase of professionals in regions such as Latin America and Asia-Pacific.
- > Based on a total of 38,577 people at Indra and that 19,631 are covered by the Certification or the module of legal requirements.

- > On the other hand, Indra continued overseeing the compliance of the obligations arising from REACH laws (for chemical products) and RITE laws (for heat regulations in buildings).

**Green IT:**

- > An aspect worth highlighting for 2012 is the start-up of a new DPC in San Fernando de Henares (Madrid) that will house the equipment from the previous DPCs in the Arroyo de la Vega, Torrejón de Ardoz, Anabel Segura and Telémaco centres, among others. This move has contributed to increasing the efficiency of ventilation and cooling systems.
- > In Brazil, Indra reached an agreement with one of its computer equipment suppliers to compensate the CO2 emissions derived from the energy

**Intelligent mobility:**

In 2012, Indra launched a new internal instant messaging service based on Microsoft’s LYNC solution.

- > Aside from the solution’s contribution to the balance between work and personal life and the promotion of

new work methods mentioned in the “Talent” chapter, LYNC offers a communication alternative in addition to e-mail that helps reduce “digital pollution” (unnecessary storage of data on servers that results in higher costs and a higher environmental impact).

**Energy efficiency in buildings:**

- > The table above regarding the main environmental expenses and investments shows the most relevant items aimed at energy efficiency in buildings, such as the installation of new LED lighting or the renewal of air conditioning equipment.
- > Reduction of waste generation and waste management.
- > The table above regarding the goals for reducing consumption and waste generation at certified centres shows the main achievements for 2012.

**Reducing CO2 emissions:**

In 2012, Indra conducted a pilot assessment of the product carbon footprint for its “ICST 70 Solar Tracker”.

Direct emissions (scope 1) (t)	6,971	6,437
indirect emissions		
consumption caused by electricity (scope 2) (t)	27,033	29,560
Indirect emissions caused through the supply chain: emission means		
transport used in displacements of the Professional (scope 3) (t)	12,892	17,058

- > A product's carbon footprint is usually calculated using the Life Cycle Assessment
- > (LCA) method: this method takes into account the complete life cycle of the activities or entities involved in the manufacture, transport and use of a certain product or functional unit, as well as the end of its useful life.
- > To calculate the carbon footprint of Indra's ICST 70 Solar Tracker, the sustainability module of the SolidWorks design tool, SolidWorks Sustainability, was used: this system enables the use of all the information generated in the design process to roll out an LCA model that allows measuring the environmental impact caused by the

design that has been created throughout its entire life cycle.

- > According to the analysis, the amount of Greenhouse Gas Emissions produced throughout the life cycle of the galvanised steel structure that supports the entire ICST 70 Solar Tracker and the high concentration photovoltaic panel is 142.4 tons of CO2e. The stages for extracting and pre-processing materials (with 60% of the total emissions) and the use and end of useful life (32% of the emissions) comprise nearly all the emissions.

As mentioned earlier, Indra reached an agreement with one of its computer equipment suppliers in Brazil to compensate the CO2 emissions derived from the energy consumption of all the equipment provided by that supplier.

**Environmental training and awareness:** In 2012, Indra carried out several awareness campaigns via its corporate Intranet:

- > Publication of objectives planned for 2012.
- > Knowledge pill from the Entorno Foundation: "Electricity. Climate Change and Energy Consumption at the Office."
- > Awareness of "World Environment Day".

**Maintain a culture of transparency with stakeholders in order to build trust:**

- > Promoting a presence in social networks: in 2012, Indra continued to improve its presence in social and professional networks with a dual objective:
- > To make society aware of the activities the company carries out in the areas of job offers, sustainability and financial results, for example.
- > To serve as a listening channel.

**Improving the Annual Report:** this Report introduces relevant improvements with respect to previous editions.

- > The change to the content structure stands out, which is in response to the recommendations of the "guiding principles" of the Integrated Reporting Pilot Programme carried out by the International Integrated Reporting Council (IIRC). For additional information, please see the "Integrated Report" chapter.

**The compliance level with the environmental goals established for the certified centres in 2012 was:**

Objectives for reducing consumption and waste generation at certified centres

2012 Objective	Centre	2012 Result	
<b>Reduction of raw materials consumption</b>			
Overall reduction of paper consumption by 3% per person in one year			
	Interface (Barcelona)	+37%	●
	Lisbon		●
	Calle Alcalá (Madrid)	2013 Objective	
Overall reduction of photocopy paper consumption by 3% per person in one year			
	Seville	-5%	●
Overall reduction of cardboard packaging consumption by 3% per person in one year			
	San Fernando de Henares (Madrid)	-62%	●

<b>Reduction of urban waste generation</b>			
Overall reduction of toner cartridge waste by 3% per person			
	San Fernando de Henares (Madrid)	-10%	●
	Arroyo de la Vega (Alcobendas, Madrid)	-50%	●
	Triángulo (Alcobendas, Madrid)	-24%	●
	Anabel Segura (Alcobendas, Madrid)	-33%	●
	Leganés (Madrid)	2013 Objective	●
	Santa Perpetua (Barcelona)	2013 Objective	●
Overall reduction of urban paper waste by 3%			
	San Fernando de Henares (Madrid)	+27%	●
	Triángulo (Alcobendas, Madrid)	+26%	●
	Barakaldo	+160%	●
	Erandio	-6%	●
	Ciudad Real	-40%	●
	Seville	-24%	●
	Julián Camarillo (Madrid)	2013 Objective	
Overall reduction of packaging waste by 3%			
	Lisbon		●
Overall reduction of bulky wood waste by 3%			
	Torrejón de Ardoz (Madrid)	-21%	●
	Aranjuez (Madrid)	-21%	●

2012 Objective	Centre	2012 Result	
<b>Overall reduction of scrap waste by 3%</b>			
	Torrejón de Ardoz (Madrid)	-10%	●
<b>Overall reduction of fluorescent lighting waste by 3%</b>			
	Anabel Segura (Alcobendas, Madrid)	-28%	●
<b>0.5 kg increase in the average of recyclable material per person with respect to the previous six-month period</b>			
	Calle 96 (Bogotá), Calle 57 (Bogotá) and Barranquilla	+0,81 Kg	●
<b>20% reduction in the recyclable material generated by printed sheet</b>			
	CAI (Colombia)	+2%	●

<b>Reduction in the consumption of natural resources</b>			
Overall reduction of well water consumed by 3% per person in one year			
	Arroyo de la Vega (Alcobendas, Madrid)	+52%	●
Overall reduction of water consumed by 3% per person in one year			
	Lisbon		●
Overall reduction of water consumed by 5% per person in one year			
	Calle 96 (Bogotá)	+15%	●
	Calle 57 (Bogotá)	-23%	●
	Barranquilla	+1%	●
	CAI (Colombia)	+27%	●
Overall reduction of electricity consumed by 3% per person in one year			
	La Coruña	-52%	●
Overall reduction of energy consumed by 8% per person in one year			
	Calle 96 (Bogotá)	+9%	●
Overall reduction of energy consumed by 5% per person in one year			
	Calle 57 (Bogotá)	+5%	●
	Barranquilla	+9%	●
	CAI (Colombia)	+28%	●
Overall reduction of vehicle fuels consumed by 3% per person in one year			
	Lisbon		●

- Objective met
- Objective partially met
- Objective not met

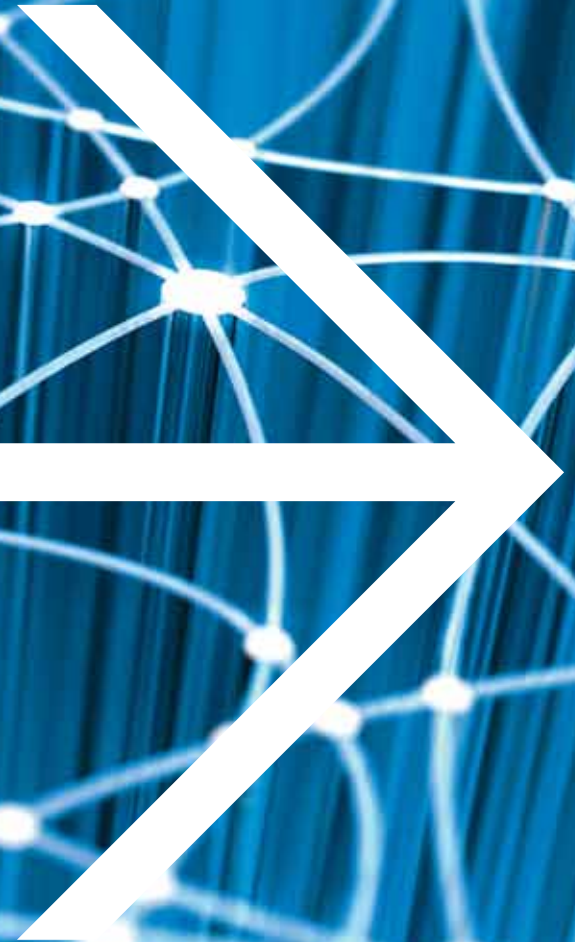
## 2012 Commitments and achievements

2012 Objective	2012 Achievement	
Creation of new Accessible Technology Chairs.	Creation of three new Chairs in Spain.	<b>Met.</b>
Launching the Volunteer Program in new countries.	Indra has postponed the objective to 2013 since the new corporate Intranet (publication is expected in 2013) will allow providing better support for this initiative.	<b>Postponed.</b>
Developing a system to measure the impact of the company's Social Action on the community and on the company itself.	Indra assessed several measurement methods in 2011 and 2012, but none of them fulfilled the requirements expected by the company. In 2013, Indra intends to assess new possible methodologies.	<b>Not met.</b>
Certify three centres in Spain under the UNE-EN ISO14001 standard and implement the "module of environmental requirements" at five centres more in Spain and two in Brazil	The certification of four centres in Spain was achieved, one more than forecasted initially, and the "module" was implemented at the five Spanish centres that had been planned. However, the implementation of the "module of environmental requirements" was not completed in Brazil. Indra ended the "module's" definition in 2012 (adaptation to the Brazilian legislation), but it could not be implemented before the end of the year. This part of the objective has been postponed for 2013.	<b>Partially met</b>
Begin a study on Indra's carbon footprint in a sample of its products.	A pilot measurement was carried out on the carbon footprint of the product in the swivelling arm system for Indra's solar panels.	<b>Met</b>
Scope expansion of the new supplier pre-approval system		<b>Met</b>
Launch of the signing process for the Supplier Code of Ethics	The process was launched in 2012 and 34% of active suppliers expressly accepted the Code's principles.	<b>Met</b>



6

FUTURE



# 6. FUTURE

In this chapter

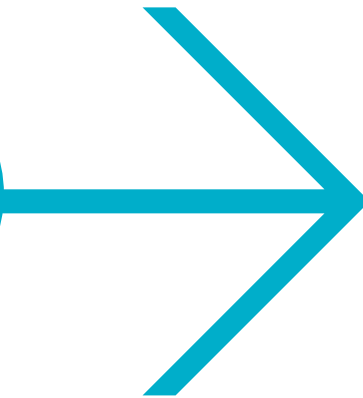
**6.1**  
Customers

**6.3**  
Talent

**6.5**  
Summary of objectives for 2013

**6.2**  
Value-added solutions and services

**6.4**  
Contributing to the sustainability of our environment



## Indra aims to continue strengthening its pillars

This section includes the main objectives and lines of action planned by the company for 2013. Using these objectives and action plans, Indra intends to ensure that its strategy continues to be implemented and, therefore, that the pillars the company believes will enable it to create value in a sustainable manner for the various stakeholders with which it interacts will continue to be strengthened. .

## FUTURE

# 6.1 CUSTOMERS

The position reached by Indra in the various geographic markets enables it to project growth that offsets the fall in activity that is expected to continue in Spain. As a result, Indra expects a positive total growth in revenues in 2013, with a favourable evolution in terms of cash flow.

Although 2012 has been an especially hard and negative year for operations in Spain (after several years of unfavourable results), the persistence of the weak macroeconomic environment and the expenditure and balance policies generally adopted by public and private economic agents will continue in 2013 a negative impact on the majority of Indra activity segments and customers in the Spanish market, in which a double-digit drop in revenues (although smaller than that for 2012), with a negative effect on operating profitability, should not be ruled out. To limit the effects of this situation as much as possible, the company will continue to implement its plans of adjusting resources and operating costs, forecasting extraordinary costs of approximately €20 million for this financial period.

**The profitability** generated in all the other geographic markets as a whole will not offset the negative impact that the Spanish market will generate in 2013. Moreover, the effect of some of the production efficiency improvement measures adopted by Indra will not be fully manifested in the financial year.

Given the revenue coverage with the backlog in early 2013 (with a revenue guidance of 45%, similar to that of previous years), repeat business and the characteristics of contracts in an advanced stage of commercial management, the company expects to reach the following targets for 2013:

- Slight rise in sales.
- Order intake in line with or higher than revenues.
- Recurring EBIT margin (before non-recurring expenses) of approximately 8%.
- Net working capital equivalent to 100 to 110 days of annualised sales.
- Net tangible and intangible investments of approximately €70 million.

Throughout 2012, the company fostered various actions to **optimise its management processes and production efficiency**, with a global focus that covers the vertical and geographic markets as a whole. These actions, which will continue to be rolled-out in 2013 and the following years, are in addition to those implemented

to strengthen its capabilities in terms of management, sales and access to the various markets where the company is developing its presence. All these items, combined with investments for developing and adapting the offering, have the aim of consolidating sustainable growth at relevant rates in the target geographic markets, with equal growth in profitability and resource generation.

These actions have already **generated tangible results in Latin America**, and they must be progressively materialised in other geographic markets. On the other hand, specific actions for adjusting resources and costs in Spain should enable Indra to quickly revert its current negative profitability results in the country once it begins its economic and demand recovery. This way, Indra expects to progressively recover its profile as a highly profitable company in expansion.





## GEOGRAPHY

Positioning in the various geographic markets:

**Increase exposure to key geographies:** : the commercial efforts undertaken in 2012 enabled order intake in all geographic markets, excluding Spain, to represent 63% of the company's total order intake, with a 45% increase with respect to 2011 (25% excluding acquisitions).

## INTELLIGENCE AND EFFICIENCY

Improvements to customer management

Development and adaptation of the offering in segments with a high growth potential:

**Development of the company's presence in the various markets where it operates:** the company's objective is to develop its presence in each of these sectors. For additional information, please see the "Vertical Markets" chapter.

**Development and adaptation of the solutions and services offering:** Indra's solutions offering will play a key role in the growth of the company's sales in emerging markets, contributing to improved profitability. For additional information, please see the "Solutions and Services" chapter.

Ensure repeat business from customers:

- o For 2013, Indra has considered developing its business excellence model in order to expand it to all the organisation's operations as a means of ensuring maximum

This consolidation of its position in regions such as Latin America should continue in 2013. For additional information, please see the "Geographic Markets" chapter.

### **Continuous improvement of global commercial, development and delivery capabilities:**

- > Indra plans to continue with activities aimed at

quality for customers.

### **Continuous improvement of the management system:**

- > For 2013, Indra is planning to standardise the quality systems of its companies in Italy, Australia, the Philippines, Mexico and Colombia.

### **Continuous improvement of the project management methodology:**

- > Indra will continue to improve the integration between the corporate project management tools and production tools.
- > The company will continue to increase its process maturity, aligning its methodological focus and incorporating new instructions, libraries and methods into MIDAS that address its internationalisation and efficiency strategy.
- > There will be improvements to the project closure stage in Gestiona in order to capitalise on lessons learned.
- > The Risk Management process will be improved in the Gestiona tool.
- > The analysis and management of problems will be reinforced in Gestiona.

improving knowledge of key countries for identifying commercial opportunities, developing its presence in selected regions, and expanding its network of Global Development Centres..

- > In 2013, the implementation of the "control station" developed in 2012 will be expanded to new countries.
- > Indra aims to capitalise on the knowledge and experience acquired by PMP certified professionals to continue disseminating and improving the project management culture in the company.
- > Specifically, Indra PMP certified professionals will be responsible for providing training in upcoming editions.
- > Moreover, the company will expand the training scope for professionals in "pre-management" posts in order to train them before they assume responsibilities in projects.

**Continuous improvement in software development processes:** Indra plans to continue fostering production industrialisation initiatives, reuse of code, use of offshore resources, etc.

**Development of a culture of excellence among Indra professionals:** Indra aims to continue carrying out training and awareness actions for its professionals.

Indra has maintained its objective of reaching a customer satisfaction rate of above 4 points (out of 5), establishing a 3-year deadline to achieve this.

**Optimisation of the processes: s:**

**Consolidation and concentration of development**

**activities:** Indra plans to continue to consolidate and concentrate its development activities at work centres that specialise in certain technologies or knowledge areas in order to take advantage of economies of scale and to improve production efficiency..

**Development industrialisation:** in 2013, Indra aims to continue developing its MInd suite and implement it in other Latin American countries. The objective is to reach greater levels of efficiency and productivity in software development and in the management of construction processes through the use of technology.a.

**Strengthen information security:** the most significant initiatives planned for 2013 in the area of information security include:

- > Indra aims to continue expanding the scope of its information security management system, as of the pre-contractual phase of operations:
- > IT security measures will be designed as part of the proposal presented to customers in accordance with their specific needs.
- > Information security will be improved by covering a wider spectrum of the operations life cycle. In other words, information security will be guaranteed before an

operation is launched.

- > It responds to an increased demand for security from customers.
- > Implementation of an antivirus solution in the Cloud: in 2013, Indra plans to develop a pilot antivirus in Cloud mode so that all offshore professionals can benefit from the same functionality and antimalware protection as those within Indra's network infrastructure.
- > Data Loss Prevention (DLP) solution pilot: implementation of a new information management model that establishes security mechanisms applied to the documents themselves (embedded in them).
- > Access and use (copying, distribution, etc.) will be restricted to people and devices with appropriate permissions.
- > It requires exhaustive data classification and categorisation.
- > Expansion of the data protection model to new Indra subsidiaries: adaptation and implementation of local data protection models in new Indra subsidiaries.
- > Security Management in Mobile Devices:
- > It is becoming increasingly common for professionals to use their personal mobile devices (not managed by the company) to access the network and information of the companies, posing a threat to the organisation.
- > As a result, Indra aims to define a strategy for implementing security policies in mobile devices that have not been acquired by the company.
- > Renew the certification of the Information Security Management System (ISMS).

- > Biennial data privacy legislation audits of the corresponding companies.

**Main objectives for 2013**

- > Slight rise in sales.
- > Order intake in line with or higher than revenues.
- > Recurring EBIT margin (before non-recurring expenses) of approximately 8%.
- > Standardisation of the quality systems of the companies in Italy, Australia, the Philippines, Mexico and Colombia.
- > Expansion of the "control station" to new countries.
- > Attain a customer satisfaction rate of over 4 points (out of 5) within a period of 3 years (2015).
- > Expansion of the data protection model to new Indra subsidiaries.
- > Renew the certification of the Information Security Management System (ISMS).
- > Biennial data privacy legislation audits of the corresponding companies.

# CUSTOMERS VERTICAL MARKETS



TRANSPORT  
AND TRAFFIC



ENERGY AND  
INDUSTRY



PUBLIC ADMINIST.  
AND HEALTHCARE



FINANCIAL  
SERVICES



SECURITY AND  
DEFENCE



TELECOM  
AND MEDIA

## CUSTOMERS

# TRANSPORT AND TRAFFIC



### GEOGRAPHY

Positioning in various markets: Indra's strategy is defined along the following lines:

#### Europe

- > For 2013 and 2014, it is forecast that four new European countries will decide to join the Single European Sky initiative and Indra hopes to sign up most of these countries to iTec.
- > In the field of road and rail traffic, Indra has detected business opportunities in countries such as Poland, Romania, Bulgaria and Russia.

#### Latin America

- > The commercial efforts made in 2012 should result in the company's entry into new segments in various countries, such as air and railway traffic management in

Mexico or Brazil, or road and rail traffic management in Costa Rica or Ecuador.

- > Indra has detected opportunities in the area of air traffic management and rail traffic management for light and high-speed trains in countries like Brazil and Mexico.

#### USA

- > Indra intends to consolidate its presence in the subway and road traffic segments, while continuing to explore business opportunities in the high-speed railway and bus fields.

#### Asia and Pacific

- > The achievements reached in 2012 should serve to boost growth in 2013. Indra has detected strong business opportunities in the region, specifically in the fields of air traffic management, railway technology as

well as multi-modal and multi-agency management.

#### Middle East

- > Indra plans to continue its commercial activity in the Middle East in order to expand its presence to new countries and offering segments within the region.

#### Africa

- > Several countries in the region are developing "Bus Rapid Transit" models that offer opportunities for Indra.

### → INTELLIGENCE AND EFFICIENCY

- > Development of the "Indra Navia" offering: the trend towards the increased privatisation of control tower services in air traffic has led Indra to identify its offering

for towers as one of its main pillars for growth during the coming years. This offering is being improved through the company Indra Navia.

- > Consolidating its offering in road and rail traffic: Indra intends to begin winning significant key customers for its new solutions developed as of 2013.

## CUSTOMERS

# ENERGY AND INDUSTRY

Indra intends to maintain its strategic values in the coming years:



## GEOGRAPHY

Positioning in various geographic markets:

### **Maintenance of its position in Spain**

- Positioning in the Spanish market and in large national energy companies continues to be one of Indra's priorities.
- Forecasts for the Consumer Goods & Services market for 2013 are very similar to the conditions that were noted in 2012, with a continued fall in project investments in favour of an increased demand for services, but with a strong pressure on prices. In this context, Indra remains reasonably optimistic about the opportunities the market offers:
- The expected growth of the customer Inditex, which should result in new investments and offer new opportunities to Indra.
- Participation in the technological development of the

integration of Coca-Cola bottling plants in Spain. This contract also includes implementing ERP in Equatorial's subsidiaries in Algeria and Morocco.

### **Support for global accounts**

- For Indra, providing support to large energy groups is a strategic priority in its internationalisation and integration strategy

### **Growth in Europe:**

- Indra forecasts business growth in Italy, the United Kingdom, Norway, Eastern Europe and the Benelux region.

### **Improvement of position in Latin America**

- Indra pretende realizar foco en países como México,

Colombia, Perú y Brasil.

### **Business growth in Asia and Pacific**

- The Philippines will continue to be a driving force for developing Indra's presence in the region.

### **Taking advantage of opportunities in the Middle East and Africa**

- Indra will continue its search for new business opportunities in the region.

### **Entering the US market**

- Indra plans to continue providing support to its customer Repsol in its expansion in the region, and also to expand its prospects to include customers from the energy market.

## → INTELLIGENCE AND EFFICIENCY

- Indra's objective is to be the global provider of specialised services for energy companies by differentiating its offering based on knowledge and experience. To

achieve this, Indra's offering is based on services and management systems for the energy value chain, focusing on resource optimisation and operational

efficiency. In this regard, the progress of the offering portfolio will be defined by the following guidelines:

- The definition and development of proprietary CIS customer management solutions for distribution and commercialisation companies: this is a historic commitment for the company. Currently, over 100 million end customers are managed by Indra products. Solutions in the commercial area are key parts of the company's growth strategy.
- The development of solutions focused on Smart Grids: the objective of these systems is to efficiently manage electricity by using information technology in order to optimise the production and distribution of electricity with the aim of achieving a better balance of supply and demand.
- Optimisation of customer interaction using analysis tools that enable the integration of all information: the objective is to achieve true corporate intelligence focused on customer knowledge and new uses of energy.
- Promotion of solutions aimed at improving sustainability and the environmental management of energy resources.
- Development of integrated water management solutions, from the prediction and management of reserves to consumption, using technology that makes it possible to measure, manage, analyse and optimise the resource and its demand.
- In the oil sector, Indra has identified opportunities for growth through solutions in the digital oilfield area (remote monitoring and control of oil and gas production fields), the integration of operational engineering and information technologies (creating smart infrastructures via sensors and information systems), systems to control reserves, production control systems, etc.
- In terms of the industry sector, aside from continuing to improve the commercialisation of ERP solutions as well as the progress and continuous improvement of hotel management solutions and revenue accounting, in 2013 Indra will be working on a new proprietary solution for operational application in load logistics.

## CUSTOMERS

# PUBLIC ADMINISTRATION AND HEALTHCARE



Indra intends to maintain its strategic values in the coming years:

### GEOGRAPHY

In the coming years, Indra will continue to reduce its exposure to the Spanish market thanks to the strong growth of its business in other markets.

#### **Improved leadership in Spain, increasing the market share**

- It is likely that the Public Sector contracting process will continue to transform in search of a greater concentration of services.
- The contracting model adopted by the Autonomous Government of Catalonia (described above) is being copied by other Autonomous Communities. This key customer obtained by Indra gives it opportunities to continue improving the process of concentrating providers while increasing its market share.
- It is also likely that the Central Government will decide to adopt this contracting model.

#### **Positioning in Latin America.**

- Indra intends to continue using its key customers and differentiated offering in order to continue developing its presence in the region. This consists of exploiting in Latin America the offering that has already been developed and implemented successfully in Spain since this represents a guarantee of success for potential customers.
- One of the clear possibilities for development in Latin America is in Chile's healthcare sector. Chile's healthcare sector is going through a transformation process that includes plans for building hospitals as concessions and entails requests for proposals for the corresponding information systems. The key customer obtained by Indra with the La Florida Hospital (the first of this transformation plan) puts it in a strong position

regarding the award of system contracts for the remaining 11 hospitals included in the plan.

#### **Business development in Southeast Asia and Pacific**

- Indra has identified business opportunities in certain countries throughout the region, such as Indonesia and Australia, which it hopes will materialise in the coming months.

#### **Taking advantage of opportunities in the Middle East and Africa**

- The company will continue to constantly monitor business opportunities.

### INTELLIGENCE AND EFFICIENCY

Development of the solutions and services offering:

- Indra will continue to develop the healthcare and Smart Cities lines commercially.
- In 2012, Indra began a process of redefining its educational offering in order to better adapt to market

opportunities. This new offering was supported by the key customers that the company has in Spain, in the Community of Madrid and the Valencian Community. Indra intends to continue developing this offering throughout 2013.

On the other hand, within the Electoral Processes business, prospects are subject to the opportunities linked to elections held in the regions of interest that have been identified: Spain, Europe, Latin America, Asia and Africa. Indra will continuously monitor any opportunities that arise.

## CUSTOMERS



# FINANCIAL SERVICES



## GEOGRAPHY

Positioning in the various geographic markets.

### Spain

- Maintain our position as a leader, aiming to become a key company in the new configuration of the financial services market:
- Indra aspires to continue gaining market share in the restructuring and transformation process of the financial sector in Spain, improving its position with the top five Spanish banks.

### America

- Indra's aim in America is to consolidate itself as a global supplier that is capable of accompanying customers in making business decisions:
- Placing special emphasis on market needs, and carrying out intelligent repositioning in this market.
- Working intensely on transferring knowledge and commercial initiatives towards the region.

### Support for global accounts:

- Continue strengthening relations with the Santander Group, the BBVA Group, Mapfre and Zurich to accompany them in the development of their market strategies.

Initiation of systematic development of other strategic regions in the long term:

- Continuing to improve our capabilities in the USA
- Configuring the specialised offering and equipment for the Asia-Pacific region.

## → INTELLIGENCE AND EFFICIENCY

Indra wants to build a solid base that positions it as the leading supplier for the financial services market by selling our solutions and services, achieving milestones, acquiring key customers and consolidating the key projects that are sold in order to close the operations circle in the market.

- Development, commercialisation and consolidation of core banking and core insurance solutions
- The key customer obtained with Zurich in 2012 should

allow Indra to improve the commercialisation of core insurance.

- The company intends to continue developing and improving these solutions through the specific development of SaaS modes and the localisation for new regions.
- Continue with the functional consolidation of the

payment methods and foreign trade solution.

- Consolidation and development of the BPO offering.
- Continue developing a new consultancy offering for the insurance and financial services market



## CUSTOMERS

# SECURITY AND DEFENCE



### GEOGRAPHY

- Maintaining its position in Spain: Indra intends to continue exploiting its skills for developing offerings and winning major key customers that will help it export its solutions.
- Consolidating the company's presence in Europe:
  - Its entry to the United Kingdom's security market in 2012 represents a major achievement in the region that should help strengthen Indra's growth.
  - The European Commission's growing investment in security should benefit Indra, as was seen in 2012 with the Emergency Response Centres.
- Indra has also detected commercial opportunities in the security sector of Eastern European countries.
- Promoting development in Latin America and Asia Pacific: Indra will continue expanding its commercial activity in both regions, and especially in countries such as Mexico, Peru, Brazil, Colombia, the Philippines and Thailand. Specifically, opportunities have been detected in the fields of security, identification and electronic defence systems.
- Africa and the Middle East:
  - Indra has detected commercial opportunities in the security and defence sectors of certain Middle Eastern countries for 2013.
  - The 2012 contract with the Phosphate Processing Plants (PPP) in Morocco puts Indra in an advantageous position in the country..
  - Improving the company's relationship with platform manufacturers in the defence sector: Indra will continue working to strengthen agreements with leading platform manufacturers. .

### ➔ INTELLIGENCE AND EFFICIENCY

- Improving the VTS offering: Indra will continue to develop its offering and commercialisation in this sector, strengthened by the new key customers obtained in 2012.
- Improving the cybersecurity offering:
  - In 2013, Indra plans to have its cybersecurity operating centre operational, which should contribute to the growth of the business.
  - The key customer obtained in 2012 in Panama, with one of the first PKI identification systems in Latin America, could help Indra win other similar contracts in the region.
- Lanza-T development: the contracting method adopted by the Ministry of Defence (Innovative Public Procurement Programme, IPP) helps increase Indra's capabilities in exporting this product to new markets.
- Continuing with the space surveillance R&D project: The SST project will be managed by the European Space Agency until 2014, and from then on will be run by the European Union. Currently the European Union will hire space surveillance services from countries that have these systems, such as France, Germany and now also Spain (thanks to the demonstrator installed in 2012).
- Continuing with the development of MANTA (electronic defence systems for military transport and VIP aircraft), MRI (Maritime Reconnaissance Intelligence light aircraft), Pelican (rotary wing UAS) and Mantis (micro UAS) products and obtaining key customers: the objective is to obtain the first key customers for these products in Spain in 2013 or 2014.

# CUSTOMERS

## TELECOM & MEDIA



### GEOGRAPHY

**Geography** (positioning in the geographic markets): Indra's strategy is defined along the following lines:

#### Spain

- The objective for 2013 is to maintain its position with existing customers in an environment of strong "commoditisation" of services.
- Indra will also strive for a greater penetration in certain high-profile accounts.

#### Europe and Latin America

- Growth in Europe in 2013 should be seen as driven by accompanying existing customers (Telefónica, Vodafone, Orange, Telecom Italia, Wind, etc.) to new countries and the opportunities available in Germany as a result of the 2012 contract with O2.
- In the specific case of Italy, Indra will continue to search

for new business opportunities that may arise from developing local Telecom & Media capabilities.

- In the Latin American telecommunications market, growth could result both from an increased share within the Telefónica customer (Indra is following the renewal of maintenance blocks for applications in Latin America with special interest), and from business opportunities that are presented to Indra through new customers, such as the América Móvil Group.
- In the media segment, Indra intends to continue developing local skills as a lever for boosting growth in the region, especially in Brazil, Mexico and Colombia. The results of this commitment should be more noticeable in 2013.

#### Africa

- Indra is searching for new customers in the Telecom market in countries where Portuguese is spoken

(Mozambique and Angola) and this may yield commercial results in 2013.

#### Asia and Pacific

- With a new strategy for 2013, Indra intends to focus on developing its presence in the Asia Pacific Telecom market by using the Philippines as a development centre and a platform for selling solutions in the region.
- Indra is also searching for new customers in Turkey.

### → INTELLIGENCE AND EFFICIENCY

**Intelligence and efficiency** (development of the solutions and services offering): Indra's strategy is defined along the following lines:

- The first results for the development of the proprietary OSS solution could appear in 2013 or 2014.

- The commercialisation of the new BPO media offering is also planned to begin in 2013.
- Indra will continue with the R&D projects for the media market already under way and it will assess the

possibility of participating in new projects that can be used to improve the company's capabilities in specific offering segments.

# CUSTOMERS GEOGRAPHIC MARKETS



The position achieved by Indra in emerging markets makes it possible to forecast significant growth for 2013, which will offset the fall in activity that the company expects will continue in Spain. Therefore, the overall revenue growth will be positive, with favourable progress in terms of cash flow.

However, in 2013, the set of actions for adapting resources and costs carried out over the last two years

should make it possible to quickly reverse the current negative progress of profitability in the Spanish market, once it begins its recovery.

Indra expects especially positive results in Latin America, where major growth is forecast in order intake and revenues, along with improved profitability.

In order to deal with this strong growth and to make maximum use of the future potential it generates, the company will continue to selectively develop and adapt its offering, specifically proprietary solutions, so as to meet the needs of markets with the strongest growth.

FUTURE

## 6.2 VALUE-ADDED SOLUTIONS AND SERVICES

The company will continue to selectively develop and adapt its offering, particularly in terms of proprietary solutions, based on the requirements of those markets where demand is the strongest.

Investments in developing and adapting the offering seek to consolidate high levels of sustainable growth in the company's priority markets, with similar levels of growth in margins and in the ability to generate resources.

The company aims to sustain net tangible and intangible investment levels at around €70 million.

Indra also intends to maintain its strategic values in the coming years:



## GEOGRAPHY

Ability to develop and adapt the offering locally for each region where Indra operates

**Enhancing local offering development capabilities:** Indra intends to further develop its local capabilities in regions that are driving the company's growth. For additional information, please see the "talent" chapter.

### Developing relations in different regions with each innovation agent:

- > Involvement in innovation programmes: Indra intends to remain involved in international R&D&i projects in Europe and continue to develop its position in Latin America.
- > Internationalisation of partnerships:
- > In 2013, Indra intends to bolster its local dialogue capabilities with each of the IGAN partners in the various regions.
- > Furthermore, the company will continue to expand

the scope of its agreements with various technology partners.

- > Developing agreements with knowledge institutions in key regions:
- > The prospecting work performed in 2012 should lead to new research chairs and agreements in Latin America in 2013.

## → INTELLIGENCE AND EFFICIENCY

Development of the offering of solutions and services as well as management improvements

### Development of solutions and services in segments with strong growth potential:

Indra continues to identify pockets of opportunity associated with a more intelligent and efficient use of technology. In order to achieve a more intelligent use of technology, the company is sustaining its investments aimed at improving the capacity of its infrastructures to respond to environmental changes, while additional resources are being

allocated to a more precise analysis of the data generated by these infrastructures in order to capitalise on the business opportunities derived from the data. Meanwhile, companies and institutions continue in their quest for efficiency, driven by an increasingly demanding environment. Therefore, the trend of exploiting the potential of virtualisation technology has been consolidated, and resources are being concentrated on truly differentiating tasks by outsourcing systems and processes whenever possible. For additional information, please see the "solutions and services" chapter.

- > Indra expects major growth niches to emerge in practically all regions for transport & traffic, health and analytics.
- > The infrastructure investment cycle currently underway in emerging countries will be followed by the roll-out of smart systems.
- > Services will continue to move towards industrialisation.
- > The shift towards cloud computing will continue.

## Solutions

Development of the consultancy offering in the areas of strategy, operations, and business processes.

“Verticalising” the consultancy offering.

Promoting the six strategic offering lines:

- Global partnership with SAP
- Analytics
- Cloud
- Mobility
- Digital
- Key architectures

To learn about the plans for specific vertical solutions, see the “vertical markets” chapters

## Services

Developing the In-Cloud offering:

- Reinforcing global capabilities to market the In-Cloud offering
- Flex-IT development and improvement plan

Focusing on high value-added services

- Verticalisation of the offering

Improving excellence and efficiency in the process of providing services

- Improvement and extended roll-out of the MIND suite

### Constant support for innovation and the new offering development model:

Indra intends to continue dedicating a significant volume of resources to R&D&i investments so as to support the development of new offering and capabilities in the company.

**Continuous improvement of the innovation model:** Indra intends to carry forward its policy of continuously improving the innovation model, aiming to further strengthen its innovative spirit and optimise the quality of the company's projects. In particular, Indra intends to further strengthen the foundations of its innovation model, comprised of a thorough analysis and deliberation of technologies, sectors, trends, requirements, strengths and weaknesses.

### Participation in platforms:

- > Indra will remain present in various European and Spanish R&D&i platforms.

### Continuous promotion of institutional relations with innovation and knowledge institutions:

- > Indra expects to establish new research chairs with Spanish knowledge institutions in 2013.
- > As stated above, the work completed during 2012 in Latin America should also lead to signed agreements as of 2013.

### Strengthening key partnerships:

- > Indra intends to further improve the governance model of its IGAN partnerships, specifically developing joint business plans with each of these nine strategic partners.
- > Furthermore, Indra intends to promote innovation activities with its IGAN partners.

### Continuous improvements to the supply chain by:

- > Improving the efficiency of supplier management:
  - Purchasing Portal
  - Consolidating logistics processes.
- > Expanding the commitment to excellence to suppliers:
  - Adding social and environmental requirements to the approval process.
  - Supplier audits integrated in the Approval Model.

## 2013 Objectives

- > To sustain a level of net tangible and intangible investments of approximately €70 million.

# VALUE-ADDED SOLUTIONS AND SERVICES

## SOLUTIONS

Indra intends to maintain its commitment to consolidate its position as a key supplier of proprietary solutions in segments with high potential. To achieve this, the company plans to maintain the level of investments aimed at improving its solutions in areas such as smart grids and utilities, air and rail transport or specific security and defence segments, among others\*.

\* (to learn about the forecasts for sectoral solutions, see the "vertical markets" chapters)

### GEOGRAPHY

Development of the ability to deliver solutions in various geographic markets:

#### To continue increasing its market share in Spain: :

- Many of the technological solutions projects in Spain mentioned earlier, which were carried out in 2012, have a replicable nature and offer opportunities for growth with new customers in 2013.
- In the field of consultancy, the objective is to maintain a base of key customers and to continue expanding it towards new accounts, especially in the Financial Services, Telecom, Energy & Utilities and Transport & Traffic markets. The goal is to consolidate itself among the top three suppliers in Spain.

#### To continue improving its capabilities for developing and delivering consultancy services and solutions in Latin America and Italy:

- Indra intends to continue developing local skills in its Latin American competency centres.
- In Italy, the company plans to specifically develop the ECM and Architecture competency centres.
- Consultancy operations aim to strengthen the existing structure in the two key markets of Brazil and Mexico. The objective is to position the company in the short term among at least the top five suppliers in these countries.

**Supporting global customers:** For 2013, Indra has identified opportunities in projects on an international level

for some of its multinational customers.

#### Taking advantage of opportunities in other regions:

- The company has identified opportunities in large operations of technological solutions through exportation models.
- Indra expects to continue strengthening relations with key technological partners as an instrument for accessing new customers and markets.
- In consultancy operations, Indra aims to strengthen its developments in the Middle East and explore business opportunities in Asia.

## INTELLIGENCE AND EFFICIENCY

Development of the technological solutions and consultancy services offering;

**Improving consultancy capabilities:** Indra expects to maintain its strategy aimed at developing the offering in the areas of strategy and operations; “verticalising” the offering; and boosting the commercialisation of Indra’s new strategic offering.

**Developing the technological solutions offering:** in 2013, Indra expects to continue working on its six strategic offering lines:

- > Global partnership with SAP: Indra has ambitious growth

objectives. The position attained by the company with customers such as Repsol (Spain), Endesa (Spain) and Enel (Italy); new key customers such as Taco Holding (Mexico) or the United Nations; and the significant expansions of contracts for key customers such as Sedas (Turkey) are important in order to boost future growth.

- > Analytics: following the first key references with SMEs, Indra has launched the commercial initiative of its Analytics as a Service offering for large accounts, and initial results may appear in 2013.

### Cloud

- > Mobility: the new value proposition in self-care and automation could have its first commercial results.

### Digital.

- > Key architectures.



# VALUE-ADDED SOLUTIONS AND SERVICES

## SERVICES



### GEOGRAPHY

(developing the ability to provide services in various geographic markets):

#### Spain

- In light of the 2013 growth forecasts for the Spanish economy, the perspectives for growth for the BPO business (usually anti-cyclical) are positive in nearly all sectors, except the Public Sector.
- The key customer obtained through the contract with the CTTI of the Government of Catalonia in 2012 positions Indra favourably for other possible requests for outsourcing services proposals that other regions may make by copying the Catalan model.

#### Latin America

- A contract was won at the beginning of 2013 to implement the software engineering process for application development and management based on Indra's in-house Mind Suite and the MP10 measuring system for the Colombian Tax and Customs Authority (DIAN).
- The new order intakes at the end of 2012 will begin to be reflected as revenues in 2013, as is the case with the contract for application management and data centre renewal for Caixa Económica Federal in Brazil.
- The BPO project for Ecuador's Judiciary Department may help open up new opportunities in the region for advanced document services in countries such as Peru, Ecuador and Colombia.
- In general, Indra will continue to focus on growth in Latin

America, especially in countries such as Brazil, Colombia, Mexico and Peru, where it will focus its commercial activity

#### Europe

- Indra has identified new opportunities for 2013 that are linked to supporting its customer Telefónica in Europe. .

#### Asia

- The new key customer obtained in the Philippines in 2012 should help improve Indra's opportunities for growth in the region.

#### Middle East

- Indra will continue to search for possible commercial opportunities in the region.

### INTELLIGENCE AND EFFICIENCY

#### Developing the In-Cloud offering:

- The investments made in 2012 for migrating solutions to a cloud system should begin to show their first commercial results as of 2013.
- Marketing for the In-Cloud offering has improved globally at an organisational and geographic level.
- Flex-IT maintains an improvement and development plan in order to expand supported services and applications, along with the incorporation of new SaaS to the catalogue.

#### Focusing on high added-value services:

Continue developing the specific BPO services offering for the financial services, energy, water and media markets.

- Financial entities have become the primary real estate agents in Spain and will require technical and administrative support in order to manage real estate assets. Indra began working on a specific BPO offering in 2012 and the first commercial results may be seen in 2013.
- Indra has detected commercial opportunities for the media and water offering in Latin America.

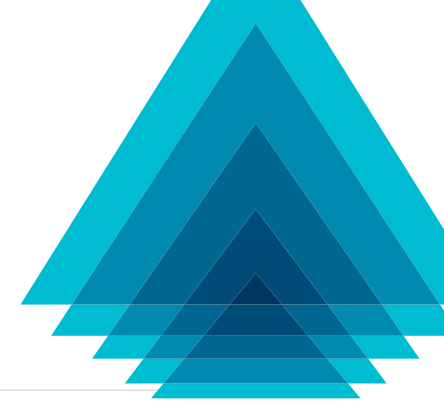
- Indra plans to commercially exploit its new line of specialised telephone support services.

#### Improving the efficiency of services provided:

- In 2013, Indra will continue to expand the implementation of its MIND Suite in order to industrialise its outsourcing services to new Latin American countries.
- It will also continue with the Suite's continuous improvement and development. .

# FUTURE

## 6.3 TALENT



### GEOGRAPHY

Expansion of management systems. The development expected for the staff management model intends to continue providing support for Indra's expansion process, maintaining our principles of talent management aimed at each and every one of our professionals.

Global development of commercial operations (order intake and sales), production (development, execution and delivery of projects, as well as providing services), and the offering (adapting the offering and generating new solutions and

services): To achieve this, Indra plans to develop initiatives in the following areas:

#### **Talent recruitment:**

- Indra has planned to continue with its "Future Minds Competition" in order to boost its employer brand in key countries. In 2013, new countries will be included in the competition, such as Italy, Turkey and the Philippines, for example.
- Indra will continue to develop its positioning strategy as a global employer brand in social networks.

#### **Retention and development of talent:**

- At the beginning of 2013, Indra launched the "Global assignments" management process in order to promote the international mobility of its middle management and management teams. The company is aware that this greater mobility will facilitate the development of local capabilities in the various countries where it operates, increase the standardisation of methodologies and processes, and establish a more versatile development of our professional profile.

### ➔ INTELLIGENCE AND EFFICIENCY

Management improvements. Indra intends to continue improving the systems used for decision making (intelligence) and process optimisation (efficiency) related to the management of professionals by:

#### **Contributing to the creation of a culture of internal innovation and entrepreneurship:**

- Promoting diversity and equality: Maintaining our main lines of action, promoting gender diversity, and focusing on the professional development of the women in the company by executing the Women and Leadership programme. The programme has different global actions

that improve the competency profile and the visibility of women in the company. Continuing along the lines of work defined together with the Equality Commission.

#### **Development of the company's professionals:**

- Continued development of professionals' capabilities through training:

During the 2013-14 period, we will continue to focus on improving language training and the middle management team's training on a global level, with programmes that complement core training, such as:

- Customer management and business development
- Project and services management
- Development of projects on an international level
- Efficiency and improvement of productivity
- The "Especialista en Gestión Integral de Operaciones" (Specialist in Comprehensive Management of Operations) postgraduate qualification, which is the first part of the Master's degree programme and, combined with the "Especialista en Función Gerencial Estratégica" (Strategic Management Specialist) postgraduate qualification launched in 2012, allows obtaining this postgraduate qualification from the Polytechnic University of Madrid.

**Promote knowledge sharing and management:**

In 2013, Indra has planned to launch a new corporate Intranet. The new Intranet will include an internal professional network that will promote knowledge sharing and management.

**Improving the efficiency and productivity of professionals:**

> Continued improvement of work methods: For additional information about the improvement plans planned for work methods, see the “customers” chapter.

**Internal communication:**

> As mentioned earlier, in 2013 Indra will launch a new corporate Intranet that will include new functionalities aimed at promoting communication within the company.

**Employee satisfaction:**

> Indra plans to continue developing instruments to measure employee satisfaction.

**Risk prevention:**

Renewal of the certification for the Occupational Risk Prevention Management System through a regulatory

external audit in Spain of the companies Advance Logistics Group, S.A. (renewal), Indra Emac, S.A. (renewal), Indra Sistemas, S.A. (renewal), Indra Sistemas de Comunicaciones Seguras, S.L. (renewal), Indra Sistemas Seguridad, S.A. (renewal), Teknatrans Consultores, S.L. (first).  
Expansion of the preventive organisation’s scope: integration of new companies into Indra’s Joint Preventive Service:

- > Central de Apoyo y Medios Auxiliares S.A.U
- > Telemarketing, Catalogo y Promociones S.A.U
- > Caymasa El Sendero S.A.

**Training for Indra professionals:**

> Maintain the training standards established in the Training Plan aligned with management commitments in the area of occupational health and safety.

**Consultation and participation of corporate representatives:**

> Maintain the level of information, consultation and participation of employees through their corporate representatives in preventive actions

Promotional and awareness campaigns: In 2013, Indra

plans to carry out the following campaigns:

- > Awareness campaign for women who are pregnant, have given birth and are breastfeeding at work.
- > Awareness campaigns regarding preventive and health measures to be implemented prior to international travel.
- > Prevention Awareness Campaigns
- > Postural Health
- > Road Safety
- > Preventive Health Campaigns
- > Gynaecological
- > Flu Vaccination
- > Reconciliation and promotion of new working methods.

In 2013, Indra has planned to launch the teleworking programme in Argentina and Chile.

**2013 Objectives**

- > Launch of a new corporate Intranet
- > Expansion of the preventive organisation’s scope: integration of new companies into Indra’s Joint Preventive Service:
  - Central de Apoyo y Medios Auxiliares S.A.U
  - Telemarketing, Catalogo y Promociones S.A.U
  - Caymasa El Sendero S.A.
- > Launch of the teleworking programme in Argentina and Chile.

## FUTURE

# 6.4 SUSTAINABLE ENVIRONMENT

### GEOGRAPHY

Internationalisation of policies:

- Expanding the implementation of the Environmental Management System or the “implementation module of legal environmental requirements”:
- Indra expects to certify its centre in Oporto, Portugal,

under the ISO14001 standard.

- In addition, the company will implement its “module of legal environmental requirements” at four centres in Brazil: the centres in Sao Paulo and Brasilia (begun in 2012), as well as Rio de Janeiro and Salvador de Bahía.

### INTELLIGENCE AND EFFICIENCY

Contribute to the economic, social and environmental development of the communities in which the company operates: In 2013, Indra plans to carry out the following initiatives:

- Indra intends to continue improving the solutions that support sustainable development by applying best practices and the regulations of each country. To achieve this, Indra will collaborate with key institutions in matters of sustainability (top customers, universities, regulatory bodies, etc.).
- Likewise, Indra expects to commercially exploit in other countries the sustainability solution that it has developed and validated in the Spanish market in recent years. In this sense, the company is already working with Costa Rica (which has self-imposed the concept of being Carbon Neutral by 2021), Colombia and Brazil.
- Maintaining the collaboration in entrepreneurial projects such as “Entrepreneurship is Possible”, the YUzz Programme and the San Fernando Entrepreneur Campus.

- Launching the corporate volunteering policy in new countries, primarily in Latin America.
- Indra’s objective is to sign three new Chairs with Universities in Spain. Likewise, the company will continue carrying out the projects in progress.

Ensure sustainability throughout the entire value chain: Indra expects to continue expanding sustainability principles to suppliers by:

- Including the Supplier Code of Ethics as part of the new contracts signed with suppliers from 2013 or 2014 onwards.
- Continuing to expand the scope of the pre-approval process based on the Achilles platform towards a higher volume of suppliers.
- As a new aspect for 2013, Indra intends to include in the supplier contracting process criteria for the responsible origin of metals. These criteria will try to contribute to fighting against the problem of “conflict minerals”, which refer to rare minerals used in electronic components that are extracted by violating fundamental human rights and

### 2013 Objectives

- Indra expects to certify its centre in Oporto, Portugal, under the ISO14001 standard
- Implement the “module of environmental requirements” at four centres in Brazil: the centres in Sao Paulo and Brasilia (begun in 2012), as well as Rio de Janeiro and Salvador de Bahía.
- In Spain, Indra expects to certify three more centres under the UNE-EN ISO14001 standard and implement the “module of environmental requirements” at three additional centres.

that originate primarily from countries in Africa’s “copper-belt”.

Minimise the environmental impact: in 2013, the initiatives for attempting to reduce the company’s consumption of energy and natural resources and the quantity of waste it generates will be aimed at:

- In addition to what has been mentioned in the Geography chapter, with regard to the international centres expected to be certified and those in which the “module” is to be implemented, Indra expects to certify three more centres in Spain under the UNE-EN ISO14001 standard and to implement the “module of environmental requirements” at three additional centres.

Maintain a culture of transparency with stakeholders in order to build trust: In 2013, Indra expects to continue introducing improvements in its multiple communication channels, such as social networks, the Annual Report or the corporate website.

7.

ABOUT THE  
REPORT

# 7. ABOUT THE REPORT



In this chapter

**7.1**

Principles that govern this report

**7.2**

Integrated report

**7.3**

Índice GRI y Pacto Mundial

**7.4**

Declaración control GRI

**7.5**

Carta de verificación

## **This report has been prepared in accordance with the Global Reporting**

This report has been prepared in accordance with the G3 directives of the Global Reporting Initiative with an application level of A+, the AA1000 APS (2008) Accountability standard and the principles of the Global Compact to which Indra is committed.

In addition, at the end of 2011 Indra joined the Pilot Programme of the International Integrated Reporting Council (IIRC) in order to continue making progress towards the increased integration of economic, social and environmental reporting. The purpose of this report is to reflect the “content elements” and the “guiding principles” described by the working documents published as a result of the development of the prototype for the Integrated Reports model.

## ABOUT THE REPORT

# 7.1 PRINCIPLES THAT GOVERN THIS REPORT

The purpose of this report is to **show the company's progress throughout 2012** as well as its ability to create value in the short, medium and long term.

To do this, the report includes a **description of the policies, strategy and initiatives carried out in 2012, as well as the company's action** plans along with the most important quantitative indicators.

This report has been drafted in accordance with the March 2011 version of the Global Reporting Initiative's (GRI) Guide for Preparing Sustainability Reports (called G3.1), at the highest application level (A+), as well as in accordance with the AA1000 APS Accountability standard (2008 version).

The economic, social and environmental information contained in this report has been verified externally by an independent third party. The scope, the description of the work and the conclusions of this verification can be found in the chapter titled "Verification Letter".

In accordance with its commitment to continued improvement, Indra has been working, since its initial accountability of Corporate Responsibility and Sustainability (2003), to extend the scope of the information to all the companies that comprise it.

The scope of the presented information includes all Indra companies unless otherwise indicated. The complete list of the companies that comprise Indra as of 31 December

2012 appears in the "Business Model" chapter of this report.

As every year, this report has been prepared with the participation of all the people responsible internally for relations with each of the company's stakeholders, which not only involves sharing information, but also continuously improving Indra's dialogue systems with its various stakeholders.

The procedure for preparing the report facilitates compliance with the principles for defining its contents (materiality, stakeholder participation, an explanation of the sustainability context and exhaustiveness) as well as the principles regarding the report's quality (balance,

comparison, accuracy, timeliness, clarity and reliability) required by the G3 Guide and the three founding principles of the AA1000 APS standard (2008) (response capacity, an exclusive principle of the AA1000 standard; and inclusiveness and relevance, which are principles shared with the GRI but with an interpretation as per the AA1000 standard).

The information provided in this document comes from several management and information systems installed in all of the company's areas. These areas report their information to the Brand, Corporate Responsibility and Internal Communication Department, which is responsible for coordinating the presentation of accounts regarding the company's economic, social and environmental performance, as well as for preparing the Corporate Responsibility Master Plan. The information related to market characteristics or performance represents Indra's opinions and is prepared by company experts.

There are various internal mechanisms for controlling the information handled by management and information systems. Indra is working on improving its data generation, aggregation and consolidation systems in order to improve the quality of the information presented in its Annual Report.

The steps taken to prepare this report, from October 2012 to May 2013, were as follows:

1. Between December 2012 and March 2013, interviews with each person responsible for stakeholder relations, with a dual purpose: first, to update the Corporate Responsibility Master Plan by defining new actions to be carried out or promoted, and second, to collect information about the status of sustainability in the company in order to prepare the presentation of the year's accounts.

As has been done in previous years to prepare the "Business Report", interviews were also held with the various people responsible for company operations (vertical markets as well as activities) in order to discover the main trends and actions in the businesses where the company operates. However, following the 2008 initiative, a special effort was made to identify the social and environmental impacts of Indra's businesses.

2. A formal request for information regarding GRI indicators (version G3.1) was made to the people responsible internally for relationships with each stakeholder. Information was also compiled about responsible-value policies, programmes, initiatives and actions that may have been carried out during the year, including those listed in the company's Corporate Responsibility Master Plan as well as those that may have been carried out through other strategic lines and that present synergies in terms of sustainability and responsibility.

3. Once the report was prepared, it was sent to each person responsible internally for stakeholder relations

as well as to those responsible for company operations in order to confirm that the information regarding their management was reflected accurately.

4. The report draft was also sent to CCOO, UGT, USO, CGT and ATC trade union representatives in order to receive their suggestions.

## PREPARATION OF THIS REPORT

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1. Gather information on the state sustainability
2. Request GRI indicators
3. Check the information referred
4. Sent to union representatives



Explanation of the principle according to the GRI G3 or the AA1000 APS standard (2008)

How we ensure this principle

**Principles related to defining the contents of this report**

**Stakeholder participation / Inclusiveness**

Identifying stakeholders and an appropriate response to their reasonable expectations and interests, as well as stakeholder participation in developing and achieving a transparent and strategic response to sustainability.

Indra has a number of periodic systems for consulting with following stakeholders: shareholders, employees, customers and suppliers. There is also communication with knowledge institutions and society. Indra's main consultation systems for each of its stakeholders are described in the corresponding chapters. The responsible areas also have their own identification and prioritisation tools for their stakeholders.

Indra's Brand, Corporate Responsibility and Internal Communication Department has held meetings with the people responsible for relations with shareholders, employees, customers, suppliers, partners, the environment, knowledge institutions and society as a whole in order to identify the aspects to be included in the report and to monitor the objectives defined in previous years. The report has also been drafted with the participation of the people responsible for stakeholder relations, and a number of operations supervisors have also been consulted in order to detect the sustainable value in Indra's commercial offering.

Indra's objective is to make progress in the formalisation of these identification and prioritisation processes.

**Materiality/ Relevance (principle of the GRI and of the AA1000 APS 2008 standard)**

What is significant, important, relevant and has an impact on the responsibility and sustainability of our operations.

According to the AA1000 APS standard (2008), materiality should be linked to the business so that material subjects can be strategic for the company.

Since 2007, a materiality study is carried out before the Report is prepared that analyses a number of matters in order to include the most relevant ones. To do this, the matters addressed in the sustainability reports of companies in the Information Technology and the Defence sectors are analysed. News items are also researched in order to identify the aspects that the media considered important, paying special attention to any reputational crises the company may have experienced. Finally, the aspects that socially responsible investors (such as the Dow Jones Sustainability Index) have considered most relevant are taken into account, along with the opinions of various commentators, both for the sectors in which Indra operates as well as society in general.

The objective of the Corporate Responsibility Master Plan is to show the key points and the actions to be carried out. This plan is updated every year using external and internal sources. To do this, the plan from the previous year is used as the basis, and the matters that were considered relevant in the materiality study and recommendations arising from the verification process of the previous year are then included. The results of the satisfaction surveys given to employees, customers and suppliers, as described in their respective chapters, are also taken into account. As a new feature, since 2008 the surveys given to customers and suppliers have included specific questions aimed at discovering the degree of importance these stakeholders give to various aspects of corporate responsibility. Standards such as the GRI are also considered and the opinions of socially responsible investors are taken into account. There are also less formal ways to obtain information (based on observatories and focus groups, among others).

The process for preparing the report allows the organisation to align the material aspects that have arisen from the Corporate Responsibility Master Plan with the presentation of accounts through the Annual Report

Indra intends to continue working to improve the process in order to increase its standardisation in future revisions and successively increase its degree of coverage.

**Response capacity (exclusive principle of the AA1000 APS 2008 standard)**

The various mechanisms through which the organisation responds to stakeholder expectations. According to the AA1000 APS 2008 standard, this principle, which continues to have value in terms of communication and action, implies a special emphasis on understanding the response.

Through consultation processes and regular surveys given to shareholders, employees, customers and suppliers, Indra incorporates stakeholder expectations and values into its sustainability management. Indra publicly reports stakeholder expectations and values in the various chapters of the Annual Report. The process for preparing the report is described throughout this chapter.

The purpose of Indra's Corporate Responsibility Master Plan (whose preparation process has been explained in the stakeholder participation/inclusiveness section) is to compile the main actions that address the various stakeholder needs that have been identified.

As a result of communications with its stakeholders, Indra understands that it must improve its Corporate Responsibility and Sustainability communication. It will also continue to work on improving the documentation for implementing its responses as well for monitoring the feasibility of each of action that has been identified.

**Sustainability Context**

The way in which an organisation contributes to local, regional or global development.

At Indra, the vision of responsibility is linked to innovation.

The management and administration approaches to economic, social, human rights, environmental and product performance (explained in the "Sustainability Management" chapter) include observations regarding this context.

Since 2008, Indra has identified in this report the impacts (economic, social and environmental) associated to the businesses it carries out. The "Impacts of Our Business" chapter (link to the "Impacts of Our Business" chapter) includes information regarding these impacts.

**Exhaustiveness**

The scope, coverage and time defined for the report. Reasonable and appropriate presentation of data as well as quality relation.

The process for preparing report as well as for internal and external verifications facilitates its exhaustiveness.

Principles related to defining the contents of this report

<b>BALANCE</b>	The report should include positive and negative aspects, and enable a reasonable assessment of the company's performance.	The 2012 report provides data about positive and improvable aspects, the level of fulfilment of objectives and commitments assumed in the past, as well as future objectives.  The process for identifying material subjects (see principle of materiality) also contributes to its compliance.
<b>COMPARABILITY</b>	The report should enable the analysis of progress and changes.	The sustainability scorecard of this report includes a data log as of 2007 that enables the analysis of progress. The report also documents any changes to the calculation methods.
<b>ACCURACY</b>	The report must be sufficiently accurate and detailed so that the organisation's performance can be assessed.	The objective was to present accounts at the highest applicable level, A+, and where appropriate explain when the indicators are not applicable, are not available or only refer to parts of the company. The verification process to which this report has been submitted ensures the accuracy of the quantitative data and the confirmation of the appropriate evidence and context for the qualitative information.
<b>TIMELINESS</b>	The report will be presented on time and in compliance with a publication calendar.	Indra has published its Corporate Responsibility Report since 2003. Since the 2008 Report, the Annual Report has replaced the Corporate Responsibility Report as the report on economic, social and environmental performance. The Annual Report is also published annually and at the same time as the other annual reports that the company prepares.
<b>CLARITY</b>	The information should be presented in an understandable and accessible manner.	Indra prepares a digital version of its report that can be accessed by the public through its web site: <a href="http://www.informeanual2011.indra.es">www.informeanual2011.indra.es</a>  This report is also sent to its shareholders, main customers, the media, responsible investment institutions and other interested parties upon request. Since the 2009 Annual Report, the online version of the report has included a survey with the objective of measuring the degree of user satisfaction regarding four variables: clarity, relevance, transparency and the amount of information. The areas for improvement that are identified are then incorporated into the planning and design of the annual report for the next year.
<b>RELIABILITY</b>	The information included in the report is verified by a third party. The data included is supported by relevant documentation and internal controls.	In line with its commitment to transparency, Indra has requested the verification, by independent third parties, of the economic, social and environmental information contained in this report. The scope, description of the work and conclusions of this verification can be found in the chapter titled "Verification Letter".

ABOUT THE REPORT

## 7.2 INTEGRATED REPORT

### **Indra believes that this way of reporting means presenting the company in a more realistic manner**

Since 2008, Indra has published a report that describes the company's performance in terms of its economic, social and environmental plans. Indra believes that this way of reporting means presenting the company in a more realistic manner by offering a joint and global vision of the impact of the operations on all its stakeholders.

At the end of 2011, Indra joined the Pilot Programme of the International Integrated Reporting Council (IIRC) in order to continue making progress towards the increased integration of economic, social and environmental reporting.

The work carried out within this pilot programme was included in the 2011 Annual Report and has continued to be applied in the 2012 edition.

### **New Features of the 2012 Annual Report:**

Throughout 2012, the report's content structure has continued to be developed in order to better illustrate how the company creates value in the short, medium and long term. To



do this, a story line has been established that connects the entire report based on Indra's critical success factors. The "performance" chapters have also been illustrated using indicators that make it possible to better assess the implementation of the company's strategy.

In addition, the "sustainability scorecard" has been improved by including new indicators in response to the requirements of certain standards and stakeholder requests.

Finally, we should also mention Indra's strong commitment since 2008 to the online version of the report, which this year led to including new functionalities and improving interactive and multimedia elements.

### About the Pilot Programme

The Integrated Reporting Pilot Programme is a two-year initiative launched by the International Integrated Reporting Council (IIRC) in September 2011 for an exclusive group of companies that will form part of the development of an International Integrated Reporting Framework.

Participants work with other companies and the IIRC to develop the practical application of integrated reporting and address the key challenges involved in improving corporate reporting. The Pilot Programme, which is based on the opinions of a group of investors and other stakeholders, has the objective of understanding the perspectives of the information's users regarding the content and format of integrated reports.

As a key part of developing the framework, the programme provides valuable information to the IIRC and helps create a procedure for integrated reporting.

For additional information, visit [www.theiirc.org/about/pilot-programme](http://www.theiirc.org/about/pilot-programme)

### About the International Integrated Reporting Council (IIRC)

The International Integrated Reporting Council (IIRC) comprises a multidisciplinary **representation of leaders from corporate, investment, accounting, securities, regulatory, academic, establishment of standards and civil society fields.**

The objective is to contribute towards the development of more complete and understandable information about organisations, both prospective and retrospective, to support the transition towards a more global and sustainable economy.

The main role of the IIRC is:

- To develop a General Integrated Reporting Framework that will establish the scope and the key components of the integrated presentation of reports;
- To reach a consensus between governments, investment indexes, companies, investors, and accounting and standards bodies about the best way to progress towards the presentation of integrated reports;
- To identify the priority areas where additional work is required and to provide a plan for its development, and
- To promote the adoption of integrated reporting by the

corresponding regulatory bodies as well as the companies that publish reports.

For additional information, visit [www.theiirc.org](http://www.theiirc.org)

### About integrated reporting:

An integrated report compiles the relevant information regarding the strategy, governance, results and prospects of an organisation in such a way that it reflects the commercial, political, social and environmental context in which it operates. By addressing the relevant questions about an organisation, it provides a clear and concise representation of how the organisation creates value, now as well as in the future. Integrated reports combine information elements that are currently reported in separate publications (financial, management report, remuneration policy, sustainability, etc.) into a coherent entity, and in particular:

- Shows the connection between information and
- Explains how it affects the organisation's ability to create and maintain value in the short, medium and long term.

Integrated reporting reflects what is known as "integrated thinking", which refers to a company's ability to control, manage and communicate the complexity of the value creation process and how it contributes to the organisation's success over time. Effectively communicating this process can help investors and other stakeholders understand not only an organisation's performance today, but also its performance in the future. For additional information, visit [www.theiirc.org](http://www.theiirc.org)

## ABOUT THE REPORT

# 7.3 GRI INDEX AND GLOBAL COMPACT

G3 Content Index

Application Level

Assured by

### STANDARD DISCLOSURES PART I: Profile Disclosures

#### 1. Strategy and Analysis

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
1.1	Statement from the most senior decision-maker of the organization.	Fully	Chairman's letter   Carta del Presidente (AR), pages 6			
1.2	Description of key impacts, risks, and opportunities.	Fully	Sustainability management   Gestión de la sostenibilidad (AR), page 83-84 Los impactos de nuestra actividad   Impacts of our activity (AR), pages 50-51 6 capitals model   Modelo de los 6 capitales (AR), page 49			

#### 2. Organizational Profile

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
2.1	Name of the organization.	Fully	Cover   Portada (AR)			
2.2	Primary brands, products, and/or services.	Fully	Main brands   Principales marcas (AR), p. 53 Business model   Modelo de negocio (AR), p. 11			
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Indra's companies   Sociedades Indra (AR), p. 54-61			
2.4	Location of organization's headquarters.	Fully	Indra's companies   Sociedades Indra (AR), p. 54			
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Business model   Modelo de negocio (AR), p. 11 Business model > Geographical markets   Modelo de negocio > Mercados geográficos (AR), p. 31			
2.6	Nature of ownership and legal form.	Fully	Ownership structure   Estructura de la propiedad (AR), p. 63 Indra's companies   Sociedades Indra (AR), p. 54			
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Business model > Customers   Modelo de negocio > Clientes (AR), p. 14-15			
2.8	Scale of the reporting organization.	Fully	Main figures   Principales magnitudes (AR), page 5 Sustainability balance scorecard   Cuadro de mando de sostenibilidad			
2.9			Business model > value added solutions and services   Modelo de negocio > soluciones y servicios de valor añadido (AR), page 34			
2.10	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Managing Director's Letter   Carta del Consejero Delegado (AR), pages 7-9			
	Awards received in the reporting period.	Fully	Sustainability awards   Reconocimientos de sostenibilidad (AR), pages 85-86			

**3. Report Parameters**

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Cover   Portada (AR) The principles governing this report   Principios que rigen este informe (AR), pages 263-264			
3.2	Date of most recent previous report (if any).	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 263-264			
3.3	Reporting cycle (annual, biennial, etc.)	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 263-264			
3.4	Contact point for questions regarding the report or its contents.	Fully	<a href="http://www.indracompany.com/sostenibilidad-e-innovacion/contactos">http://www.indracompany.com/sostenibilidad-e-innovacion/contactos</a>			
3.5	Process for defining report content.	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 265-268			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 263-264			
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 263-264			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 263-264			
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 265-268 Basis of presentation   Bases de presentación (CAA), page 12-13			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 263-264			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 263-264			
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Contents   Índice (AR), page 2-3 G3 Content Index			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	Verification letter   Carta de verificación (AR)			

## ABOUT THE REPORT > GRI INDEX AND GLOBAL COMPACT

### 4. Governance, Commitments, and Engagement

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	Governance bodies   Órganos de gobierno (AR), page 72-73 Duties of the bodies   Funciones de los órganos de gobierno (AR), page 74-76			
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Governance bodies   Órganos de gobierno (AR), page 72-73			
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	Governance bodies   Órganos de gobierno (AR), page 72-73			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Analyst and investors relations   Relaciones con analistas e inversores (AR), page 70-71 Business model > Talent   Modelo de negocio > Talento (AR), page 43-44			
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	Compensation model   Modelo retributivo (AR), page 77-78			
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Board of Directors Regulation, article 33 "Conflicts of interest"   Reglamento del Consejo de Administración, artículo 33 "Conflictos de interés", page 29			
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	Fully	Board of Directors Regulation, section VII "Appointment and removal of directors"   Reglamento del Consejo de Administración, capítulo VII "Designación y cese de los consejeros", pages 21-23			
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Sustainability management   Gestión de la sostenibilidad (AR), page 83-84 Internal Audit and Control   Auditoría interna y control (AR), page 79-82 Our commitments   Nuestros compromisos (AR), page 87-95			
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Duties of the bodies   Funciones de los órganos de gobierno (AR), page 74-76			
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Duties of the bodies   Funciones de los órganos de gobierno (AR), page 74-76 Compensation model   Modelo retributivo (AR), page 77-78			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Sustainability management   Gestión de la sostenibilidad (AR), page 83-84 Chairman's letter   Carta del Presidente (AR), pages 6 The principles governing this report   Principios que rigen este informe (AR), pages 263-264			
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	Chairman's letter   Carta del Presidente (AR), pages 6 Our commitments   Nuestros compromisos (AR), page 87-95 Sustainability management   Gestión de la sostenibilidad (AR), page 83-84			
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	Main associations and foundations to which Indra belongs   Principales asociaciones y fundaciones a las que pertenece Indra (AR), page 216-218 Indra in the leading technological platforms   Indra en las principales plataformas tecnológicas (AR), pages 193-194			
4.14	List of stakeholder groups engaged by the organization.	Fully	Sustainability management   Gestión de la sostenibilidad (AR), page 83-84			
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 265-268			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 265-268			
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	The principles governing this report   Principios que rigen este informe (AR), pages 265-268			



**ABOUT THE REPORT > GRI INDEX AND GLOBAL COMPACT**

**STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)**

G3.1 DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>DMA EC</b> Aspects	<b>Disclosure on Management Approach EC</b> Economic performance Market presence Indirect economic impacts	Fully Fully Fully	Main figures   Principales magnitudes (AR), page 5 Business model>Customers   Modelo de negocio>Clientes (AR), pages 14-15 Los impactos de nuestra actividad   Impacts of our activity (AR), pages 50-51				
<b>DMA EN</b> Aspects	<b>Disclosure on Management Approach EN</b> Materials Energy Water Biodiversity  Emissions, effluents and waste Products and services Compliance Transport Overall	Fully Fully Fully Fully  Fully Fully Fully Fully Fully	Business model>Sustainable environment   Modelo de negocio>Entorno sostenible (AR), page 46-48 Business model>Sustainable environment   Modelo de negocio>Entorno sostenible (AR), page 46-48 Business model>Sustainable environment   Modelo de negocio>Entorno sostenible (AR), page 46-48 "Indra's offices are located on urban sites, and do not therefore impact on protected natural areas or areas of high biodiversity value Indra tiene sus sedes en terrenos urbanos, por tanto no impacta en espacios naturales protegidos y/o sobre la biodiversidad" Business model>Sustainable environment   Modelo de negocio>Entorno sostenible (AR), page 46-48 Business model>Sustainable environment   Modelo de negocio>Entorno sostenible (AR), page 46-48 Business model>Sustainable environment   Modelo de negocio>Entorno sostenible (AR), page 46-48 Business model>Sustainable environment   Modelo de negocio>Entorno sostenible (AR), page 46-48 Business model>Sustainable environment   Modelo de negocio>Entorno sostenible (AR), page 46-48				
<b>DMA LA</b> Aspects	<b>Disclosure on Management Approach LA</b> Employment Labor/management relations Occupational health and safety Training and education  Diversity and equal opportunity	Fully Fully Fully Fully  Fully	Human rights   Derechos humanos (AR), pages 91-93 Human rights   Derechos humanos (AR), pages 91-93 Human rights   Derechos humanos (AR), pages 91-93 Human rights   Derechos humanos (AR), pages 91-93 Sustainability balance scorecard   Cuadro de mando de sostenibilidad Human rights   Derechos humanos (AR), pages 91-93				
<b>DMA HR</b> Aspects	<b>Disclosure on Management Approach HR</b> Investment and procurement practices Non-discrimination Freedom of association and collective bargaining Child labor Forced and compulsory labor Security practices Indigenous rights	Fully Fully Fully Fully Fully Fully Fully	Human rights   Derechos humanos (AR), pages 91-93 Human rights   Derechos humanos (AR), pages 91-93 Human rights   Derechos humanos (AR), pages 91-93 Human rights   Derechos humanos (AR), pages 91-93 Human rights   Derechos humanos (AR), pages 91-93 Human rights   Derechos humanos (AR), pages 91-93 Human rights   Derechos humanos (AR), pages 91-93				
<b>DMA SO</b> Aspects	<b>Disclosure on Management Approach SO</b> Community Corruption Public policy Anti-competitive behavior Compliance	Fully Fully Fully Fully Fully	Business model>Sustainable environment   Modelo de negocio>Entorno sostenible (AR), page 46-48 Our commitments   Nuestros compromisos (AR), page 87-95 Our commitments   Nuestros compromisos (AR), page 87-95 Our commitments   Nuestros compromisos (AR), page 87-95 Our commitments   Nuestros compromisos (AR), page 87-95				
<b>DMA PR</b> Aspects	<b>Disclosure on Management Approach PR</b> Customer health and safety Product and service labelling Marketing communications Customer privacy Compliance	Fully Fully Fully Fully Fully	Business model>Customers   Modelo de negocio>Clientes (AR), pages 14-15 Business model>Customers   Modelo de negocio>Clientes (AR), pages 14-15 Our commitments   Nuestros compromisos (AR), page 87-95 Our commitments   Nuestros compromisos (AR), page 87-95 Our commitments   Nuestros compromisos (AR), page 87-95				

STANDARD DISCLOSURES PART III: Performance Indicators

Economic

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Economic performance</b>							
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	Economic value generated and distributed   Valor económico generado y distribuido (AR), pages 52				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Partially	Environment   Entorno (AR), pages 97-100	Whether management has quantitatively estimated the financial implications.	Not available	"Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term. Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a medio plazo."	2014
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	"Indra does not have retirement plans Indra no posee planes de jubilación Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
EC4	Significant financial assistance received from government.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad Taxation   Situación fiscal (CAA), page 93	Value of awards and royalty holidays	Not available	"Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term. Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a medio plazo."	2014

Market presence

EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Partially	Sustainability balance scorecard   Cuadro de mando de sostenibilidad	Whether a local minimum wage is absent or variable in significant locations of operation	Not available	"Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term. Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a medio plazo."	2014
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	""Local"" refers to the same region where Indra has operations ""Local"" se refiere a la región en la que Indra tiene operaciones "Although Indra does not have an explicit policy on preference for local suppliers, the common practice of the company is preferring locally based suppliers, as it is showed by the indicator ""Spending in local suppliers"" Aunque Indra no posee una política explícita de contratación de proveedores locales, la práctica habitual de la compañía es favorecer las compras a proveedores locales, tal y como ilustra el indicador de ""Gasto correspondiente a proveedores locales en lugares donde se desarrollen operaciones significativas"" Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	""Senior management"" are employees at the highest level of organizational management who have the responsibilities of managing the company. ""Dirección"" son empleados al más alto nivel de gestión de la organización y que tienen responsabilidades sobre la gestión de la compañía. "Although Indra does not have an explicit policy on preference for managers from the local community, the common practice of the company is hiring managers from local communities, as it is showed by the ""proportion of managers from the local community"" indicator Aunque Indra no posee una política explícita de contratación de directores de la comunidad local, la práctica habitual de la compañía es favorecer la contratación de personal indígena, tal y como ilustra el indicador de ""proporción de directivos procedentes de la comunidad local"" Sustainability balance scorecard   Cuadro de mando de sostenibilidad				

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Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Indirect economic impacts</b>							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Performance > Sustainable environment   Desempeño > Entorno sostenible, page 214-219				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	Sustainability management   Gestión de la sostenibilidad (AR), page 83-84 Los impactos de nuestra actividad   Impacts of our activity (AR), pages 50-51				
<b>Environmental</b>							
Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Materials</b>							
EN1	Materials used by weight or volume.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
EN2	Percentage of materials used that are recycled input materials.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
<b>Energy</b>							
EN3	Direct energy consumption by primary energy source.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad "Indra does not have significant renewable primary sources Indra no posee fuentes primarias de energía renovable significativas"				
EN4	Indirect energy consumption by primary source.	Partially	Sustainability balance scorecard   Cuadro de mando de sostenibilidad	The corresponding primary energy consumed in its production.	Not available	"Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term. Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a medio plazo." 2014	2014
EN5	Energy saved due to conservation and efficiency improvements.	Partially	Performance > Sustainable environment   Desempeño > Entorno sostenible (AR), page 219-222	Total amount of energy saved in joules or multiples taking into consideration energy saved due to process redesign, conversion and retrofitting of equipment, and changes in personnel behavior.	Not available	"Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term. Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a medio plazo." 2014	2014

**ABOUT THE REPORT** > GRI INDEX AND GLOBAL COMPACT

**Environmental**

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
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**Energy**

EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partially	Performance>Sustainable environment   Desempeño>Entorno sostenible (AR), page 219-222	Quantified reductions in the energy requirements of products and services achieved during the reporting period If use-oriented figures are employed (e.g. energy requirements of a computer): assumptions about underlying consumption patterns or normalization factors referring to available industry standards	Not available	Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term.	2014
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	Performance>Sustainable environment   Desempeño>Entorno sostenible (AR), page 219-222 Sustainability balance scorecard   Cuadro de mando de sostenibilidad		Not available		

**Water**

EN8	Total water withdrawal by source.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad Indra does not withdrawn water directly or indirectly from rainwater or waste water from another organization Indra no extrae agua directa o indirectamente de agua de lluvia o de agua reciclada por otra organización				
EN9	Water sources significantly affected by withdrawal of water.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad Indra's offices are located on urban sites, and do not therefore impact on protected natural areas or areas of high biodiversity value Indra tiene sus sedes en terrenos urbanos, por tanto no impacta en espacios naturales protegidos y/o sobre la biodiversidad				
EN10	Percentage and total volume of water recycled and reused.	Fully	Indra does not recycle or reuse significant volumes of water Indra no recicla o reutiliza volúmenes significativos de agua				

## ABOUT THE REPORT > GRI INDEX AND GLOBAL COMPACT

### Environmental

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
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### Biodiversity

EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not	Los impactos de nuestra actividad   Impacts of our activity (AR), pages 50-51		Not material	Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term.	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully					
EN13	Habitats protected or restored.	Not			Not material	Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term.	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not			Not material	Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term.	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not			Not material	Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term.	

### Emissions, effluents and waste

EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Performance > Sustainable environment   Desempeño > Entorno sostenible (AR), page 219-222				
EN19	Emissions of ozone-depleting substances by weight.	Fully	Some of the air-conditioning equipments use R-22 gas, which is considered as a ozone-depleting substance. Indra is replacing those equipments, as can be seen in the "Performance > Sustainable environment " chapter of the Annual Report. Information systems of Indra does not permit to report on the emissions of R-22 gas. Algunos de los equipos de refrigeración de Indra utilizan el gas R-22, que se considera destructor de la capa de ozono. La compañía esta realizando inversiones para la sustitución progresiva de estos equipos, tal y como se puede observar en el capítulo de "Desempeño > Entorno sostenible" del Informe Anual. Los sistemas de información de la compañía no permiten reportar sobre la cantidad de gas R-22 emitido.				

**ABOUT THE REPORT > GRI INDEX AND GLOBAL COMPACT**

**Environmental**

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully	The natural gas and gasoil boilers produce low levels (no significant) of NOx and SOx. The emissions are included in the GHG indicator. Data on CO2e and POPs are included in the Balance Scorecard. No other significant emissions are made. Las calderas de gas natural y gasoil producen niveles bajos (no significativos) de NOx y SOx. Las emisiones se incluyen en el indicador de gases de efecto invernadero. La información sobre emisiones de CO2 equivalente y de COPs se incluyen en el cuadro de mando. No se producen ningún otro tipo de emisiones significativas. Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
EN21	Total water discharge by quality and destination.	Fully	Indra's offices are located on urban sites, and discharges are made through the urban network. Water consumption coincides with discharge of water as the only waste water and industrial processes are not in the activities of Indra. Indra tiene sus sedes en terrenos urbanos, los vertidos se hacen a través de la red urbana. El consumo de agua coincide con el vertido de agua, que son sólo aguas residuales urbanas y no hay procesos industriales.				
EN22	Total weight of waste by type and disposal method.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad Non-hazardous wastes are treated through recycling or trash processing. Hazardous wastes are recovered by authorised managers. No composting, incineration, deep-well injection or waste storage is done. Los residuos no peligrosos se gestionan mediante reciclaje o tratamiento de basuras. Los residuos peligrosos son recuperados por gestores autorizados. No se realiza compostaje, reutilización, incineración, inyección en pozos profundos o almacenamiento de residuos.				
EN23	Total number and volume of significant spills.	Fully	"There have been no significant spills registered No se han registrado derrames significativos"				
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Fully	"No waste is transported, imported, exported o treated directly by the company La compañía no transporta, importa, exporta o trata ningún residuo directamente"				
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	"Indra's offices are located on urban sites, and discharges are made through the urban network. Water consumption coincides with discharge of water as the only waste water and industrial processes are not in the activities of Indra. Indra tiene sus sedes en terrenos urbanos, los vertidos se hacen a través de la red urbana. El consumo de agua coincide con el vertido de agua, que son sólo aguas residuales urbanas y no hay procesos industriales."				

## ABOUT THE REPORT > GRI INDEX AND GLOBAL COMPACT

### Environmental

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
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### Products and services

EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad Performance>Sustainable environment   Desempeño>Entorno sostenible (AR), page 219-222				
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Partially	"Indra has contracted the company Ecotic to manage the end-of-useful life disposal of equipment, which is placed on the market. Indra tiene contratado con la empresa Ecotic la gestión de las retiradas al final de su vida útil de los equipos que se ponen en el mercado."	The percentage of reclaimed products and their packaging materials for each category of products.	Not material	Much of Indra products consist of services, solutions (software) or hardware integration that requires no packaging, so it is not considered important to provide such a breakdown of the information.	

### Compliance

EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
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### Transport

EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad Performance>Sustainable environment   Desempeño>Entorno sostenible (AR), page 219-222				
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### Overall

EN30	Total environmental protection expenditures and investments by type.	Fully	Performance>Sustainable environment   Desempeño>Entorno sostenible (AR), page 219-222 "No investments are made or expenses incurred for the processing of wastewaters or emissions. No se realizan inversiones o gastos para tratamiento de aguas residuales o tratamiento de emisiones."				
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### Social: Labor Practices and Decent Work

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
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### Employment

LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad	Breakdown by gender for type of employment contract, employment type and region	Not available	Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the short term.	
LA2	Total number and rate of employee turnover by age group, gender, and region.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
LA15	Return to work and retention rates after parental leave, by gender.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				

**ABOUT THE REPORT** > GRI INDEX AND GLOBAL COMPACT

**Social: Labor Practices and Decent Work**

Performance	Description	Reported	Cross-reference/Direct answer / Hard copy reference	If applicable, indicate the part not reported	Reason for omission	Explanation	Global Compact
<b>Labor/management relations</b>							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				P. 3
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	"It depends on the legislation of the countries where the company has operations. In Spain, the main location of the company by workforce, the minimum notice period is 30 days. Depende de la legislación de los países donde la compañía tiene operaciones. En España, la localización principal por volumen de plantilla, el periodo mínimo de preaviso es de 30 días."				P. 3
<b>Occupational health and safety</b>							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Partially	Sustainability balance scorecard   Cuadro de mando de sostenibilidad	Occupational diseases rate (ODR) by region.	Not available	"Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the short term. Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a corto plazo. The indicator is not broken down by gender because it is not considered material No se considera material el desglose por género" 2014	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Performance > Talent   Desempeño > Talento (AR), page 211-212				
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	"No agreements has been made with trade unions in Spain No se han realizado acuerdos con sindicatos en España"				



**Social: Labor Practices and Decent Work**

Performance	Description	Reported	Cross-reference/Direct answer / Hard copy reference	If applicable, indicate the part not reported	Reason for omission	Explanation	Global Compact
<b>Training and education</b>							
LA10	Average hours of training per year per employee by gender and by employee category.	Partially	Sustainability balance scorecard   Cuadro de mando de sostenibilidad	The indicator is not broken down by gender or employee category	Not available	"Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the short term. Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a corto plazo." 2013	P. 6
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	Performance > Talent   Desempeño > Talento (AR), pages 210-211 "There are not assistance programs in place to support employees who are retiring. No existen programas de asistencia para trabajadores al final de su vida laboral"				
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				

**Diversity and equal opportunity**

LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad Governance bodies   Órganos de gobierno (AR), page 72-73				P. 6
LA14	Ratio of basic salary of men to women by employee category, by significant locations of operation.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				P. 6

**Social: Human Rights**

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Diversity and equal opportunity</b>							
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Partially	Performance > Sustainable environment   Desempeño > Entorno sostenible (AR), page 219		Not available	Indra is planning to extend the Code of Conduct for Suppliers to the investment agreements in 2013-2014. Until then, Indra is not able to make the screening of human rights.	P. 1 / P. 2
HR2	Percentage of significant suppliers and contractors and other business partners that have undergone screening on human rights and actions taken.	Partially	Performance > Sustainable environment   Desempeño > Entorno sostenible (AR), page 219				P. 1 / P. 2
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	Internal Audit and Control   Auditoría interna y control (AR), page 80-82				

## ABOUT THE REPORT > GRI INDEX AND GLOBAL COMPACT

### Social: Human Rights

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Non-discrimination</b>							
HR4	Total number of incidents of discrimination and actions taken.	Fully	Internal Audit and Control   Auditoría interna y control (AR), page 79-82				P.1 / P.6
<b>Freedom of association and collective bargaining</b>							
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Partially	Human rights   Derechos humanos (AR), pages 91-93	"No identification of significant suppliers at risk have been made No se ha realizado una identificación de proveedores significativos en riesgo"	Not available	"There is no specific policy. Indra will study the possibility of develop such policy in the mid term No se dispone de una política específica. Se valorará la posibilidad de desarrollar una a medio plazo " 2014	2014
<b>Child labor</b>							
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	Partially	Human rights   Derechos humanos (AR), pages 91-93	"No identification of significant suppliers at risk have been made No se ha realizado una identificación de proveedores significativos en riesgo"	Not available	"There is no specific policy. Indra will study the possibility of develop such policy in the mid term No se dispone de una política específica. Se valorará la posibilidad de desarrollar una a medio plazo " 2014	2014
<b>Forced and compulsory labor</b>							
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	Partially	Human rights   Derechos humanos (AR), pages 91-93	"No identification of significant suppliers at risk have been made No se ha realizado una identificación de proveedores significativos en riesgo"	Not available	"There is no specific policy. Indra will study the possibility of develop such policy in the mid term No se dispone de una política específica. Se valorará la posibilidad de desarrollar una a medio plazo " 2014	2014
<b>Security practices</b>							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Not			Not material	Indra considera que la actividad de su personal de seguridad no supone un riesgo para los derechos humanos	
<b>Indigenous rights</b>							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	Internal Audit and Control   Auditoría interna y control (AR), page 79-82				
<b>ASSESSMENT</b>							
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	Fully	Internal Audit and Control   Auditoría interna y control (AR), page 79-82				
<b>REMEDIATION</b>							
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	Internal Audit and Control   Auditoría interna y control (AR), page 79-82				

## ABOUT THE REPORT > GRI INDEX AND GLOBAL COMPACT

### Social: Society

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Local community</b>							
S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Fully	Performance>Sustainable environment   Desempeño>Entorno sostenible (AR), page 215-219				
S09	Operations with significant potential or actual negative impacts on local communities.	Fully	Los impactos de nuestra actividad   Impacts of our activity (AR), pages 50-51				
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	Fully	Los impactos de nuestra actividad   Impacts of our activity (AR), pages 50-51				
<b>Corruption</b>							
S02	Percentage and total number of business units analyzed for risks related to corruption.	Fully	Managing the risk of corruption at Indra   La gestión del riesgo de corrupción en Indra (AR), page 88				
S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	Partially	Internal Audit and Control   Auditoría interna y control (AR), page 79-82	The percentage of total number of management and non-management employees who have received anti-corruption training during the reporting period.	Not available	"The Code of Ethics and Professional Conduct was implanted in 2010, so the is no training indicators yet	2014
S04	Actions taken in response to incidents of corruption.	Fully	Managing the risk of corruption at Indra   La gestión del riesgo de corrupción en Indra (AR), page 66-67			El Código Ético y de Conducta Profesional fue implantado en 2010 por lo que todavía no se dispone de indicadores de formación" 2013	
<b>Public policy</b>							
S05	Public policy positions and participation in public policy development and lobbying.	Fully	Our commitments   Nuestros compromisos (AR), page 67-68 "http://soprweb.senate.gov/index.cfm?event=selectfi elds "				
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	"The Code of Ethics and Professional Conduct prohibits contributions to political parties or related institutions. In 2011, Indra recorded no contributions of this kind. El Código Ético y de Conducta Profesional prohíbe realizar contribuciones a partidos políticos o instituciones relacionadas. Durante 2011, Indra no ha registrado ninguna contribución de este tipo."				
<b>Anti-competitive behavior</b>							
S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				
<b>Compliance</b>							
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	Sustainability balance scorecard   Cuadro de mando de sostenibilidad				

**Social: Product Responsibility**

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Customer health and safety</b>							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	"As Indra's activity is based on the development of personalized solutions and customer services, health and safety requirements are set by the customer and are often determined by the customer's local legislation. More generally, products with hardware components marketed in the European Union are subject to the health and safety requirements established in the CE mark.				
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	La actividad de Indra se basa en el desarrollo de soluciones y prestación de servicios personalizados al cliente, por lo que los requisitos en cuanto a seguridad y salud vienen marcados por el propio cliente y a menudo responden a la legislación local del cliente. Con carácter más general, aquellos productos con componentes de hardware comercializados en la Unión Europea se someten a los requisitos de seguridad y salud establecidos en el Marcado CE. "No significant incidents concerning health and safety impacts of products and services have been recorded in 2011, nor in terms of penalties, warnings or non-compliance with voluntary codes. No se han registrado incidentes significativos relacionados con los impactos sobre la seguridad y la salud de los productos y servicios en 2011, en términos de sanciones, advertencias o incumplimiento de códigos voluntarios."				
<b>Product and service labelling</b>							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	"As Indra's activity is based on the development of personalized solutions and customer services, production information requirements are set by the customer. Nevertheless, Indra's methodology generally demands that solutions include a user manual and maintenance manual that, as noted, may be supplemented by other documentation should customer needs require it. La actividad de Indra se basa en el desarrollo de soluciones y prestación de servicios personalizados al cliente, por lo que los requisitos en cuanto a información del producto vienen marcados por el propio cliente. No obstante, con carácter general, la metodología de Indra establece acompañar las soluciones con un Manual de Usuario y con un Manual de Mantenimiento que, como ya se ha explicado, podrá ser complementado por otro tipo de documentación en el caso de que los requisitos del cliente así lo exijan."				
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	"No significant incidents concerning product and service information and labeling have been recorded in 2011, nor in terms of penalties, warnings or non-compliance with voluntary codes. No se han registrado incidentes significativos relacionados con información o etiquetado de productos y servicios en 2011, en términos de sanciones, advertencias o incumplimiento de códigos voluntarios."				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	Performance > Customers   Desempeño > Clientes (AR), pages 157 Sustainability balance scorecard   Cuadro de mando de sostenibilidad				

## ABOUT THE REPORT > GRI INDEX AND GLOBAL COMPACT

### Social: Product Responsibility

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Marketing communications</b>							
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	"Indra does not make any mention of laws, standards on products or voluntary codes in its marketing communications. Indra no realiza mención alguna a leyes, estándares sobre productos o códigos voluntarios en sus comunicaciones de marketing."				
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	"No significant incidents concerning marketing communications have been recorded in 2011, nor in terms of penalties, warnings or non-compliance with voluntary codes. No se han registrado incidentes significativos relacionados con comunicaciones de marketing en 2011, en términos de sanciones, advertencias o incumplimiento de códigos voluntarios."				
<b>Customer privacy</b>							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	Performance > Customers   Desempeño > Clientes (AR), pages 157				
<b>Compliance</b>							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	"Indra's Administration Department has no record of significant sanctions or fines El Departamento de Administración de Indra no tiene constancia de sanciones o multas"				

### Legend | Leyenda

AR Annual Report | Informe Anual  
CAA Consolidated Annual Accounts | Cuentas Anuales Consolidadas

# 7.4 GRI CONTROL STATEMENT



## Statement GRI Application Level Check

GRI hereby states that **Indra** has presented its report "2012 Annual Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 10 May 2013



Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Indra has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 1 May 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

# ABOUT THE REPORT

# 7.5 REPORT REVIEW



KPMG Asesores S.L.  
Edificio Torre Europa  
Paseo de la Castellana, 95  
28048 Madrid

## Independent Assurance Report to the Management of Indra Sistemas, S.A.

(Free translation from the original in Spanish.  
In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in the Annual Report of Indra Sistemas, S.A. (hereinafter Indra) for the year ended 31 December 2012 (hereinafter "the Report"). The information reviewed corresponds to the economic, environmental and social indicators referred in the chapter entitled "GRI index and Global Compact".

Indra management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) of the Global Reporting Initiative as described in the section entitled "The principles that govern this report". This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for the implementation of processes and procedures which adhere to the principles set out in the AA1000 AccountAbility Principles Standard 2008 (AA1000APS); for determining its objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and, based on the work performed, to issue a report referred exclusively to the information corresponding to the year 2012. Data corresponding to previous years have not been the object of review. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Performance Guide on the revision of Corporate Responsibility Reports of the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with ethical requirements, including those of independence that form part of the International Ethics Standards Board for Accountants Code of Ethics. We have also conducted our engagement in accordance with AA1000 Accountability Assurance Standard 2008 (AA1000 AS) (Type 2), which covers not only the nature and extent of the organisation's adherence to the AA1000 APS, but also evaluates the reliability of performance information as indicated in the scope.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. This report should by no means be considered as an audit report.

Our limited assurance engagement work has consisted of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying the following analytical and other evidence gathering procedures:

- Inquiries of management to gain an understanding of Indra's processes for determining the material issues for their key stakeholder groups.
- Interviews with relevant Indra staff concerning the application of sustainability strategy and policies.
- Interviews with relevant Indra staff responsible for providing the information contained in the Report.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Indra.

- Verifying that the financial information reflected in the Report was taken from the annual accounts of Indra, which were audited by independent third parties.

Our multidisciplinary team included specialists in AA1000 APS, stakeholder dialogue, social, environmental and economic business performance.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Annual Report of Indra Sistemas, S.A. for the year ended 31 December 2012 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative as described in the section entitled "The principles that govern this report". Additionally, and also based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that as a result of Indra implementing the procedures described in section "The principles that govern this report", any material issues have been omitted as applies to the principles of inclusivity, materiality and responsiveness as included in the AA1000 AccountAbility Principles Standard 2008.

Under separate cover, we will provide Indra management with an internal report outlining our complete findings and areas for improvement. Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below:

### In relation to the INCLUSIVITY principle

During the year 2012, Indra has worked on the update of its Master Plan and its adaptation to the company's strategic lines. This exercise has allowed the company to align communication processes with key stakeholders with its strategy. However, Indra should continue working on the involvement of the different areas of the company and on the setting of indicators to follow up an evaluation of the dialogue with stakeholders. Additionally, it is recommended to continue the adaptation of the communication of the company's strategic lines to all the organizational levels, including country level.

### In relation to the MATERIALITY principle

The company has continued working on the formalization and involvement of the different business areas in the prioritization of the issues included in the Master Plan, and on the selection of indicators to include in the scorecard for measuring and evaluating the performance of the company. However, it is considered that Indra could continue improving with the definition of the indicators to assess the materiality of the issues, based on their alignment with the strategy defined by Indra in its Master Plan.

### In relation to the RESPONSIVENESS principle

Indra has continued working on the two-way communication process with stakeholders, which has allowed the improvement of the responses given to these stakeholders because of the better understanding of their needs. However, no further progress was made during 2012 in the pilot projects that were launched in previous years, to design responses taking into account stakeholders' views. Indra could also continue developing these pilot projects in other areas of the company and other geographical locations where it operates.

KPMG Asesores, S.L.

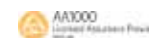
(Signed on original in Spanish)

José Luis Blasco Vázquez

23 May 2013

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8.

FINANCIAL  
FIGURES



# 8. FINANCIAL FIGURES



In this chapter:

**8.1**

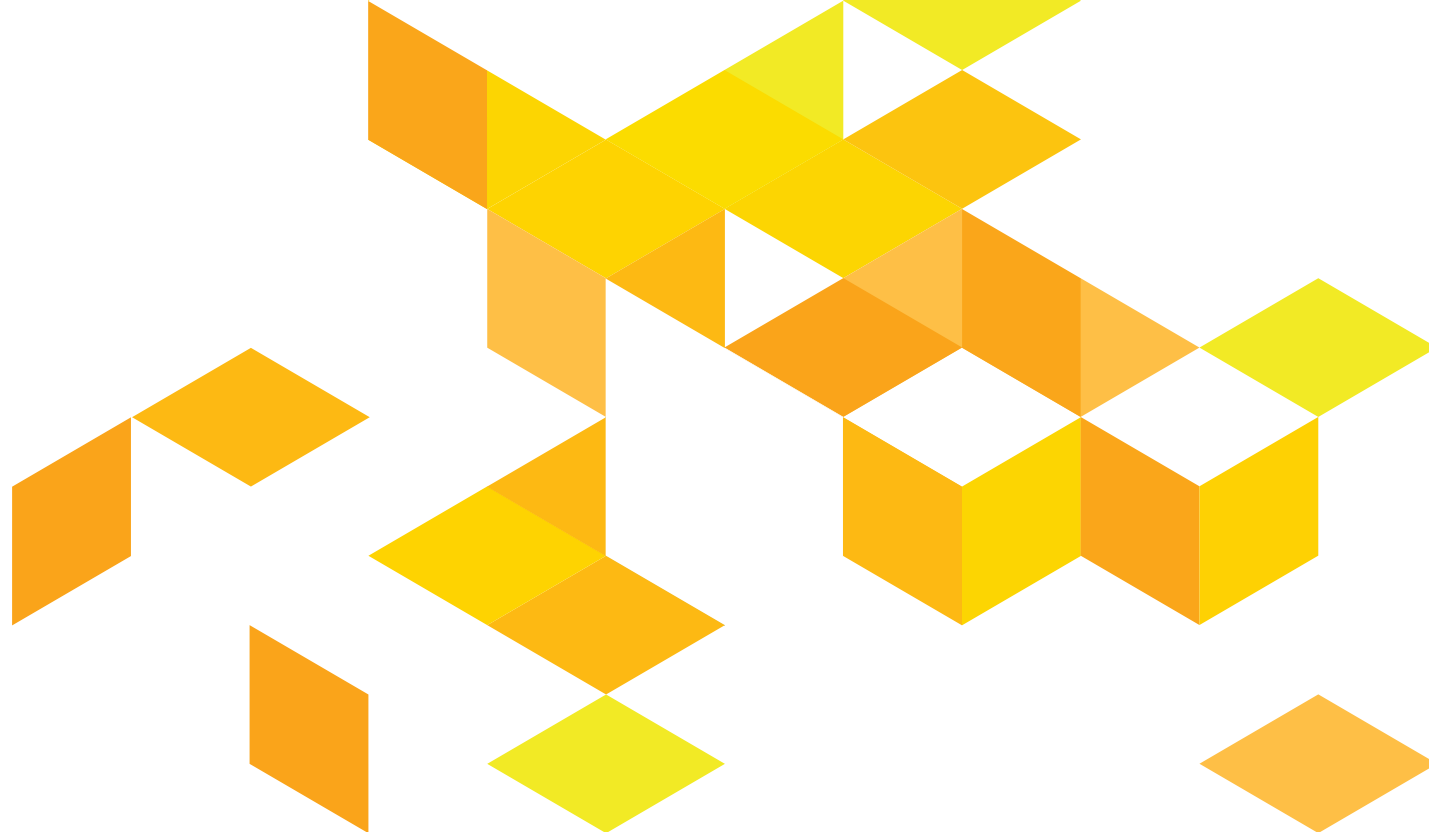
Financial  
information

**8.2**

Sustainability  
scorecard

This section contains the main quantitative indicators, both financial and non-financial, of Indra's performance.

# 8. MAGNITUDES



In this chapter:

Balance  
sheet

Income  
statement

Cash flow

Below is a summary of the company's main accounts during the last two financial years. For additional information, please see the Consolidated Annual Accounts Report and the Management Report.

## FIGURES

# 8.1 CONSOLIDATED BALANCE SHEET

	2011	2012
Property, plant and equipment	171.9	166.4
Intangible assets	243.3	280.3
Investments in associates and other investments	66.4	68.5
Goodwill	624.6	645.3
Deferred tax assets	138.0	164.1
<b>Non-current assets</b>	<b>1,244.2</b>	<b>1,324.7</b>
Non-current assets held for sale	10.1	9.1
Operating current assets	2,017.6	2,176.3
Other current assets	169.8	176.1
Short term financial investment	1.2	0.0
Cash and cash equivalents	81.9	69.8
<b>Current assets</b>	<b>2,280.7</b>	<b>2,431.3</b>
<b>TOTAL ASSETS</b>	<b>3,524.9</b>	<b>3,755.9</b>
Share Capital and Reserves	1,061.0	1,089.0
Treasury stock	(15.2)	(0.1)
Interim dividend		
<b>Equity attributable to parent company</b>	<b>1,045.8</b>	<b>1,088.9</b>
Minority interests	21.4	20.7
<b>TOTAL EQUITY</b>	<b>1,067.2</b>	<b>1,109.6</b>
Provisions for liabilities and charges	109.3	75.0
Long term borrowings	314.4	398.1
Other financial liabilities	7.6	6.2
Deferred tax liabilities	79.5	97.7
Other non-current liabilities	116.8	123.4
<b>Non-current liabilities</b>	<b>627.6</b>	<b>700.4</b>
Current borrowings	281.2	305.0
Operating current liabilities	1,261.7	1,342.5
Other current liabilities	287.1	298.4
<b>Pasivos corrientes</b>	<b>1,830.0</b>	<b>1,945.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,524.9</b>	<b>3,755.9</b>
Net debt	513.6	633.3

## FIGURES

# 8.1 CONSOLIDATED PROFIT & LOSS ACCOUNT

	2011	2012
<b>Revenues</b>	<b>2,688.5</b>	<b>2,941.0</b>
Other income	83.8	83.2
Materials consumed and other operating expenses	(1,282.4)	(1,335.0)
Personnel expenses	(1,194.0)	(1,397.9)
Results on non-current assets	17.6	8.6
<b>Gross Operating Profit (recurrent EBITDA)</b>	<b>313.4</b>	<b>299.9</b>
Depreciations	(45.6)	(51.2)
<b>Recurrent Operating Profit (EBIT before ext. expenses)</b>	<b>267.8</b>	<b>248.8</b>
Recurrent EBIT margin (before extraordinary expenses)	10.0%	8.5%
Extraordinary expenses	0	(31.6)
<b>Net Operating Profit (EBIT)</b>	<b>267.8</b>	<b>217.2</b>
EBIT Margin	10.0%	7.4%
<b>Financial results</b>	<b>(37.7)</b>	<b>(53.8)</b>
Share of profits (losses) of associates and other investees	3.2	(0.2)
<b>Earnings Before Taxes</b>	<b>233.3</b>	<b>163.3</b>
Income tax expenses	(52.2)	(35.7)
<b>Profit for the period</b>	<b>181.1</b>	<b>127.6</b>
Attributable to minority interests	(0.1)	5.1
<b>Net Profit attributable to the parent company</b>	<b>181.0</b>	<b>132.7</b>
<b>Net Profit attributable to the parent company recurrent</b>	<b>181.0</b>	<b>157.3</b>

## FIGURES

# 8.1 CONSOLIDATED CASH FLOW STATEMENT

		2011	2012
CAJA OPERATIVA	Profit before taxes	233.3	163.3
	Ajusted for:		
	- Depreciations	45.9	51.2
	- Provisions, capital grants and others	7.8	(16.5)
	- Results on non-current assets	(0.4)	4.3
	- Share of profit / (losses) of associates and other investees	(1.0)	0.6
	- Share options expenses	1.1	0.0
	- Net financial result	37.7	55.3
	+ Dividends received	0.0	0.0
	<b>Operating cash-flow prior to changes in working capital</b>	<b>324.4</b>	<b>258.1</b>
	Receivables, net	(38.8)	47.2
	Inventories, net	(91.9)	(86.8)
	Payables, net	28.7	(38.4)
	<b>Change in working capital</b>	<b>(101.9)</b>	<b>(77.9)</b>
Other operating changes	(50.3)	22.0	
Income taxes paid	(75.2)	(49.3)	
<b>Cash-flow from operating activities</b>	<b>96.9</b>	<b>152.9</b>	
INVERSIONES	Property, plant and equipment, net	(42.1)	(23.6)
	Intangible, net	(84.0)	(62.0)
	Other cash flow investing items	14.9	11.2
	Investments, net	(45.4)	(52.9)
	Interest received	3.8	4.0
<b>Net cash-flow provided/(used) by investing activities</b>	<b>(152.8)</b>	<b>(123.3)</b>	
FINANCIACIÓN	Shareholders contribution	0.0	0.0
	Changes in treasury stock	(3.6)	6.5
	Dividends of subsidiaries paid to minority interests	(0.3)	0.0
	Dividends of the parent company	(110.9)	(109.3)
	Short term financial investment variation	0.0	0.4
	Increases (repayment) in capital grants	7.9	3.8
	Increase (decrease) in borrowings	146.4	105.3
	Interest paid	(31.0)	(47.5)
	<b>Cash-flow provided/(used) by financing activities</b>	<b>8.5</b>	<b>(40.7)</b>
	<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(47.4)</b>	<b>(11.1)</b>
	<b>Cash &amp; cash equivalents at the beginning of the period</b>	<b>129.0</b>	<b>81.9</b>
	Foreign exchange differences	0.4	(1.0)
Net change in cash and cash equivalents	(47.4)	(11.1)	
Cash & cash equivalents at the end of the period	81.9	69.8	
Long term and current borrowings	(595.6)	(703.1)	
<b>Net debt/ (cash) position</b>	<b>513.6</b>	<b>633.3</b>	

## FIGURES

# 8.2 SUSTAINABILITY SCORECARD

Indicators	2007	2008	2009	2010	2011	2012
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### GOVERNANCE MODEL

#### Composition of the Board

No. Indra counselors outside Directors	15	15	15	14	15	14
Independent Directors	7	7	7	7	7	7
proprietary	6	6	6	5	5	5
No. Indra executive	2	2	2	2	3	2
Number of female members of the Board of Directors of Indra	2	3	3	3	3	3

Indicators	2007	2008	2009	2010	2011	2012
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### GOVERNANCE MODEL

#### Directors Profile

Proportion of women in the Board of Directors	13%	20%	20%	21%	20%	21%
Nationalities represented on the Board of Directors	1	2	2	2	2	3
Average seniority in office	4,73	5	5,25	5,64	6,64	6,50
Number of counselors male / female > 60 years				3 0	4 0	4 0
Number of counselors male / female 50 to 59 years				7 2	7 3	7 3
Number of counselors male / female 40 to 49 years				0 1	0 0	3 0
Number of counselors male / female 30 to 39 years				1 0	1 0	0 0

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**GOVERNANCE MODEL**
**Board Performance**

Average attendance at meetings of the Board	88.9%	85.5%	91.5%	91.8%	91.0%	89.0%
	119,500	139,733	139,383	144,872	152,414	151,957

Indicators	2007	2008	2009	2010	2011	2012
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**GOVERNANCE MODEL**
**Investor Relations**

Institutional investors watched in the year	337	349	380	433	423	393
No telephone inquiries handled by the Office of the Shareholder	2,299	2,052	1,410	1,715	1,388	1,439
Meeting one-on-one	256	259	285	364	290	156
Number of tracking analyst reports	225	306	241	322	360	255
Entities that perform coverage analysis reports Indra Year	27	29	29	31	31	28
Analysis Entities ended the year with positive recommendation to buy	20	15	9	9	8	9
Visits to the Shareholder Magazine					2,663	2,109

Indicators	2007	2008	2009	2010	2011	2012
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**GOVERNANCE MODEL**
**Code of Ethics and Professional Conduct**

No communications through Direct Channel				17	0	7
% Of professionals trained in Code of Ethics						
% Professionals and management team						50%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>CUSTOMERS</b>						
<b>Economic Performance</b>						
Sales (million €)	2,167.6	2,379.6	2,513.2	2,557.0	2,688.5	2,941.0
Sales in Europe (million €)	1,827.4	1,953.8	2,061.5	1,960.4	1,935.6	1,680.8
Sales in Spain (million €)	1,470	1,567	1,613	1,566	1,526	1,258
Sales in the rest of the U.E. (millions of €)	357	387	449	394	410	423
Sales in Latin America (million €)	197	229	264	372	485	745
Sales in Asia, Rest of Europe and Rest of World (million €)	86	143	156	197	232	481
U.S. Sales And Canada (million €)	57	53	32	28	36	34
EBIT (million €)	223.5	270.5	285.4	251.9	267.8	217.0
Backlog (in millions of €)	2,241.8	2,428.3	2,578.9	2,899.2	3,230.9	3,470.3
Cash Position (millions of €)	-150.3	-148.7	-134.5	-274.9	-513.6	-633.3
Profit attributable (million €)	148.0	182.0	195.6	188.5	181.0	127.6
Clash operating flow (million €)	248.9	308.8	337.9	308.1	324.4	258.1
Dividend (Euros gross / Action)	0.78	0.50	0.66	0.68	0.68	0.34
<b>CUSTOMERS</b>						
<b>Customer Profile</b>						
Number of clients per year	1,120	1,447	1,569	1,586	2,269	2,422
Number of public sector clients	366	459	493	493	612	629
Number of private sector clients	754	988	1,076	1,093	1,657	1,793
Number of new customers	833	632	379	357	631	628
Turnover of the top 35 customers (million euros)	937	968	1,026	982	991	1,122
Number of countries where Indra has references	94	100	106	114	118	128



**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**CUSTOMERS**
**Customer Satisfaction**

Satisfaction and customer loyalty (1-5)	3.8	3.6	3.8	3.7	3.9	3.9
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Indicators	2007	2008	2009	2010	2011	2012
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**CUSTOMERS**
**IT security**

No. hacker intrusions	0	0	0	0	0	4
Customer information accidentally disclosed	0	0	0	0	0	0
Number of complaints related to loss of customer information and breaches of customer privacy						0

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**General Profiles**

Final headcount	23,482	24,806	26,175	28,608	35,730	38,577
Breakdown of employees by geographic area (%): Europe	81	81	74	74	63	60,08%
Breakdown of employees by geographic area (%): Spain	78	77	70	71	59	55,86%
Breakdown of employees by geographic area (%): other EU	4	4	4	4	4	4,22%
Breakdown of employees by geographic area (%): Latin America	14	16	20	23	34	36,81%
Breakdown of employees by geographic area (%): Africa, Asia and Pacific	3	3	3	2	2	2,83%
Breakdown of employees by geographic area (%): North America	2	1			0,3	0,28%
% Of graduates and highly qualified staff	77	76	83	85	82	87,99%
Executives	320	455	508	502	523	527

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>TALENT</b>						
<b>Diversity</b>						
Percentage of employed male / female by job category: Total	64   36	64   36	64   36	65   35	64   36	63,86%
Percentage of employed male / female by job category: Address				87   13	88   12	86,19%
Percentage of employed male / female by job category: Management				77   23	78   22	77,25%
Percentage of employed male / female by job category: Technician 3				69   31	69   31	63,98%
Percentage of employed male / female by job category: Technician 2				66   34	67   33	60,78%
Percentage of employed male / female by job category: Technician 1				62   38	64   36	61,29%
Average age of staff	35	35	36	36	36	36
Average age of directors	46	47	48	46	47	49
Age pyramid						
Men   Women: > 60 years	108   24	164   36	199   52	187   47	239   62	281   60
Men   Women between 55 and 60 years	402   134	412   138	483   161	533   192	661   248	779   263
Men   Women between 50 and 55 years	691   261	729   282	826   353	945   416	1195   533	1355   636
Men   Women between 45 and 50 years	1162   538	1228   616	1325   700	1517   785	1898   1029	2136   1111
Men   Women between 40 and 45 years	1699   915	1734   920	1891   1041	2214   1157	2820   1466	3216   1772
Men   Women between 35 and 40 years	2565   1430	2923   1591	3254   1933	3737   2263	4495   2741	4744   2940
Men   Women between 30 and 35 years	3756   2412	3875   2364	3955   2353	4288   2361	5060   2815	5409   3182
Men   Women between 25 and 30 years	3540   2090	3804   2157	3838   2208	3882   2226	4893   2702	4949   2745
Men   Women between 20 and 25 years	991   701	1054   691	903   613	1108   638	1652   1039	1676   1128
Men   Women: < 20 years	37   25	43   45	58   29	78   34	97   85	89   106
Number of nationalities				80	90	96
Average local employees (%)				93	95	96,58%
Proportion of managers from the local community (%)				93	95	93,00%
% Of employees with disabilities in the workforce				0.71%	0.97%	0.45%
% Of employees with disabilities in the workforce by category						

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Diversity**

% Of employees with disabilities in the workforce: Director						0,02%
% Of employees with disabilities in the workforce: management						0,06%
% Of employees with disabilities in the workforce: management						0,37%

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Retribution**

% Of employees in variable compensation system	20	20	21	19	16	15,69%
Ratio of standard entry level wage compared to local minimum wage (%)						224,80%
In Spain					251%	219,01%
In the EU					328%	207,34%
U.S. And Canada					199%	278,86%
In Latin America					217%	249,41%
Africa, Asia and Pacific					381%	197,57%
Ratio male / female salary by job category						
Wage Ratios male / female (%) Director	113%	104%	113%	123%	124%	119,22%
Wage Ratios male / female (%) manager	107%	105%	109%	112%	109%	105,19%
Wage Ratios male / female (%) operator	102%	103%				104,91%
Wage Ratios male / female (%) Support 3	104%	101%	104%	107%	105%	105,16%
Wage Ratios male / female (%) sector 2			102%	105%	103%	103,56%
Wage Ratios male / female (%) Technical Support 1			102%	111%	111%	108,15%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>TALENT</b>						
<b>Commitment and motivation</b>						
Average length	5.8	5.5	6.2	6.14	5.38	5.90
Unwanted external rotation (%)	18.8	13.3	5	7.2	8.9	9.69%
Unwanted external rotation by age and gender (%)						
Men   Women: > 60 years				1.6   0.0	0.9   1.8	4.26   1.41
Men   Women between 55 and 60 years				1.9   1.8	0.8   1.9	1.96   2.25
Men   Women between 50 and 55 years				0.7   1.7	1.4   0.9	3.98   2.48
Men   Women between 45 and 50 years				2.1   2.0	2.2   1.8	3.84   3.53
Men   Women between 40 and 45 years				3.4   2.7	3.6   3.0	4.8   2.67
Men   Women between 35 and 40 years				4.9   3.8	6.3   3.5	6.72   5.21
Men   Women between 30 and 35 years				9.9   6.5	11.3   7.6	12.26   7.81
Men   Women between 25 and 30 years				15.2   11.6	16.2   14.4	16.54   15.57
Men   Women between 20 and 25 years				18.9   17.6	19.0   17.0	21.83   17.24
Men   Women: < 20 years				2.7   0.0	8.2   9.8	30.02   12.63
Unwanted external rotation by geographic areas (%)						
Spain				4.5	5.4	4.15%
Rest U.E.				13.9	12.2	7.13%
Latin America				17.2	16.6	18.61%
America				3.4	4.2	10.86%
Africa, Asia and Pacific				17.9	13.9	11.89%
Total turnover					24.6	
% Of employees with permanent contracts				83.7	85.5	85.02%
Spain						83.74%
Rest U.E.						92.07%
Latin America						86.99%
America						92.66%
Africa, Asia and Pacific						77.16%
% Of people promoted	8.5	6.2	13	19.8	15.9	23.90%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Commitment and motivation**

% Of women promoted (advertised on total in the company)				6,6	9.2	29.25%
No. of employees in the performance evaluation system	11,078	18,841	19,566	18,668	21,386	26,219
% Women  % men in the performance evaluation system					44.4	31.23%

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Training and knowledge**

Total hours of training received (incl. On-line)	394,020	456,749	535,186	501,797	657,540	870,982
Hours of training received on-line   training actions	106,971	83,169	137,045	90,750	122,727	271,395
Number of students attending	1,532	1,491	2,224	4,666	5,521	4,964
% Of training costs on total compensation	15,055	20,922	25,215	38,279	89,738	75,087
Training Evaluation: Students satisfaction (1-5)	2.48	2.63	2.5	1.6	2.0%	2.59%
Professionals in talent development programs (%)	4	4.1	4	3.8	4.0	3.30
				5	2	2.98%

Indicadores	2007	2008	2009	2010	2011	2012
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**TALENT**
**Labor Attraction**

No spontaneous job applications received	19,312	21,882	22,660	57,201	137,025	69,640
Average number of job applications received by offer	93	74	112	61	45	109
Net employment creation	13,567	1,324	1,369	2,433	7,122	2,847

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>TALENT</b>						
<b>Reconciliation</b>						
No. of employees on Telecommuting Program	82	95	110	132	225	226
Professional services in the "My Desktop"				6,011	6,102	6,521
% Of employees satisfied with teleworking						
Maternity leave enjoyed	100	99	96	99	100	99.6%
People who enjoyed reduced hours	174	236	465	594	1,018	579
Retention ratio after low paternal / maternal				532	1,132	1,552
				96.8%	98.5%	92.49%

Indicators	2007	2008	2009	2010	2011	2012
<b>TALENT</b>						
<b>Social benefits</b>						
% Employees who access the social benefit supplement for illness	99.4	99.3	99.4	76.73	64.42	63.47%
% Employees who access the social benefit supplement in case of accident	100	100	100	71	64,45	61.38%
% Employees with supplemental food aid	52	46	36	32	35.34	46.00%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>TALENT</b>						
<b>Workplace accidents (accidents with and without sick leave, excluding accidents 'commuting')</b>						
Number of accidents				250	246	188
Spain					208	131
Rest U.E.					0	0
Latin America					38	56
America					0	0
Africa, Asia and Pacific					0	1
Frequency rate	6.56	11.4	7.4	6.24	5.26	3.09
Spain					6.13	3.81
Rest U.E.					0	0
Latin America					3.67	2.49
America					0	0
Africa, Asia and Pacific					0	0.57
Incidence rate	10.83	19.1	13.20	11.3	8.96	5.30
Spain					10.16	6.39
Rest U.E.					0	0
Latin America					6.62	6.25
America					0	0
Africa, Asia and Pacific					0	1.04
Severity	0.03	0.07	0.04	0.05	0.03	0.12
Spain					0.02	0.2
Rest U.E.					0	0
Latin America					0.05	0.02
America					0	0
Africa, Asia and Pacific					0	0
Average duration	5.26	6.49	4.85	7.36	5.42	39.52

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>TALENT</b>						
<b>Workplace accidents (accidents with and without sick leave, excluding accidents 'commuting')</b>						
Spain					3.69	52.39
Rest U.E.					0	0
Latin America					14.63	9.33
America					0	0
Africa, Asia and Pacific					0	4.22
fatal accidents	0	0	0	0	0	1
Hours of training in occupational hazards	15,142	25,230	23,100	36,588	47,900.16	67,896.40

Indicators	2007	2008	2009	2010	2011	2012
<b>TALENT</b>						
<b>Collective bargaining</b>						
% Of employees covered by collective bargaining agreements			90	93	95	79%
Spain						100%
Rest U.E.						32%
Latin America						60%
America						0%
Africa, Asia and Pacific						0%

Indicators	2007	2008	2009	2010	2011	2012
<b>VALUE-ADDED SOLUTIONS AND SERVICES</b>						
<b>Innovation and knowledge institutions collaboration</b>						
Investment in R & D + i (M €)	136	152	175	184	189	193
% Investment in R & D to sales	6.3%	6.4%	7.0%	7.2%	7.0%	6.6%
Number of agreements with universities and business schools	103	120	147	155	200	210



**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**VALUE-ADDED SOLUTIONS AND SERVICES**
**Profile of partners**

Number of partnerships in place   Number of partnerships in place	110	125	126	146	174	200
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Indicators	2007	2008	2009	2010	2011	2012
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**VALUE-ADDED SOLUTIONS AND SERVICES**
**Satisfaction and loyalty of partners (1-5)**

Rating (Partner Satisfaction)			3,4	3,5	3,6	3,8
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Indicators	2007	2008	2009	2010	2011	2012
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**VALUE-ADDED SOLUTIONS AND SERVICES**
**Supplier profile**
**Suppliers distribution**

Europe	89.9	90.9	87.5	86.7	77.3	65.7
Spain	75.3	75.6	75.7	73.8	66.6	54.9
Other U.E.	14.6	15.3	11.8	12.9	10.7	10.8
Latin America	5	0.6	2.6	5.3	16.4	18.5
Distribution of suppliers in Africa, Asia and Pacific	4.5	4	4.4	4.4	3.7	2.6
Distribution of suppliers in North America	5	4.5	5.5	3.6	2,8	1.8
Spending on local suppliers				78%	79%	69%

Indicators	2007	2008	2009	2010	2011	2012
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**VALUE-ADDED SOLUTIONS AND SERVICES**
**Satisfaction and loyalty to suppliers (1-5)**

Rating (supplier satisfaction)	4.2	4.1	4.0	3.9	4.1	4.2
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**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>SUSTAINABLE ENVIRONMENT</b>						
<b>Resource consumption, waste generation and emissions</b>						
Electricity (kWh)	85,394,816	75,177,536	94,055,774	86,579,584	85,472,592	98,324,024
Electricity (GJ)	307,421	270,639	338,601	311,687	307,701	352,909
Diesel C (l)	274,402	899,438	269,839	484,077	258,394	280,297
Diesel C (GJ)	10,866	35,618	10,686	19,169	10,232	11,100
Natural Gas (m <sup>3</sup> )	243,316	816,481	352,018	377,425	270,352	390,152
Natural Gas (GJ)	9,489	31,843	13,729	14,720	10,544	17,159
Total energy consumption (GJ)	327,777	338,100	363,015	345,576	328,477	393,489
Drinking water utilities (m <sup>3</sup> )	77,956	188,232	308,530	249,042	180,594	206,288
Well water (m <sup>3</sup> )	22,003	17,451	44,887	20,864	13,344	19,205
Hazardous waste (kg)	82,314	40,762	40,979	51,669	34,847	68,177
Non-hazardous waste (kg)	612,524	722,582	712,214	781,039	748,961	1,244,710
Recyclable cartridges (one)	2,018	2,574	2,430			
Toner Recycling (kg)				5,676	2,987	
Vegetable oils (l)	625	750	790	948	1,015	
% Of employees in environmentally certified Centers		47,5%	49,4%	52,1%	48,6%	51,5%
Direct CO <sub>2</sub> emission (t CO <sub>2</sub> e)	1,263	1,443	1,389	2,012	1,204	1,489
Indirect CO <sub>2</sub> emission by electricity consumed (T CO <sub>2</sub> e)			32,321	30,227	27,033	29,561
Direct CO <sub>2</sub> emissions from transport company			536	1,416	5,767	4,948
Indirect CO <sub>2</sub> emissions from transport company (third-party vehicles) (t) *			10,808	10,476	12,892	17,058
Emissions of Persistent Organic Pollutants (POPs) (T)				< 0.151	< 0.151	< 0.151
Environmental costs and investments	557,612	42,231	511,078	398,216	755,059	184,731

\* There has been a correction of the unit of measurement data between 2007 and 2011

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>SUSTAINABLE ENVIRONMENT</b>						
<b>Mobility and efficiency</b>						
Number of conversations in the instant messaging service			4.69	10.3	13.6	14.5
videoconferences			5,619	2,200	29,325	28,900

Indicators	2007	2008	2009	2010	2011	2012
<b>SUSTAINABLE ENVIRONMENT</b>						
<b>Penalties and fines</b>						
Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	26,577	321,025	559,774	545,853	630,815	859,713
Cost of significant fines and number of non-monetary sanctions for noncompliance with environmental regulations (€)		0	0	0	300	333
Cost of significant fines and number of non-monetary sanctions for noncompliance with regulations concerning health and safety of clients						0
Cost of significant fines and number of non-monetary sanctions for noncompliance with regulations concerning consumer rights violations "						4,000
Number of non-monetary sanctions						
Cases resolved through dispute resolution mechanisms				0	1	0
Legal actions for anti-competitive or monopolistic behavior				3	1	4
				0	0	0

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>SUSTAINABLE ENVIRONMENT</b>						
<i>Economic contribution to the community</i>						
Capital grants					101,216	2,819,241
Value of tax exemptions					31,992,557	26,697,872
Investment grants					27,536,795	15,402,625
Value RCTs financial assistance					0	0
Value of financial incentives					0	0
Investment in social action	1,073,302	1,382,802	1,319,065	1,472,987	1,482,458	1,318,192

Indicators	2007	2008	2009	2010	2011	2012
<b>SUSTAINABLE ENVIRONMENT</b>						
<i>Sustainability in the value chain</i>						
% Of providers that have accepted the Code of Ethics for Suppliers of Indra						34%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**GOVERNANCE MODEL**
**Composition of the Board**

No. Indra counselors outside Directors	100%	100%	100%	100%	100%	100%
Independent Directors	100%	100%	100%	100%	100%	100%
proprietary	100%	100%	100%	100%	100%	100%
No. Indra executive	100%	100%	100%	100%	100%	100%
Number of female members of the Board of Directors of Indra	100%	100%	100%	100%	100%	100%

Indicators	2007	2008	2009	2010	2011	2012
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**GOVERNANCE MODEL**
**Directors Profile**

Proportion of women in the Board of Directors	100%	100%	100%	100%	100%	100%
Nationalities represented on the Board of Directors	100%	100%	100%	100%	100%	100%
Average seniority in office	100%	100%	100%	100%	100%	100%
Number of counselors male / female > 60 years				100%	100%	100%
Number of counselors male / female 50 to 59 years				100%	100%	100%
Number of counselors male / female 40 to 49 years				100%	100%	100%
Number of counselors male / female 30 to 39 years				100%	100%	100%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**GOVERNANCE MODEL**
**Board Performance**

Average attendance at meetings of the Board	100%	100%	100%	100%	100%	100%
Average remuneration of directors	100%	100%	100%	100%	100%	100%

Indicators	2007	2008	2009	2010	2011	2012
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**GOVERNANCE MODEL**
**Investor Relations**

Institutional investors watched in the year	100%	100%	100%	100%	100%	100%
Number of telephone inquiries handled by the Office of the Shareholder	100%	100%	100%	100%	100%	100%
Meeting one-on-one	100%	100%	100%	100%	100%	100%
Number of tracking analyst reports	100%	100%	100%	100%	100%	100%
Entities that perform coverage analysis reports Indra Year	100%	100%	100%	100%	100%	100%
Analysis Entities ended the year with positive recommendation to buy	100%	100%	100%	100%	100%	100%
Visits to the Shareholder Magazine					100%	100%

Indicators	2007	2008	2009	2010	2011	2012
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**GOVERNANCE MODEL**
**Code of Ethics and Professional Conduct**

Number of communications through Direct Channel				76%	100%	100%
% Of professionals trained in Code of Ethics						
% Professionals management team						100%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>CUSTOMERS</b>						
<b>Economic Performance</b>						
Sales (millions of €)	100%	100%	100%	100%	100%	100%
Sales in Europe (million	100%	100%	100%	100%	100%	100%
Sales in Spain (million euros)	100%	100%	100%	100%	100%	100%
Sales in the rest of the U.E. (million euros)	100%	100%	100%	100%	100%	100%
Sales in Latin America (million euros)	100%	100%	100%	100%	100%	100%
Sales in Asia, Rest of Europe and Rest of World (million euros)	100%	100%	100%	100%	100%	100%
U.S. Sales And Canada (million euros)	100%	100%	100%	100%	100%	100%
EBIT (millions of €)	100%	100%	100%	100%	100%	100%
Backlog (in millions of €)	100%	100%	100%	100%	100%	100%
Cash Position (millions of €)	100%	100%	100%	100%	100%	100%
Profit attributable (Million €)	100%	100%	100%	100%	100%	100%
Clash operating flow (millions of €)	100%	100%	100%	100%	100%	100%
Dividend (Euros / Action)	100%	100%	100%	100%	100%	100%

Indicators	2007	2008	2009	2010	2011	2012
<b>CUSTOMERS</b>						
<b>Customer Profile</b>						
Number of clients per year	92%	93%	97%	99%	99%	100%
Number of public sector clients	92%	93%	97%	99%	99%	100%
Number of private sector clients	92%	93%	97%	99%	99%	100%
Number of new customers	92%	93%	97%	99%	99%	100%
Turnover of the top 35 customers (million euros)	100%	100%	100%	100%	100%	100%
Number of countries where Indra has	100%	100%	100%	100%	100%	100%

Indicators	2007	2008	2009	2010	2011	2012
<b>CUSTOMERS</b>						
<b>Customer Satisfaction</b>						
Satisfaction and customer loyalty (1-5)	100%	100%	100%	100%	100%	100%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**CUSTOMERS**
**IT security**

No. hacker intrusions	100%	100%	100%	100%	100%	100%
Customer information accidentally disclosed	100%	100%	100%	100%	100%	100%
Number of complaints related to loss of customer information and breaches of customer privacy						0%

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**General Profiles**

Final headcount	100%	100%	100%	100%	100%	100%
Breakdown of employees by geographic area (%): Europe	100%	100%	100%	100%	100%	100%
Breakdown of employees by geographic area (%): Spain	100%	100%	100%	100%	100%	100%
Breakdown of employees by geographic area (%): other EU	100%	100%	100%	100%	100%	100%
Breakdown of employees by geographic area (%): Latin America	100%	100%	100%	100%	100%	100%
Breakdown of employees by geographic area (%): Africa, Asia and Pacific	100%	100%	100%	100%	100%	100%
Breakdown of employees by geographic area (%): North America	100%	100%	100%	100%	100%	100%
% Of graduates and highly qualified staff	87%	99%	89%	88%	89%	81%
Executives	100%	99%	100%	100%	100%	98%



**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>TALENT</b>						
<b>Diversity</b>						
Percentage of employed male / female by job category: Total	100%	100%	100%	100%	100%	100%
Percentage of employed male / female by job category: Address				100%	100%	100%
Percentage of employed male / female by job category: Management				100%	100%	100%
Percentage of employed male / female by job category: Technician 3				100%	100%	100%
Percentage of employed male / female by job category: Technician 2				100%	100%	100%
Percentage of employed male / female by job category: Technician 1				100%	100%	100%
Average age of staff	87%	99%	100%	100%	93%	99%
Average age of directors	87%	99%	100%	100%	93%	99%
Age pyramid						
Men   Women: > 60 years	100%	100%	100%	100%	100%	99%
Men   Women between 55 and 60 years	100%	100%	100%	100%	100%	99%
Men   Women between 50 and 55 years	100%	100%	100%	100%	100%	99%
Men   Women between 45 and 50 years	100%	100%	100%	100%	100%	99%
Men   Women between 40 and 45 years	100%	100%	100%	100%	100%	99%
Men   Women between 35 and 40 years	100%	100%	100%	100%	100%	99%
Men   Women between 30 and 35 years	100%	100%	100%	100%	100%	99%
Men   Women between 25 and 30 years	100%	100%	100%	100%	100%	99%
Men   Women between 20 and 25 years	100%	100%	100%	100%	100%	99%
Men   Women: <20 years	100%	100%	100%	100%	100%	99%
Number of nationalities				100%	100%	99%
Average local employees (%)				93%	100%	99%
Proportion of managers from the local community (%)				78%	100%	99%
% Of employees with disabilities in the workforce				55%	100%	98%
% Of employees with disabilities in the workforce by category						98%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Diversity**

% Of employees with disabilities in the workforce: Director						98%
% Of employees with disabilities in the workforce: management						98%
% Of employees with disabilities in the workforce: management						98%

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Retribution**

% Of employees in variable compensation system	87%	99%	100%	100%	100%	99%
Ratio of standard entry level wage compared to local minimum wage (%)						
In Spain					93%	99%
In the EU   EU Help					93%	99%
U.S. And Canada					93%	99%
In Latin America					93%	99%
Africa, Asia and Pacific					93%	99%
Ratio male / female salary by job category						
Wage Ratios male / female (%) Director	57%	61%	89%	99%	93%	99%
Wage Ratios male / female (%) manager	57%	61%	89%	99%	93%	99%
Wage Ratios male / female (%) operator	57%	61%	89%	99%	93%	99%
Wage Ratios male / female (%) Support 3	57%	61%	89%	99%	93%	99%
Wage Ratios male / female (%) sector 2			89%	99%	93%	99%
Wage Ratios male / female (%) Technical Support 1			89%	99%	93%	99%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>TALENT</b>						
<b>Commitment and motivation</b>						
average length	97%	99%	100%	100%	99%	99%
Unwanted external rotation (%)	96%	99%	100%	100%	100%	99%
Unwanted external rotation by age and gender (%)						
Men   Women: > 60 years						100%
Men   Women between 55 and 60 years				85%	100%	100%
Men   Women between 50 and 55 years				85%	100%	100%
Men   Women between 45 and 50 years				85%	100%	100%
Men   Women between 40 and 45 years				85%	100%	100%
Men   Women between 35 and 40 years old   Men				85%	100%	100%
Men   Women between 30 and 35 years old   Men				85%	100%	100%
Men   Women between 25 and 30 years				85%	100%	100%
Men   Women between 20 and 25 years old   Men				85%	100%	100%
Men   Women: < 20 years				85%	100%	100%
Unwanted external rotation by geographic areas (%)				85%	100%	
Spain				85%	100%	100%
rest U.E				85%	100%	100%
Latin America				85%	100%	100%
America				85%	100%	100%
Africa, Asia and Pacific				85%	100%	100%
Total turnover				85%	100%	100%
% Of employees with permanent contracts					87%	100%
Spain				100%	100%	100%
Rest U.E.						100%
Latin America						100%
America						100%
Africa, Asia and Pacific						100%
% Of people promoted						100%
% Of women promoted (advertised on total in the company)	53%	93%	100%	83%	86%	87%
				80%	86%	87%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Commitment and motivation**

No. of employees in the performance evaluation system	59%	99%	100%	83%	80%	87%
% Women  % men in the competency assessment system					80%	87%

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Training and knowledge**

Total hours of training received (incl. On-line)	72%	61%	66%	89%	94%	81%
Hours of training received on-line	72%	61%	66%	89%	94%	81%
training actions	72%	61%	66%	89%	94%	81%
Number of students attending	72%	61%	66%	89%	94%	81%
% Of training costs on total compensation	72%	61%	66%	89%	94%	81%
Training Evaluation: Students satisfaction (1-5)	72%	61%	66%	89%	94%	81%
Professionals in talent development programs (%)				59%	94%	73%

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Labor Attraction**

No spontaneous job applications received	53%	51%	64%	94%	85%	81%
Average number of job applications received by offer	53%	51%	64%	94%	85%	81%
Net employment creation	100%	100%	100%	100%	100%	100%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Reconciliation**

No. of employees on Telecommuting Program	100%	100%	100%	89%	91%	100%
Professional services in the "My Desktop"				89%	91%	100%
% Of employees satisfied with teleworking	100%	100%	100%	89%	91%	100%
Maternity leave enjoyed	65%	51%	69%	89%	85%	50%
People who enjoyed reduced hours				89%	85%	50%
Retention ratio after low paternal / maternal				89%	85%	50%

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Social benefits**

% Employees who access the social benefit supplement for illness	60%	61%	58%	90%	98%	95%
% Employees who access the social benefit supplement in case of accident	60%	61%	58%	90%	98%	95%
% Employees with supplemental food aid	60%	61%	58%	90%	98%	95%

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Workplace accidents (accidents with and without sick leave, excluding accidents 'commuting')**

Number of accidents				95%	98%	98%
Spain					98%	98%
Rest U.E.					98%	98%
Latin America					98%	98%
America					98%	98%
Africa, Asia and Pacific					98%	98%
Frequency rate	70%	74%	73%	95%	98%	98%
Spain					98%	98%
Rest U.E.					98%	98%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>TALENT</b>						
<b>Workplace accidents (accidents with and without sick leave, excluding accidents 'commuting')</b>						
Latin America					98%	98%
America					98%	98%
Africa, Asia and Pacific					98%	98%
Incidence rate	70%	74%	73%	95%	98%	98%
Spain					98%	98%
Rest U.E.					98%	98%
Latin America					98%	98%
America					98%	98%
Africa, Asia and Pacific					98%	98%
Severity	70%	74%	73%	95%	98%	98%
Spain					98%	98%
Rest U.E.					98%	98%
Latin America					98%	98%
America					98%	98%
Africa, Asia and Pacific					98%	98%
average duration	70%	74%	73%	95%	98%	98%
Spain					98%	98%
rest U.E.					98%	98%
Latin America					98%	98%
America					98%	98%
Africa, Asia and Pacific					98%	98%
fatal accidents	70%	74%	73%	95%	98%	98%
Hours of training in occupational hazards	70%	74%	73%	95%	98%	98%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**TALENT**
**Collective Bargaining**

% Of employees covered by collective bargaining agreements			100%	100%	100%	51%
Spain						100%
Rest U.E.						100%
Latin America						60%
America						100%
Africa, Asia and Pacific						100%

Indicators	2007	2008	2009	2010	2011	2012
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**VALUE-ADDED SOLUTIONS AND SERVICES**
**Innovation and knowledge institutions collaboration**

Investment in R & D + i (M €)	100%	100%	100%	100%	100%	100%
% Investment in R & D to sales	100%	100%	100%	100%	100%	100%
Number of agreements with universities and business	100%	100%	100%	100%	100%	100%

Indicators	2007	2008	2009	2010	2011	2012
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**VALUE-ADDED SOLUTIONS AND SERVICES**
**Perfil de partners**

Number of partnerships in	78%	74%	74%	100%	100%	100%
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Indicators	2007	2008	2009	2010	2011	2012
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**VALUE-ADDED SOLUTIONS AND SERVICES**
**Satisfacción y lealtad de partners (1-5)**

Rating (Partner Satisfaction)   Rating (partner satisfaction)			100%	100%	100%	100%
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**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
<b>VALUE-ADDED SOLUTIONS AND SERVICES</b>						
<b>Supplier profile</b>						
Suppliers distribution	84%	87%	95%	100%	100%	100%
Europe	84%	87%	95%	100%	100%	100%
Spain	84%	87%	95%	100%	100%	100%
Other U.E.	84%	87%	95%	100%	100%	100%
Latin America	84%	87%	95%	100%	100%	100%
Distribution of suppliers in Africa, Asia and Pacific	84%	87%	95%	100%	100%	100%
Distribution of suppliers in North America	84%	87%	95%	100%	100%	100%
Spending on local suppliers				84%	100%	100%

Indicators	2007	2008	2009	2010	2011	2012
<b>VALUE-ADDED SOLUTIONS AND SERVICES</b>						
<b>Satisfaction and loyalty to suppliers (1-5)</b>						
Rating (supplier satisfaction)	100%	100%	100%	100%	100%	100%



**FIGURES > SUSTAINABILITY SCORECARD**

Indicadores	2007	2008	2009	2010	2011	2012
<b>SUSTAINABLE ENVIRONMENT</b>						
<b>Resource consumption, waste generation and emissions</b>						
Electricity (kWh)		100%	100%	100%	100%	100%
Electricity (GJ)		100%	100%	100%	100%	100%
Diesel C (l)		48%	49%	52%	49%	51%
Diesel C (GJ)		48%	49%	52%	49%	51%
Natural Gas (m3)		48%	49%	52%	49%	51%
Natural Gas (GJ)		48%	49%	52%	49%	51%
Total energy consumption (GJ)					97%	95%
Drinking water (m3)		100%	100%	100%	100%	100%
Well water (m3)		100%	100%	100%	100%	51%
Hazardous waste (kg)		48%	49%	55%	50%	51%
Non-hazardous waste (kg)		48%	49%	55%	50%	51%
Recyclable cartridges (one)		48%	49%			
Toner Recycling (kg)				55%	50%	
Vegetable oils (l)		48%	49%	55%	50%	
% Of employees in environmentally certified Centers		100%	100%	100%	100%	100%
Direct CO2 emission (t CO2e)		100%	100%	100%	100%	51%
Indirect CO2 emission by electricity consumed (T CO2e)			100%	100%	100%	100%
Direct CO2 emissions from transport company (own vehicles) (t)			100%	100%	100%	100%
Indirect CO2 emissions from transport company (third-party vehicles) (t)			100%	100%	100%	100%
Emissions of Persistent Organic Pollutants (POPs) (T)				100%	100%	100%
Environmental costs and investments	82%	81%	82%	84%	50%	51%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**SUSTAINABLE ENVIRONMENT**
**Mobility and efficiency**

Number of conversations in the instant messaging service			100%	100%	100%	100%
videoconferences			100%	100%	100%	100%

Indicators	2007	2008	2009	2010	2011	2012
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**SUSTAINABLE ENVIRONMENT**
**Penalties and fines**

Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations	100%	100%	100%	100%	100%	86%
Cost of significant fines and number of non-monetary sanctions for noncompliance with environmental regulations (€)	82%	81%	82%	84%	100%	86%
Cost of significant fines and number of non-monetary sanctions for noncompliance with regulations concerning health and safety of clients						86%
"Cost of significant fines and number of non-monetary sanctions for noncompliance with regulations concerning consumer law violations						86%
Number of non-monetary sanctions						
Cases resolved through dispute resolution mechanisms				100%	100%	86%
Legal actions for anti-competitive or monopolistic behavior				100%	100%	86%

**FIGURES > SUSTAINABILITY SCORECARD**

Indicators	2007	2008	2009	2010	2011	2012
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**SUSTAINABLE ENVIRONMENT**

**Economic contribution to the community**

Capital grants					100%	100%
Value of tax exemptions					100%	100%
Investment grants					100%	100%
Value RCTs financial assistance					100%	100%
Value of financial incentives					100%	100%
Investment in social action	100%	100%	100%	100%	100%	100%

Indicators	2007	2008	2009	2010	2011	2012
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**SUSTAINABLE ENVIRONMENT**

**Sustainability in the value chain**

% Of active suppliers that have accepted the Code of Ethics for Suppliers of Indra						88%
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More than 150 Indra professionals participated in preparing this Annual Report. We appreciate all of their efforts.

Wording: Indra's Corporate Responsibility, Brand and Internal Communication Department.

Translation: Indra Translation Services

Verification: KPMG.

Design: Cesar and Justina.



**indra**