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**PROPOSALS FOR RESOLUTIONS AND SUPPORTING  
INFORMATION FOR SHAREHOLDERS FOR THE 2019  
ANNUAL SHAREHOLDERS MEETING**

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**May, 2019**

## **Information for Shareholders for the 2019 Annual Shareholders' Meeting of Indra**

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This document contains information prepared by the Board of Directors of Indra Sistemas, S.A. (the "Company" or "Indra") in order to present to its Shareholders, fully and in detail, the Agenda and the reasons for each Agenda Item for the next Annual Shareholders Meeting (the "Meeting"), as well as the proposed resolutions that the Board of Directors (the "Board") has decided to submit to the Meeting for each Item of the Agenda.

Just as in previous years, pursuant to its policy of following best practices in corporate governance and transparency of information, and in accordance with the *Ley de Sociedades de Capital* ("Corporations Act" or "LSC"), from the very start of the Meeting the Board of Directors makes information available to Shareholders explaining the contents of each one of the proposals that the Board will submit, with the goal of facilitating Shareholder understanding of said proposals and allowing Shareholders' exercise of their votes with a deeper understanding of the issues.

In Item 1 of the Agenda, approval of the Financial Statements and of the Management Report of Indra Sistemas, S.A. and its consolidated group are proposed (and which form part of the Annual Corporate Governance Report for financial year 2018 in accordance with Article 538 of the LSC).

In Item 2 of the Agenda, it is proposed that the 2018 Annual Report on Corporate Responsibility be approved, which also forms part of the Management Report and which, in accordance with Article 49.6 of the Commercial Code and its amendment by *Ley 11/2018 de 28 de diciembre* regarding non-financial information and diversity, requires approval at the Meeting as a standalone Agenda item.

Item 3 of the Agenda is a proposal for allocation of profits realized during financial year 2018.

In Item 4 of the Agenda, approval of the Board's management for the financial year 2018 is proposed.

Regarding the Agenda items above, on 1 March 2019 the audited individual and consolidated financial year 2018 Annual Financial Statements and Management Report, the Report on Corporate Governance, and the 2018 Annual Corporate Social Responsibility Report were uploaded to the Company website and filed with the *Comisión Nacional de Mercados de Valores* ("Spanish Securities Exchange Commission" or "CNMV"). In order to make them easier to find, these documents are also accessible from the portion of the company website dedicated to the Annual Shareholders' Meeting upon call of the Meeting.

Supplementary to the issuance of the Annual Corporate Governance Report and in accordance with the text of Recommendation 3 of the Code of Good Governance for Listed Companies, during the Meeting the Chairman of the Board of Directors will report on changes in Corporate Governance of the Company since the last Meeting.

Item 5 of the Agenda includes a proposal for re-election of the auditors who reviewed the individual and consolidated annual financial statements for the years 2019, 2020 y 2021.

Shareholders have at their disposal the Report regarding the independence of the external auditor drafted by the Audit and Compliance Committee pursuant to the requirements of Article 529 quaterdecies of the LSC and published by the Company in accordance with Recommendation 6 of the new Code of Good Governance for Listed Companies.

Item 6 of the Agenda contains a proposal for appointment of two Directors already appointed by the Board of Directors through co-optation in January 2019, and one new member. Also, re-election of another two Directors whose terms end this year is proposed.

The professional profiles of the Directors whose appointment or re-election is proposed are made available as well as extensive supporting information contained in the reports of the Board of Directors and the Nomination, Compensation and Corporate Governance Committee, pursuant to the requirements of Article 529 decies of the LSC, according to the category of Director in question.

In Item 7 of the Agenda, in accordance with the provisions of Article 541 of the LSC, the Board submits, on a non-binding basis, the Annual Report on Director Compensation for financial year 2018, which was forwarded to CNMV together with Annual Report on Corporate Governance on 1 April, according to Article 541.3 of the LSC.

In addition to the documentation referred to above, Shareholders may review the following documents on the Company website, which documents the Company makes public in accordance with best practices regarding corporate governance: the 2018 Activities Reports of the Audit and Compliance Committee and of the Nomination, Compensation and Corporate Governance Committee; and the Report Regarding Related Party Transactions drafted by the Nomination, Compensation and Corporate Governance Committee.

All of the aforementioned information as well as the documents mentioned in the call announcement and the call notice itself will remain accessible without interruption on the Indra website ([www.indracompany.com](http://www.indracompany.com)) from publication of the call of the Meeting.

***The Board of Directors,  
20 May 2019***

- a. **Call to Order**
- b. **Items 1, 2, 3 and 4 of the Agenda.** - Approval of the Individual and Consolidated Financial Statements and the Management Report for financial year 2018. Approval of the Status of Non-Financial Information (Report on Corporate Social Responsibility) for the financial year closed 31 December 2018. Approval of the proposed allocation of profits for financial year 2018. Approval of the Board of Directors' management of the Company for financial year 2018.
- c. **Item 5 of the Agenda.** - Re-election of Deloitte, S.L. as Company auditor of the individual and consolidated Financial Statements for the years 2019, 2020, and 2021.
- d. **Item 6 of the Agenda.** - Appointment and re-election of Directors.
- e. **Item 7 of the Agenda.** -Non-binding vote on the Annual Compensation Report for 2018.
- f. **Item 8 of the Agenda.** -Authorization and delegation of powers for the formalization, registry, and execution of resolutions adopted at the Meeting.

**a. Announcement of call of the Meeting****ANNUAL SHAREHOLDERS' MEETING**

By resolution of the Board of Directors, Shareholders are called to attend the Annual Shareholders' Meeting of Indra Sistemas, S.A., to be held at its registered office located at Avenida de Bruselas 35, Alcobendas (Madrid), to convene on 23 June 2019, at 12:30 p.m. on first call or, if no quorum is present, the next day 24 June 2019, at the same time and in the same place on second call, in order to discuss and decide the following matters contained on the:

**AGENDA**

**First.** - Approval of the individual and consolidated Annual Financial Statements and the Management Report for financial year 2018.

**Second.** - Approval of the Consolidated Statement of Non-Financial Reporting (Report on Corporate Social Responsibility) for financial year.2018.

**Third.** - Approval of the proposed allocation of profits for financial year 2018.

**Fourth.** - Approval of the Board of Directors' management of the Company during financial year 2018.

**Fifth.** - Re-election of Deloitte, S.L. as Company auditor of the individual and consolidated Financial Statements for the years 2019, 2020, and 2021.

**Sixth.** - Appointment and re-election of Directors.

**6.1.** Re-election of Mr. Alberto Terol Esteban as Independent Director upon proposal by the Nomination, Compensation and Corporate Governance Committee.

**6.2.** Appointment of Ms. Isabel Torremocha Ferrezuelo as Independent Director upon proposal by the Nomination, Compensation and Corporate Governance Committee.

**6.3.** Appointment of Mr. Antonio Cuevas Delgado as Proprietary Director representing the equity interest of Sociedad Estatal de Participaciones Industriales, upon proposal by the Board of Directors.

**6.4.** Appointment of Mr. Miguel Sebastián Gascón as Proprietary Director representing the equity interest of Sociedad Estatal de Participaciones Industriales, upon proposal by the Board of Directors.

**6.5.** Re-election of Mr. Santos Martínez-Conde as Proprietary Director representing the equity interest of Corporación Financiera Alba, S.A., upon proposal by the Board of Directors.

**Seventh.-** Non-binding Vote on the 2018 Annual Report on Compensation.

**Eighth.-** Authorization and delegation of powers for ratification, registry and execution of resolutions passed at the Meeting.

## **SUPPLEMENT TO THE CALL AND SUBMISSION OF NEW PROPOSALS**

Shareholders holding at least three percent of the company's share capital may request that a supplement to this call be published adding one or more items to the Agenda, providing that the new items are accompanied by rationale for each item or, where appropriate, by a proposed resolution and its rationale. Such request must be submitted by certified notice stating the identity of the Shareholders exercising the right and the number of shares they hold, and must be received at the registered office within five days of publication of this call.

Any supplement must be published at least fifteen days in advance of 23 June 2019, the date set for first call of the Meeting.

Shareholders representing at least three percent of the company's share capital may also submit, within the same period described above, proposed resolutions based on Items already included or to be included on the Agenda. The Company shall ensure the dissemination of these proposed resolutions and any documentation that may be attached thereto.

## **RIGHT TO INFORMATION**

Up to the fifth day prior to the scheduled date of the Meeting, or verbally during the General Meeting, Shareholders may ask the Board of Directors: (i) for any information or clarification they deem necessary, or pose written questions they deem relevant regarding Items on the Agenda; and (ii) clarification about public information which has been provided by the Company to the *Comisión Nacional del Mercado de Valores* (Spanish Market Securities Commission) from 28 June 2018, the date of the last Meeting, and regarding the Auditors' Report. For this purpose, Shareholders may contact the Shareholders' Office (Tel 91 480 9800; [accionistas@indracompany.com](mailto:accionistas@indracompany.com)) or use the forms

provided on the Company website ([www.indracompany.com](http://www.indracompany.com)). Shareholders must identify themselves by providing official proper identification and reveal which shares they hold.

From the time of publication of the call and until the Meeting convenes, any Shareholder who wishes may request free of charge the delivery of the following information or its examination at the registered office or on the Company website ([www.indracompany.com](http://www.indracompany.com)):

- (i) Call notice.
- (ii) The total number of shares and voting rights of the Company at the date of the call.
- (iii) Documents referred to in Article 272 of the *Ley de Sociedades de Capital* ("Spanish Corporations Act" or "LSC") (Financial Statements and Management Reports of Indra Sistemas, SA and its consolidated Group for financial year 2018 and the Auditors' Reports).
- (iv) The 2018 Annual Report on Corporate Governance.
- (v) The 2018 Corporate Social Responsibility Report.
- (vi) Report on the Independence of the Auditor for 2018 prepared by the Audit and Compliance Committee.
- (vii) The full text of the proposed resolutions appearing on the Agenda and legally required supporting documentation and other information which has deemed appropriate for to provide to shareholders.
- (viii) Identity, CV and category for each Director whose appointment or re-election is proposed, as well as reports by the Board and the Nomination, Compensation and Corporate Governance Committee as contemplated under Article 529 decies of the LSC.
- (ix) The 2018 Annual Report on Compensation of Directors prepared by the Board of Directors.
- (x) The procedures for voting and granting proxies at the General Shareholders meeting remotely as well as cards made available to the Shareholders for this purpose. In this call notice it is provided detailed information about those proceedings.
- (xi) In accordance with the provisions of Recommendation Sixth of the Code of Good Governance for Listed Companies, the 2018 activities reports of the Audit and Compliance Committee and of the Nomination, Compensation and Corporate Governance Committee, as well as the Report of the Nomination, Compensation, and Corporate Governance Committee on related party transactions.

**SPECIAL SOURCES OF INFORMATION**

In accordance with article 539 of the LSC, the Company has a corporate website, [www.indracompany.com](http://www.indracompany.com), in order to make it easier for Shareholders to exercise their right to information and in order to distribute information required by applicable Law.

From the time of publication of this call and up until the moment that the Meeting begins, the above mentioned Company website will contain an Electronic Shareholders Forum accessible to all Shareholders as well as to voluntary shareholder associations which are registered in the special Registry created for that purpose at the *Comisión Nacional del Mercado de Valores* ("CNMV").

Rules governing access and use of the Electronic Shareholders Forum are available for review on the same Company website in the section dedicated to the Annual Shareholders Meeting.

**ATTENDANCE AND VOTING RIGHTS**

Shareholders whose shares are registered in the books of account five days before the date of the Meeting are allowed to attend. Each share shall be entitled to one vote at the Meeting.

In accordance with Article 197 bis of the LSC, the proposals contained in Item Sixth of the Agenda are subject to individual and separate voting for each one of them, whether voting is done in person or by electronic means made available by the Company for such purpose. In the event that attendance cards provided by the share registry custodian do not provide for individualized voting for each of the proposals, Shareholders may nonetheless vote separately and individually for each proposal on the attendance card or on the card made available to Shareholders by the Company from the moment of call on the Company website ([www.indracompany.com](http://www.indracompany.com)). Otherwise, votes will be construed to apply to all of the proposed resolutions contained in Item Sixth of the Agenda.

This card should be addressed to the Company duly signed and, in case in of using the card available in the Company's website, a photocopy of the shareholder's ID card, NIE or passport should be also attached.

**PROCEDURE FOR VOTING AND APPOINTING PROXIES AT A GENERAL SHAREHOLDER'S MEETING BY REMOTE MEANS OF COMMUNICATION**

The Board of Directors, under the authority conferred to it by Article 14 of the Bylaws and Articles 7 and 12 of the General Shareholders' Meeting Rules, has authorized the following procedure and requirements for the exercise of proxy rights and long distance voting at the Annual Shareholders' Meeting:



## **1. Appointment of proxies using remote means communication**

Shareholders not attending the Meeting may appoint a proxy, who does not need to be shareholder of the Company, by any means indicated below.

The proxy who attends the Meeting must prove his or her identity in the same fashion as attending Shareholders. The representative may exercise his or her proxy and vote only by being physically present at the Meeting.

Any proxy or representation which does not expressly indicate the person to whom the proxy is made or which is made generally to the Board of Directors it will be understood conferred in favour of the Secretary of the Meeting.

Unless otherwise indicated by the Shareholder, the proxy extends to resolutions other than those drafted by the Board and that pursuant the applicable legislation can be included in the Agenda and submitted to the Meeting.

In accordance with Articles 523 and 526 of the LSC a Director to whom a shareholder has granted proxy may find himself in a situation of conflict of interest regarding Items 6 and 7 of the Agenda, as well as with regard to other proposals for resolutions that pursuant the applicable legislation can submitted to the Meeting unless are not included in the Agenda.

For all proxies given to the Secretary of the Meeting or to Directors where the proxy card does not contain express instructions to vote against or to abstain, it will be understood that the Shareholder has given specific instructions to vote in favour of all of the proposals drafted by the Board of Directors included in the Agenda.

In the event that the proxy given to the Secretary of the Meeting or to a Board member without express instructions, extends to resolutions other than those drafted by the Board and that pursuant the applicable legislation can be included in the Agenda and submitted to the Meeting as indicated above, it will be understood that the Shareholder has given specific instruction to vote against those proposals.

### **1.1. Delivery or Correspondence by mail**

The proxy will be granted by filling in the section included for that purpose on the attendance card provided by the financial intermediaries or by Company through its website ([www.indracompany.com](http://www.indracompany.com)) in the section dedicated to the General Shareholders' Meeting. The Shareholder may download the proxy card from the Company website and printing it; request it in the corporate offices; or ask for its submission free of charge.

The properly filled out and signed card should be sent by mail or hand delivered to the corporate office (Oficina del Accionista, Av. de Bruselas 35, Alcobendas 28108, Madrid) accompanied by a photocopy of an official government issued identification document.

No one may have more than one representative at the Meeting, to whom his or her appointment should be communicated and, if so, the voting instructions. If the proxy is granted in favour of a member of the Board of Directors, notification shall be deemed made upon receipt by the Company of the proxy documents.

## **1.2. Electronic Means**

The delivery of proxies and notice to the Company may be made electronically through the Company website ([www.indracompany.com](http://www.indracompany.com).) The procedure that a Shareholder must follow for exercising his right to vote is explained there in detail. The Shareholder must prove his or her identity by means of an unexpired electronic ID card or a recognized irrevocable electronic certificate issued by the *Fábrica Nacional de la Moneda y Timbre* ("Spanish National Currency and Stamp Manufacturer" or "FNMT").

## **2. Voting by means of remote communication**

Shareholders may exercise their right to vote without the need of attending the Meeting using means indicated below. Shareholders who vote in this way will be considered present for the purposes of quorum.

### **2.1. Hand or Mail Delivery**

The exercise of the right to vote by this procedure is accomplished by filling out the appropriate section of the attendance card provided by the share depository or by completing the one made available by the Company to Shareholders on its website ([www.indracompany.com](http://www.indracompany.com)) in the section dedicated to the General Shareholders' Meeting. The Shareholder may obtain a Company voting card by downloading and printing from the website, by retrieving one from the corporate office or requesting one be sent free of charge from the Shareholder Office.

A properly filled out card with signature should be sent to the company office by post or it may be hand delivered to the corporate office (Oficina del Accionista, Av. de Bruselas 35, Alcobendas 28108, Madrid) accompanied by a photocopy of a government issued identification document.

In the event that the card does not indicate the way to be voted, it will be assumed in all cases that the Shareholder votes in favour of each of the proposed resolutions formulated by the Board of Directors which appear in the Agenda published at call.

## **2.2. Electronic Means**

Votes may be cast electronically by means of the system designed for such on the Company website ([www.indracompany.com](http://www.indracompany.com)). There, the Shareholder will find detailed explanation of the procedure to follow in order to exercise voting rights. The Shareholder who wishes to use this voting procedure must prove his identity using an electronic DNI in force or using a recognized irrevocable electronic certificate issued by the FNMT.

## **3. Rules common to the exercise of proxy rights and long distance voting**

### **3.1. Identity Verification**

The Company reserves the right to verify information given by each Shareholder by matching it with that provided by Iberclear, the entity in charge of the book entries for Company shares. In the event of a discrepancy between the number of shares communicated by the Shareholder on the proxy card, by electronic voting, or by forms made available on the corporate website ([www.indracompany.com](http://www.indracompany.com)) and the number in the book entries as communicated by Iberclear, the number of shares registered by Iberclear will be considered the only valid for quorum and voting purposes.

### **3.2. Legal Persons**

In case of shareholders with the condition of legal entities, the Company reserves the right to require the natural person acting in its name the evidence of the sufficiency and validity of the power of attorney.

### **3.3. Time Limit for Receipt by the Company**

For proxy appointments and votes cast by any of the aforesaid means to be valid, they must be received by the Company before **9:00 a.m. on 23 June 2019**, the date planned for first call of the Meeting.

### **3.4. Revocation and Priority**

- (i) Proxies and exercise of the right to vote by long distance communication are always revocable and should be revoked expressly and by the same means used for their delivery within the period established for said voting.
- (ii) Physical attendance of the Shareholder at the Meeting, as well as attendance by means of a vote delivered by long distance revokes any proxy regardless of its date or form.

- (iii) Physical attendance of the Shareholder at the Meeting revokes any vote sent by long distance communication.
- (iv) Any vote or proxy submitted by electronic means will always prevail over a vote made by hand delivery or post.

### **3.5. Responsibility for Custody of the Electronic Certificate and the Devices for Creating the Electronic Signature**

- (i) The Shareholder is exclusively responsible for the diligent use of his or her electronic DNI and the data for creating electronic signatures and for custody of the electronic certificate for exercising proxy rights or distance voting through electronic means.
- (ii) The Shareholder using an electronic signature is responsible for proving that the electronic certificate used has not expired or been revoked, suspended, or otherwise made invalid at the moment the electronic signature is generated.

### **3.6. Availability of Service**

- (i) The Company reserves the right to modify, suspend, cancel or restrict voting mechanisms and electronic proxies when technical or security reasons so require.
- (ii) The Company will not be responsible for any damages which might be suffered by the Shareholder as a result of outages, overloads, fallen communication lines, connection failures, postal service malfunction or any other eventuality of an equal or similar nature outside the control of the Company which might hamper or impede the Shareholder from exercising voting rights or proxy rights by long distance communication.

## **DATA PROTECTION**

The personal data provided by Shareholders or their representatives to the Company in the exercise of their information, attendance, proxy and voting rights at the Annual Shareholders Meeting, or which are provided by banking entities and Sociedades y Agencias de Valores in which Shareholders have deposited their shares through Iberclear, will be used by the Company for compliance purpose as well as improvements in and management of the Shareholder relationship, and in Shareholder representation where appropriate.

The use of such data is necessary for the purposes described and is authorized based upon the Shareholder relationship and in compliance with legal obligations.

Additionally, notice is given that the entire proceedings of the Annual Shareholders Meeting will be subject to audiovisual recording to facilitate shareholders who cannot or do not want to attend the General Meeting its follow-up and proper dissemination. Therefore, by accessing the premises where the General Shareholders' Meeting is held, Shareholders and their representatives expressly agree that their images may be used and disseminated by media made available to the Company, among which will be a streaming broadcast through the Company's website ([www.indracompany.com](http://www.indracompany.com)).

Likewise, Shareholders may exercise rights of access, correction, deletion, opposition, portability and limitation of use may be accomplished through communication addressed to the following e-mail address: [dpo@indra.es](mailto:dpo@indra.es).

Shareholders have also right to submit a claim or request related to personal data protection before the Spanish Agency for Data Protection.

#### **NOTARIAL PARTICIPATION AT THE MEETING**

The Board of Directors has agreed to require the presence of a Notary to record the minutes of the Shareholders' Meeting in accordance with Article 203.1 of the LSC.

**Shareholders are informed that the Meeting is expected to be held upon second call, that is, on 24 June 2019 at 12:30 p.m.**

Beginning one hour prior to the beginning of the Meeting and in the place where it is being held, Shareholders and their properly appointed representatives may present their attendance cards and proxies and, where applicable, documents confirming their legal representation, to personnel charged with registration of Shareholders.

**José Antonio Escalona de Molina**

**Secretary of the Board of Directors**

**b. Items 1, 2 and 3 and 4 of the Agenda****First. - Approval of the individual and consolidated Annual Financial Statements and the Management Report for financial year 2018.****PROPOSED RESOLUTIONS**

1. *Approve the Annual Financial Statements and the Management Report for Indra Sistemas, S.A. for financial year 2018 and drafted by the Board of Directors at its meeting held 22 March 2019.*

*In accordance with procedures followed by the Company regarding corporate governance, attention is expressly directed to Note 38 of the individual Annual Report and to section C.1.39 of the Annual Report on Corporate Governance which is incorporated into the Management Report, where obligations assumed by the Company in the event of termination of the contractual relationship of senior management -- including Executive Directors -- are described.*

*The annual financial statements reflect a profit of 23,718,070.84 € after taxes.*

2. *Approve the consolidated Annual Financial Statements and the Management Report of the group of companies headed by Indra Sistemas, S.A. corresponding to the financial year ended 31 December 2018 and drafted by the Board of Directors on 22 March 2019.*

*The consolidated Financial Statements show after tax profit of 119,760 thousand euros attributable to the parent company."*

**Second. - Approval of the Consolidated Statement of Non-Financial Reporting (Report on Corporate Social Responsibility) for financial year 2018.**

*Approve the Consolidated Statement of Non-Financial Reporting (Report on Corporate Responsibility) for financial year 2018 which forms part of the Management Report and which was drafted by the Board of Directors at its meeting held 22 March 2019, upon proposal by the Nomination, Compensation and Corporate Governance Committee and verified independently by an auditing consultant.*

*Said Report is submitted for a vote as a separate Agenda Item in accordance with the provisions of Article 49.6 of the Commercial Code after amendment introduced in Ley 11/2018 of 28<sup>th</sup> of December regarding diversity and non-financial information.*

**Third. - Approval of the proposed allocation of profits for financial year 2018.**

**PROPOSED RESOLUTION**

*The annual financial statements for financial year 2018 drafted by the Board of Directors at its meeting held 22 March 2018 reflect a profit of 23,718,070.84 € after taxes.*

*It is proposed that said result be applied as follows:*

|  |                        |
|--|------------------------|
| <i>Application to loss offset from prior financial years</i> | <i>23,718,070.84 €</i> |
|--|------------------------|

**Fourth. - Approval of the Board of Directors' management of the Company during financial year 2018.****PROPOSED RESOLUTION**

*Approve management by the Board of Directors for financial year 2018.*

**REASONS FOR THE PROPOSAL**

- In accordance with Law the Financial Statements and the Management Report for financial year 2018 are made available to the Shareholders and were communicated to the *Comisión Nacional del Mercado de Valores* ("Spanish Securities Market Commission" or "CNMV") on 1 April 2019.

The Financial Statements consist of the balance sheet, the income statement, a statement of recognised income and expense, statement of owners' equity, a statement of cash flows and the Annual Report.

The Management Report includes, among other things, the Annual Report on Corporate Governance and the Annual Report on Corporate Social Responsibility as integral parts, the latter submitted for approval as a separate Agenda Item in conformance with the provisions of Article 49.6 of the Commercial Code after amendment introduced in *Ley 11/2018* 28 of December regarding diversity and non-financial information.

The Financial Statements and Management Report have been certified by the Chief Financial Officer and the General Director for Control, Organization and Process of the Company, verified by the Audit and Compliance Committee prior to its preparation by the Board, and audited by the independent firm Deloitte, S.L. without any exceptions or reservations.

In accordance with the requirements of the *Ley de Mercados de Valores* ("Securities Exchange Act" or "LMV"), the Directors of the Company have signed a declaration of responsibility relating to the contents of the Financial Statements and the Management Report for financial year 2018.

- The Annual Corporate Governance Report details the activity and workings of the Board and its committees during the financial year as well as the level of achievement by the Company of the recommendations contained in the Code of Good Corporate Governance for Listed Companies.



- The Annual Report on Corporate Social Responsibility, which forms part of the Management Report, incorporates non-financial information (Status of Non-Financial Information) pursuant to Article 262 of the LSC and Article 49 of the *Código de Comercio* and was drafted in compliance with the requirements of *Ley 11/2018* of 28 of December regarding diversity and non-financial information, which statute amended the *Código de Comercio*, the LSC and the Law on Audit of Financial Statements as regards diversity and non-financial information. This report was edited by the Audit and Compliance Committee since it forms part of the Management Report, as well as by the Nomination, Compensation and Corporate Governance Committee to which the Board Rules delegate responsibility in these matters, and was drafted by the Board of Directors at its meeting held 22 March 2019. Its content has also been verified by Deloitte, S.L.

In preparing this Report, Global Reporting Initiative standards were followed, just as in prior years. By means of the report, Indra gives information regarding environmental and social issues as well as others matters relating to personnel and Human Rights, which are of great importance to the Company in the conduct of its business. In the Report it is also indicated the degree of relevance that each matter proposed by the law has for Indra, together with the policies and risks associated with each of them, and the criteria used for oversight and evaluation. The Report on Corporate Social Responsibility also explains compliance levels relative to the Corporate Social Responsibility Policy, a frame of reference for the guarantee of responsible behavior on the part of the Company by listing its commitments to all its stakeholders. The Report also expresses the Company's commitment to the Ten Principles of the United Nations Global Compact as well as the Sustainable Development Goals of the United Nations and gives context to the Company's Progress Report on the implementation of said principles. This report is one of the main sources used by sustainability analysts to evaluate the Company's performance on social, environmental and good governance issues. As a result of this performance, for the 13<sup>th</sup> year in a row Indra is the only company in its sector to appear in the Dow Jones Sustainability Index, and has been recognized by the FTSE4Good, MSCI, Vigeo and ISS indices.

- Based on the above, the Board proposes that the Shareholders approve the Financial Statements and the Management Report of Indra and its Consolidated Group, the allocation of profits included in same, the 2018 Corporate Social Responsibility Report as well as the management and actions of the Board during the referenced financial year.

***Additional Documents:*** *Financial Statements and Management Report of Indra Sistemas, S.A. and its Consolidated Group for financial year 2018 and their respective audit reports; the Annual Report on Corporate Governance, and the Annual Report on*

*Corporate Social Responsibility. Shareholders will also find on the Company website (<https://www.indracompany.com/en>) the information made public 28 February 2018 concurrent with publication of the 2018 Earnings Report as well as information the Company makes regularly available to interested Shareholders and investors (Presentations to Inversors).*

**c. Item 5 of the Agenda. - Re-election of Deloitte, S.L. as Company auditor for the individual and consolidated Financial Statements for the years 2019, 2020 and 2021.**

**PROPOSED RESOLUTION**

*In accordance with the provisions of Article 264.1 of the LSC and upon proposal from the Audit and Compliance Committee, re-elect Deloitte, S.L. as auditor of the individual and consolidated Annual Financial Statements and Management Report for the Company for the years 2019, 2020 and 2021.*

**REASONS FOR THE PROPOSAL**

In exercise of its duties under the Bylaws and the Board Rules, the Audit and Compliance Committee made a qualitative and quantitative analysis of relevant aspects and options to be considered. The Committee evaluated the performance of Deloitte, S.L. during the initial three financial year period for which it was appointed at the Annual Shareholders Meeting held in 2016 as well as its contribution to the quality of the audit of financial statements.

After this analysis, the Committee proposed re-election of Deloitte, S.L. as auditor of Indra's individual and consolidated Financial Statements for years 2019, 2020 and 2021 as representing the option which best meets the criteria considered. The Board adopted such proposal and presents it to this Annual Shareholders Meeting.

The Audit and Compliance Committee and the Board of Directors paid particular attention that the external auditor carried out its duties with complete independence, specifically reviewing the periodic rotation practices for the Audit Partner and Audit Team as well as the amount of billings to the client for non-audit work, which amount was not significant (some 15% of the total for 2018). The Audit and Compliance Committee describes this in its report on the topic as required by applicable Law and made available to Shareholders.

**Additional Documents:** *Report regarding independence of the external auditor drafted by the Audit and Compliance Committee.*

**d. Item 6 of the Agenda.- Appointment and re-election of Directors****PROPOSED RESOLUTIONS**

*As recommended in the proposals and reports of the Nomination, Compensation and Corporate Governance Committee and Board of Directors:*

*6.1. Re-elect Mr. Alberto Terol Esteban as Independent Director for a term of 3 years as provided for in the Bylaws and upon proposal by the Nomination, Compensation and Corporate Governance Committee. Personal identification data for the proposed Director to be recorded for the purpose of registration in the Registro Mercantil.*

*6.2. Appoint Ms. Isabel Torremocha Ferrezuelo as Independent Director for a term of 3 years as provided for in the Bylaws and upon proposal by the Nomination, Compensation and Corporate Governance Committee. Personal identification data for the proposed Director to be recorded for the purpose of registration in the Registro Mercantil.*

*6.3. Appoint Mr. Antonio Cuevas Delgado as Proprietary Director representing the equity interest of Sociedad Estatal de Participaciones Industriales (SEPI) for a term of 3 years as provided for in the Bylaws and upon proposal by the Board of Directors. Personal identification data for the proposed Director to be recorded for the purpose of registration in the Registro Mercantil.*

*6.4 Appoint Mr. Miguel Sebastián Gascón as Proprietary Director representing the equity interest of Sociedad Estatal de Participaciones Industriales (SEPI) for a term of 3 years as provided for in the Bylaws and upon proposal by the Board of Directors. Personal identification data for the proposed Director to be recorded for the purpose of registration in the Registro Mercantil.*

*6.5 Re-elect Mr. Santos Martínez-Conde Gutiérrez-Barquín as Proprietary Director representing the equity interest of Corporación Financiera Alba, S.A for a term of 3 years as provided for in the Bylaws and upon proposal by the Board of Directors. Personal identification data for the proposed Director to be recorded for the purpose of registration in the Registro Mercantil.*

**REASONS FOR THE PROPOSALS**

Reports drafted by the Nomination, Compensation and Corporate Governance Committee as well as the Board of Directors supporting the proposals in this Agenda Item are made available to Shareholders by means of the Company website upon call of the Meeting and in conformance with the provisions of the LSC.

**Additional Documents:** *Professional profiles of the Directors whose appointment and re-election is proposed (said profiles contain identifying information, curriculum and category of each Director).*

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| <b>e. <u>Item 7 of the Agenda.</u> - Non-binding Vote on the 2018 Annual Report on Compensation.</b> |
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**PROPOSED RESOLUTION**

*Consistent with that contained in Article 541 of the LSC and in Article 27.6 of the Board Rules of the Company, approve the 2018 Annual Report on Compensation which was drafted by the Board of Directors upon proposal by the Nomination, Compensation and Corporate Governance Committee at its meeting held 22 March 2019.*

*Said Report is submitted to the Meeting for a non-binding vote.*

**REASON FOR THE PROPOSAL**

This resolution is to be submitted to a non-binding vote at the General Meeting in accordance with applicable Law.

The 2018 Annual Report on Compensation faithfully follows the content and official model approved in CNMV Circular 2/2018, and was made public as a relevant event on 1 April 2019.

**Additional Document:** *The 2018 Annual Report on Compensation.*

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| <b>f. <u>Item 8 of the Agenda</u>.- Authorization and delegation of powers for ratification, registry and execution of resolutions passed at the Meeting</b> |
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**PROPOSED RESOLUTION**

*Delegate to the Chairman of the Board of Directors, the Secretary of the Board, and the Vice Secretary or any of them the power to certify and publish resolutions adopted at the present Meeting and in particular the power of interpretation, correction, execution and completion of them. The power to correct entails making any amendments and additions which may be necessary or appropriate as a consequence of comments or demands of securities market regulatory bodies, stock markets, the Registro Mercantil, and any other public authority with competencies related to the adopted resolutions.*