

### DEFENCE COMPANIES INDEX (DCI) ON ANTI-CORRUPTION AND CORPORATE TRANSPARENCY 2020

### **FINAL ASSESSMENT**

### INDRA SISTEMAS, S.A.

The following pages contain the detailed scoring for this company based on publicly available information.

The table below shows a summary of the company's scores per section:

Section	Number of Questions*	Score Based on Publicly Available Information
1. Leadership and Organisational Culture	4	6/8
2. Internal Controls	6	10/12
3. Support to Employees	7	6/14
4. Conflict of Interest	4	2/8
5. Customer Engagement	6	7/12
6. Supply Chain Management	5	5/10
7. Agents, Intermediaries and Joint Ventures	10	3/20
8. Offsets	4	0/4
9. High Risk Markets	4	6/8
10. State-Owned Enterprises	5	10/10
TOTAL		55/110
BAND		С

\*This column represents the number of questions on which the company was eligible to receive a score; i.e. where the company did not receive a score of N/A.



### 1. Leadership and Organisational Culture

#### Question

1.1. Does the company have a publicly stated anti-bribery and corruption commitment, which is authorised by its leadership?

#### Score

#### 1

#### Comments

There is evidence that the company's CEO publicly endorses the company's Code of Ethics and Compliance, which includes its anti-bribery and corruption policy. However, the company scores '1' as this statement does not directly mention or support the company's anti-bribery and corruption stance.

#### Evidence

#### [1] Code of Ethics and Compliance (Webpage)

Accessed 10/10/2019

https://www.indracompany.com/en/indra/code-ethics-legal-compliance

"The set up of this commitment is only possible through the responsible action of each one of us. And to this end, it is essential that each Professional and Partner of Indra knows, accepts and commits to this code of conduct in the performance of work"

Fernando Abril-Martorell.

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf

[p.5] In terms of ethics and compliance, in recent years Indra has updated and substantially strengthened its system to prevent illegal activity among its directors and employees. Since 2015, the company has taken many actions, including: a review aimed at strengthening the Code of Ethics and Compliance and the Crime Prevention Model; the Compliance Unit and the Internal Auditing Department have both been made completely independent and given additional resources; penalties have been imposed and disciplinary measures adopted when irregular activity has been detected; and both the Audit and Compliance Committee and the Board of Directors continually monitor this issue. This report offers a detailed account of the measures taken by the company in the areas of ethics and compliance.



### 1.2. Does the company have a comprehensive anti-bribery and corruption policy that explicitly applies to both of the following categories:

- a) All employees, including staff and leadership of subsidiaries and other controlled entities;
- b) All board members, including non-executive directors.

Score 2

#### Comments

There is evidence that the company publishes an anti-bribery and corruption policy, which specifically prohibits bribery, payments to public officials, commercial bribery, and facilitation payments. This policy applies to all employees and board members as described in (a) and (b) in the question.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

#### [p.5] 2. Scope of application

This Code of Ethics and Legal Compliance is applicable to and must be complied with by Indra's administrators, executives, employees, representatives, suppliers and other third parties that provide services for the company or that in any way act on it's behalf such as agents, intermediaries and subcontracted companies, regardless of the territory where they perform their activity (hereinafter, "Professional(s) and Partner(s)").

3. Standards of Conduct

[...]

#### 2. Indra rejects corruption and bribery

A Company Professional or Partner may not directly or indirectly participate in bribing public authorities or officials, or civil servants, executives, employees or partners from entities outside of Indra. Likewise, Indra Professionals and Partners may not accept, request or receive from individuals or entities outside of Indra any payments, gifts or other gestures beyond legal market uses.

What is bribery?

In general, (active) bribery consists of directly or indirectly promising, offering, delivering or providing to a person any unjustified benefit, monetary or of another kind, in order for the person in question to act in an improper manner. In addition, (passive) bribery is when individuals directly or indirectly request, accept or receive a benefit from another person in exchange for a previous, simultaneous or future improper action on their behalf. The purpose of bribery tends to consist of obtaining a benefit or commercial or economic advantage for the person committing the action; the purpose or reason for the action is irrelevant in terms of the existence of bribery. It is also irrelevant whether the intended action falls within the competency of the person being bribed.

It is important to take into consideration the following regarding bribery:

§ In order for bribery to exist, a simple promise or offering of a benefit is sufficient, without the need for the material or concession in question to be provided.

§ Anyone can be bribed; Although bribery is usually associated to public officials or civil servants, bribery also takes place between individuals.

§ The recipient of bribery can be an individual or a legal entity.

§ In passive bribery, the improper action of the Indra Professional can benefit the person making the bribe or a third party.



§ The term "civil servant" refers to anyone who performs a public duty or provides a public service as defined in each country, although most countries tend to have a fairly extensive concept of public duty and public service. A person who works for a company or public entity can be a civil servant or a public official.

§ A civil servant or public official can be a citizen or a foreigner.

§ Individuals, such as directors, officers, employees or the Partners of a business, company, association, foundation or any other type of organisation, can also be bribed.

§ Bribery can take place indirectly, which involves using intermediaries or third parties such as commercial consultants, brokers, advisors, agents or companies.

§ The benefit offered through bribery does not necessarily have to consist of money. It can be any exchange in kind, such as gifts, trips, leisure and services, job offers or improvements to employment conditions.

§ Passive bribery exists even if the benefit is obtained by someone other than the Indra Professional who accepts it (for example, a family member or friend).

§ Bribery also includes "facilitation payments." These are payments or items that are given to civil servants to speed up or facilitate administrative proceedings, even if the amount in question or the value of the items is small and regardless of whether they are authorised, permitted or tolerated by the laws or the court decisions of certain countries.

[p.7] It is not possible to create a list of corruption or bribery situations since there are countless instances. However, below is a list that includes (without limitation) some situations against which we must be especially alert:

§ A consultant or supplier requests a high fee in relation to the provision of their services. It is not proportional in economic and commercial terms.

§ A third party requests payment of part of the fee into a bank account that is different to the one indicated in the signed contract with Indra.

§ A third party requests partial or full payment of the fee in cash.

§ A commercial consultant unduly requests additional amounts with respect to the contractually agreed fee.

§ Indra is involved in a bidding that has not yet been awarded and the Public Organ or the civil servant from the body that has announced the bidding, or a third party on behalf of it/him/her, requests a donation to a certain non profit organization or a firm commitment for specific outsourcing related to the project.

§ A supplier frequently invites an Indra Professional to lunch, dinner or any type of leisure activity.

§ A customer is invited to visit Indra's premises for one week, paying for the full stay at a hotel, all related expenses as well as those for accompanying family members and including various leisure activities.

Commercial consultants, advisors and other similar suppliers

Bribery can occur indirectly, in other words, using intermediaries such as commercial consultants, brokers, agents or other advisors. These third parties make the bribes on behalf of Indra, without having the Company directly involved in those bribes, but with the same legal consequences as if the bribe had been directly made by an Indra Professional or Partner.

Commercial consultants, agents, representatives, other advisors and similar suppliers should be conceived as Indra partners for accessing markets and obtaining new business, and as such, they must apply the same principles and ethical values that Indra advocates, as they act as Indra Professionals or Partners. In summary, they must reject and fully abstain from carrying out any type of action that involves corruption or bribery, just as Indra does. Because of this, Indra has a procedure that rules the contacts, relationships and contracts of the company with these suppliers, i.e., the Procedure for the Hiring of Commercial Consultants, and a procedure that rules the contacts, relationships and contracts of the company with the suppliers called Strategic Advisors, i.e., the



Procedure for the Hiring of Strategic Advisors. Both procedures foreseen additional control measures to the general ones in case of hiring the so called "politically exposed persons".

These procedures are part of the internal regulations of Indra and should be known and complied by all Professionals and Partners that keep relations with those suppliers.

[p.18] Corporate Courtesy from an Indra Professional

As a general rule, when an Indra Professional offers a Corporate Courtesy, he/she should always select items included in the corporate gift catalogue. For other gifts, it will be necessary to obtain written authorisation from the supervisor of the Professional's direct supervisor.

§ It is absolutely prohibited to give cash gifts or cash equivalents.

§ All forms of Corporate Courtesy are prohibited in favour of family members, friends or persons linked to Indra customers or potential customers or third parties.

§ The value of gifts and gestures must follow what is established in the internal procedure regarding employee expenses.

§ Nonetheless the above, and without prejudice of what will be established regarding tickets for entertainment events, gifts and gestures to civil servants or public officials shall never exceed €100 (or equivalent in national currency). In addition to what is stated above, the following is absolutely prohibited:

§ "facilitation payments, as those described in the section titled "What is bribery" from the Standards of conduct on Corruption and Bribery;

§ gifts and gestures of any type or value when local legislation does not allow a civil servant or public official to receive any type of gifts; and

§ gifts and gestures, of any type or value, for civil servants or public officials, of any type, regardless of whether they are involved in an active bidding in which Indra is directly or indirectly participating or plans to participate. The same will apply when a bidding has not been formally notified but its announcement is anticipated or highly probable.



## 1.3. Does the board or a dedicated board committee provide oversight of the company's anti-bribery and corruption programme?

#### Score

#### 2 Comments

Based on publicly available information, there is evidence that a designated board committee – the Audit and Compliance Committee – is ultimately responsible for oversight of the company's anti-bribery and corruption programme. There is evidence that the committee is engaged in formal oversight functions and it is clear that this committee has the authority to require that any necessary changes to the programme are made.

#### Evidence

#### [1] Code of Ethics and Legal Compliance (Webpage)

Accessed 10/10/2019

https://www.indracompany.com/en/indra/code-ethics-legal-compliance

Indra has designated a Compliance Officer and, additionally, its governance body together the Executive Management are involved actively in the supervision of the Guide. To that effect, the Audit and Compliance Committee is in charge of supervising the functioning, effectiveness and compliance of the mentioned Guide.

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf

#### [p.9] 2.3 Ethics and Compliance

The Board of Directors, Senior Management and each and every one of Indra's professionals and partners assume the responsibility and commitment to establish a solid culture of compliance. Consequently, all professionals and partners are required to conduct their activities applying the principles of integrity, professionalism and respect, complying with the current legislation and regulations, the Code of Ethics and Legal Compliance and the policies and procedures established by the company.

Since 2015 a policy has been undertaken to develop and update the company's ethical principles and compliance model.

Prevention of Criminal Risks

Indra's Criminal Risk Prevention Model includes the company's system for the organization, prevention, management and control of criminal risks. The Criminal Risk Prevention Model, validated by legal firms, is constantly updated in accordance with the most exacting national and international standards. Similarly, its internal regulations and elements are constantly adapted to Indra's corporate processes and business departments. Said model has a global scope and is outlined in the Criminal Risk Prevention Manual for Spain and in the Criminal Risk Prevention Manual (and administrative risks similar to criminal ones) for the international subsidiaries. Both manuals include the Code of Ethics and Legal Compliance as a central and essential part of the model.

The company has defined a control structure made up of the Board of Directors, as the highest decision-making body, the Audit and Compliance Committee, which constitutes the control and monitoring body of the Criminal Risk Prevention Model, the Compliance Unit, which is the body for executing the decisions of the Audit and Compliance Committee, the Control Managers, Internal Auditing and the rest of the organization. Within the international subsidiaries the administrators act as the chief supervisors of the Criminal Risk Prevention Model locally.

#### [p.10] Organic dependence of the Audit and Compliance Committee

In Indra's Criminal Risk Prevention Model the Audit and Compliance Committee (ACC) controls and supervises the functioning, effectiveness and compliance of the company's Criminal Risk Prevention Model. The ACC is the global supervisory body of the Criminal Risk Prevention Model and the Compliance Unit is the department responsible for the global execution of the decisions of the ACC, upon which it depends and to which it solely and exclusively reports. The Compliance Unit receives the support and collaboration of different units within the company. With their help, it seeks to fulfill the objectives of the Criminal Risk Prevention Model and, in particular, to carry out specific investigations based on the messages received in the Direct Channel, as outlined below.



#### [4] Audit and Compliance Committee Activities Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/Accionistas/2019/JGA19/audit\_and\_compliance\_committee\_ac tivities\_report.pdf

[p.8] COMPLIANCE

- & External reviews of the Prevention Model for Criminal Risks
- Update and supervision of controls
- \* In house and outside training
- \* Oversight and updates of Criminal Risks
- \* Oversight of the Prevention Model for Criminal Risks and operation of the Canal Directo
- \* Update of the Code of Ethics and Legal Compliance and of the Model for Legal Risk Prevention
- Analysis of current significant open cases



1.4. Is responsibility for implementing and managing the company's anti-bribery and corruption programme ultimately assigned to a senior executive, and does he or she have a direct reporting line to the board or board committee providing oversight of the company's programme?

#### Score

#### 1

#### Comments

Based on publicly available information, there is evidence that the company has a designated Compliance Officer responsible for implementing and managing the company's anti-bribery and corruption programme. However, it is not clear from publicly available information whether this individual is a senior executive or whether they have a direct reporting line to the board committee that provides oversight of the anti-bribery and corruption programme.

#### Evidence

#### [1] Code of Ethics and Compliance (Webpage)

Accessed 10/10/2019

https://www.indracompany.com/en/indra/code-ethics-legal-compliance

Indra has designated a Compliance Officer and, additionally, its governance body together the Executive Management are involved actively in the supervision of the Guide. To that effect, the Audit and Compliance Committee is in charge of supervising the functioning, effectiveness and compliance of the mentioned Guide.



### 2. Internal Controls

#### Question

## 2.1. Is the design and implementation of the anti-bribery and corruption programme tailored to the company based on an assessment of the corruption and bribery risks it faces?

#### Score

### <u>2</u>

#### Comments

Based on publicly available information, there is evidence that the company has a formal bribery and corruption risk assessment procedure in place that informs the design of its anti-bribery and corruption programme. The company indicates that such assessments are conducted on an annual basis. There is evidence indicating that the results are reviewed at board level and the assessments are used to update the company's anti-bribery and corruption programme.

#### Evidence

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr 2018 - 02042019 - en 0.pdf

#### [p.8] Risk Management

Indra is a global company that is exposed to various risk factors. These depend on the countries in which it conducts its activity and on the nature of the sectors in which it operates. The company therefore seeks to identify these risks and evaluate them, an initiative that enables it to implement the appropriate management measures well in advance in order to mitigate the likelihood of these risks occurring and/or their potential impact on the business objectives.

The risk management cycle comprises the following phases:

- . Identification of the internal and external events that affect the company's objectives.
- Risk assessment, identifying the potential causes and consequences in terms of the likelihood of their occurrence and impact.
- A Handling of the risks by their managers, who select the potential responses by carrying out actions in accordance with the accepted risk and the company's risk tolerances.
- \* Continuous monitoring of the identified risks by means of tools that evaluate their development.
- Communication regarding the risks to ensure that the key issues are known by the stakeholders, so that the appropriate decisions can be made in accordance with their expectations.

The main risks that affect the development of Indra's strategy are outlined in section 8 of the Annual Report. In addition, the company performs regular updates of the identification of risks by means of the different business units.

Risk management policies and procedures

The Risk Management and Control System at Indra is a process promoted by the Board of Directors and Senior Management, responsibility for which falls upon each and every member of the company. The purpose of the system is to provide reasonable certainty for the achievement of the established objectives, providing value and a suitable number of guarantees for the shareholders, other stakeholders and the market in general.

Indra has a Risk Control and Management Policy approved by the Board of Directors in March 2016, which is updated on a regular basis. The update in June 2018 expanded and improved the risk catalog and updated the organizational structure implemented for its management.

The Risk Control and Management Policy is complemented by policies and procedures designed for Indra's main processes. These are also reviewed and updated on a regular basis to ensure compliance with the applicable regulations and the best practices in risk management.



Indra has a Global Risks Unit which has a Risk Management Manual. This outlines the processes for the company's risk identification and management. In Indra's case, the Three Lines of Defense Model is currently in place, contributing to making the Internal Risk Management and Control processes more efficient.

[p.9] The main procedures for Indra's Risk Management include:

- & Risk Control and Management Policy.
- Risk Management Manual and procedures.
- Code of Ethics and Legal Compliance.
- & Criminal Risk Prevention Program.

#### [...]

#### Prevention of Criminal Risks

Indra's Criminal Risk Prevention Model includes the company's system for the organization, prevention, management and control of criminal risks. The Criminal Risk Prevention Model, validated by legal firms, is constantly updated in accordance with the most exacting national and international standards. Similarly, its internal regulations and elements are constantly adapted to Indra's corporate processes and business departments. Said model has a global scope and is outlined in the Criminal Risk Prevention Manual for Spain and in the Criminal Risk Prevention Manual (and administrative risks similar to criminal ones) for the international subsidiaries. Both manuals include the Code of Ethics and Legal Compliance as a central and essential part of the model.

[p.10] In compliance with the Criminal Prevention Model, the Compliance Unit conducts activities on an annual basis that are related to the assessment of criminal risks for their integration into the company's global risk map. In this regard, in 2018 it proceeded to identify the criminal risks in Spain, as well as the identification of the criminal and equivalent administrative risks in the subsidiaries in Peru, Colombia, Mexico and Brazil. The Compliance Unit calibrated the criminal risks identified in Spain and in the above-mentioned subsidiaries in accordance with its global methodology, which was validated by an international firm in 2016 and confirmed following the audit conducted by AENOR (UNE 19.601).

In addition, the Compliance Unit, in relation to the controls that mitigate the above-mentioned criminal risks, proceeds to their annual assessment and review, updating the internal Procedures when appropriate.

#### [...]

#### Organic dependence of the Audit and Compliance Committee

In Indra's Criminal Risk Prevention Model the Audit and Compliance Committee (ACC) controls and supervises the functioning, effectiveness and compliance of the company's Criminal Risk Prevention Model. The ACC is the global supervisory body of the Criminal Risk Prevention Model and the Compliance Unit is the department responsible for the global execution of the decisions of the ACC, upon which it depends and to which it solely and exclusively reports. The Compliance Unit receives the support and collaboration of different units within the company. With their help, it seeks to fulfill the objectives of the Criminal Risk Prevention Model and, in particular, to carry out specific investigations based on the messages received in the Direct Channel, as outlined below.

#### [4] Audit and Compliance Committee Activities Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/Accionistas/2019/JGA19/audit\_and\_compliance\_committee\_ac tivities\_report.pdf

[p.8] COMPLIANCE

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- Analysis of current significant open cases



#### [14] Sustainability Report 2019 (Document)

#### Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.32] 3) In addition, an in-depth review was carried out on the Criminal Risk Prevention Model, which up to that point had been formed from the 2009 Code of Ethics and Professional Conduct and the 2011 Compliance Programme. These were now replaced by: i) a new Code of Ethics and Legal Compliance; and ii) a Manual for the Prevention of Criminal Risk in Spain and at the company's international subsidiaries. The Manual set out the model for the organisation, prevention, management and monitoring of criminal risk, following the guidelines set out in the aforementioned reform of the Spanish Criminal Code. This involved compiling existing procedures and controls for effective risk prevention and mitigation and making a detailed analysis of the risk that could hypothetically or potentially arise at Indra. The Manual was therefore based both on existing control systems and on systems that had been strengthened or introduced following the review made as a result of the criminal reforms, in order to comply with the aim of preventing and mitigating commission of criminal acts at Indra. The Manual included the design and structuring of: (i) a supervision, follow-up and verification model; (ii) control bodies; (iii) a financial resources management system; (iv) a disciplinary system; (v) a complaints channel; (vi) training; and (vii) controls to prevent the commission of crime. This Model is dynamic in nature, meaning that it is regularly reviewed, both in accordance

[p.33] Prevention of criminal risks

[...]

The company has defined a control structure with the Board of Directors as the most senior decision-making body, the Audit and Compliance Committee (ACC), which is the control and monitoring body of the Criminal Risk Prevention Model, the Compliance Unit (CU), which is the body for executing the decisions made by the Audit and Compliance Committee, the Control Managers, Internal Auditing and the rest of the organisation. Within the international subsidiaries the directors act as the chief supervisors of the Criminal Risk Prevention Model locally. The duties performed by directors are carried out in accordance with the general principles and criteria established by the Auditing and Compliance Committee to govern regulatory compliance at a global level.



## 2.2. Is the company's anti-bribery and corruption programme subject to regular internal or external audit, and are policies and procedures updated according to audit recommendations?

#### Score 2

#### Comments

Based on publicly available information, there is evidence that the company's anti-bribery and corruption programme is subject to annual audit and review to ensure that it is consistent with high standards of best practice and the business risks facing the company. In 2018 the company also conducted an external audit of its compliance programme and there is evidence to suggest that external audits will be updated on an annual basis. The results of audits are reviewed by the company's Audit and Compliance Committee, and there is evidence that the Compliance Unit is responsible for implementing improvements to the programme.

#### Evidence

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019 https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf [p.9] Prevention of Criminal Risks

[...]

The company has defined a control structure made up of the Board of Directors, as the highest decision-making body, the Audit and Compliance Committee, which constitutes the control and monitoring body of the Criminal Risk Prevention Model, the Compliance Unit, which is the body for executing the decisions of the Audit and Compliance Committee, the Control Managers, Internal Auditing and the rest of the organization. Within the international subsidiaries the administrators act as the chief supervisors of the Criminal Risk Prevention Model locally.

In 2018 the international legal firm DLA PIPER issued a favorable opinion on the degree of adaptation of Indra's Criminal Risk Prevention Model to the national and international regulatory and jurisprudential frameworks, as well as to the national and international standards of good practices of the sector in which Indra operates. In particular, this report reflects the adaptation of the Model to the provisions of Article 31-bis of the Criminal Code, as well as the international Standards UNE ISO 37.001 "Anti-Bribery Management" and UNE 19.601 "Criminal Compliance Management System".

[p.10] Similarly, on 21 November 2018 Indra obtained the AENOR certification regarding the UNE 19.601 standard "Criminal Compliance Management System". For this purpose AENOR performed an audit in which all Indra's corporate departments and its different business areas were involved. It was thus possible to verify that the Model complies with said standard and the effectiveness of the controls implemented in each of the company's departments was confirmed. In its final report AENOR highlighted the absence of non-compliances and only proposed certain opportunities for improvements/recommendations regarding the Model that will be implemented in 2019. In addition, AENOR assessed the risk approach with which Indra operates as a strong point of the model, as well as its approach to the global training on Ethics and Compliance given to the company's professionals, which it described as solid, highly dynamic and attractive.

In compliance with the Criminal Prevention Model, the Compliance Unit conducts activities on an annual basis that are related to the assessment of criminal risks for their integration into the company's global risk map. In this regard, in 2018 it proceeded to identify the criminal risks in Spain, as well as the identification of the criminal and equivalent administrative risks in the subsidiaries in Peru, Colombia, Mexico and Brazil. The Compliance Unit calibrated the criminal risks identified in Spain and in the above-mentioned subsidiaries in accordance with its global methodology, which was validated by an international firm in 2016 and confirmed following the audit conducted by AENOR (UNE 19.601).

In addition, the Compliance Unit, in relation to the controls that mitigate the above-mentioned criminal risks, proceeds to their annual assessment and review, updating the internal Procedures when appropriate.



In relation to the above-mentioned activities and in order to unify the compliance criteria with the main companies in the industry, the Compliance Unit has become a member of the Institute of Compliance Officers and forms part of the working groups of Spanish Issuers (an association of the main listed companies).

#### [4] Audit and Compliance Committee Activities Report 2018 (Document)

Accessed 10/10/2019 https://www.indracompany.com/sites/default/files/d7/Accionistas/2019/JGA19/audit\_and\_compliance\_committee\_ac tivities\_report.pdf In 231 Drevention of eximinal risks

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[...]

In November 2019, AENOR made its first monitoring audit of the UNE 19601 certification mentioned above and once again underlined the existence of "non-conformities", setting out certain recommendations for the Model's improvement, which will be implemented in 2020, but also classifying the following as strong points:

Analysis of the measurement of reputational risk carried out by the Global Risk Department.

\* The review of the Model for the Prevention of Risk in Competition Law.

• The efforts made in both the online training and the classroom sessions provided at the international subsidiaries in order to make their content more appealing.



## 2.3. Does the company have a system for tracking, investigating and responding to bribery and corruption allegations or incidents, including those reported through whistleblowing channels?

#### Score

#### 2 Comments

There is evidence that the company publicly commits to investigating incidents and that investigations are conducted by the company's Compliance Unit. The company provides details of the investigation process and the bodies involved at each stage. There is evidence that information on each investigation is documented and that the company commits to update whistleblowers and those who report concerns on the outcome of investigations. In addition, there is evidence that the Audit and Compliance Committee and Compliance Unit review summary information on all cases on a regular basis, at least annually as part of its yearly activity report.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

#### Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.22] Annex 4: Direct Channel

With respect to the communication of irregularities, the Compliance Unit, subject to suitable discovery and if concluding after duly examining the matter that the facts and events could engender, even if only hypothetically, a criminal risk, the Compliance Unit will notify the Audit and Compliance Committee, proposing, if necessary, the pertinent disciplinary measures and/or other measures to adopt. With respect to the rest of irregularities, the Compliance Unit shall inform the Audit and Compliance Committee of most relevants in a periodical basis. Disciplinary measures will be analysed by the Compliance Unit and will be adopted with the intervention of the Human Resources department.

[p.23] The following rules on usage are established to ensure rigour and confidentiality when processing these notifications:

1. The Direct Channel is only to be used to communicate improper conduct with regard to the regulations cited above and must never be used in reference to different spheres or with regard to anyone's personal life.

- 2. All communications must contain at least the following information:
- · The identity of the person submitting it.
- The identity of the person or persons to whom the irregularity pertains.
- The facts the irregularity consists of, specifying, to the extent possible, the violation of the regulation in question.
- $\cdot$  Documentation supporting the irregularity, wherever possible.

3. All communications submitted through the Direct Channel shall be treated with the utmost confidentiality, but anonymous communications shall not be admitted unless as stated below regarding the anonymous communications. The identity of the persons who make use of the Direct Channel shall always be confidential and cannot be disseminated (also with a guarantee of confidentiality) to any party other than the members of Indra's Audit and Compliance Committee, the Compliance Unit and the professionals designated by the Compliance Unit for the suitable management of the communication for whom such knowledge is essential in the performance of their duties.

Without prejudice to the above, if as a consequence of the investigation or discovery work undertaken in relation to a communication received through the Direct Channel the Committee reaches the conclusion that this conduct could be considered to be managerial wrong-doing, a criminal act or workplace misconduct, Indra reserves the right to provide the authorities with all the information they require, including the identity of the persons involved.

#### [...]

5. The personal information arising from the communications shall be included in a personal data file. The file shall be protected with the security measures set forth in Spanish regulations on personal data protection.



6. The persons whose conduct has been reported as improper shall be duly informed of this circumstance by the Compliance Unit as soon as the situation of the procedure allows and in all cases within a maximum period of three months from the receipt of the initial communication submitted through the Direct Channel. At this time they shall be allowed to ask any questions they may have and submit any arguments in their defence they consider appropriate. They shall also be informed of the Indra departments or bodies that may have access to the information contained in the file. At no time shall the identity of the person who has submitted the communication be facilitated.

7. Both the person who reported the conduct and the affected party or parties shall be informed as soon as the situation of the procedure allows and in all cases within a maximum period of three months from the receipt of the initial communication submitted through the Direct Channel about how they can exercise their rights to access, rectify, cancel, erasure (right to be forgotten), opposition, restriction of processing and data portability of their personal data, as applicable, as set forth in the regulations on personal data protection.

8. The personal data shall be cancelled when no longer necessary or relevant and, where applicable, within a maximum period of two months from the closure of the internal file or the corresponding legal process, where applicable.

9. In accordance with several local legislations, anonymous communications are permitted in certain countries: likewise, certain limitations regarding the types of issues that may be communicated through this Channel can be applied. Taking into account the above, all provisions established in the present Annex will be applicable notwithstanding what is set forth in the corresponding local legislations.

#### [3] Corporate Social Responsibility Report 2018 (Document)

#### Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf

[p.10] The Compliance Unit receives the support and collaboration of different units within the company. With their help, it seeks to fulfill the objectives of the Criminal Risk Prevention Model and, in particular, to carry out specific investigations based on the messages received in the Direct Channel, as outlined below.

#### [p.11] Direct Channel

The Code of Ethics and the Criminal Risk Prevention Model establish the operational guidelines of the Direct Channel (canaldirecto@indra.es). The Direct Channel constitutes the confidential mechanism placed by the company at the disposal of all Indra's professionals and other partners so that they can report any queries regarding the interpretation and application of the Code of Ethics and its implementing regulations, as well as any illegal behavior or any irregularity or offense detected in relation to said Code and its regulations.

#### [4] Audit and Compliance Committee Activities Report 2018 (Document)

#### Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/Accionistas/2019/JGA19/audit\_and\_compliance\_committee\_ac tivities\_report.pdf

[p.8] The principal matters discussed and analyzed by the Committee during fiscal 2018, and which fall within the Committee's area of responsibility, can be divided into the following areas:

#### COMPLIANCE

- \* External reviews of the Prevention Model for Criminal Risks
- Update and supervision of controls
- \* In house and outside training
- \* Oversight and updates of Criminal Risks
- Oversight of the Prevention Model for Criminal Risks and operation of the Canal Directo
- \* Update of the Code of Ethics and Legal Compliance and of the Model for Legal Risk Prevention
- Analysis of current significant open cases



2.4. Does the company have appropriate arrangements in place to ensure the quality of investigations?

#### Score

#### 0 Comments

There is no publicly available evidence that the company assures itself of the quality of investigations, for example by indicating that staff conducting investigations are properly trained, by implementing a policy to handle complaints about the process or by reviewing the investigation process every three years.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.23] 3. All communications submitted through the Direct Channel shall be treated with the utmost confidentiality, but anonymous communications shall not be admitted unless as stated below regarding the anonymous communications. The identity of the persons who make use of the Direct Channel shall always be confidential and cannot be disseminated (also with a guarantee of confidentiality) to any party other than the members of Indra's Audit and Compliance Committee, the Compliance Unit and the professionals designated by the Compliance Unit for the suitable management of the communication for whom such knowledge is essential in the performance of their duties.



## 2.5. Does the company's investigative procedure include a commitment to report material findings of bribery and corruption to the board and any criminal conduct to the relevant authorities?

#### Score

#### 2 Comments

There is evidence that the company commits to report material findings of bribery and corruption from investigations to the board-level Audit and Compliance Committee and to relevant authorities. The company indicates that the Audit and Compliance Committee is responsible for determining whether to disclose criminal offences to the relevant authorities.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.22] With respect to the communication of irregularities, the Compliance Unit, subject to suitable discovery and if concluding after duly examining the matter that the facts and events could engender, even if only hypothetically, a criminal risk, the Compliance Unit will notify the Audit and Compliance Committee, proposing, if necessary, the pertinent disciplinary measures and/or other measures to adopt. With respect to the rest of irregularities, the Compliance Unit shall inform the Audit and Compliance Committee of most relevants in a periodical basis. Disciplinary measures will be analysed by the Compliance Unit and will be adopted with the intervention of the Human Resources department.

[p.23] 3. All communications submitted through the Direct Channel shall be treated with the utmost confidentiality, but anonymous communications shall not be admitted unless as stated below regarding the anonymous communications. The identity of the persons who make use of the Direct Channel shall always be confidential and cannot be disseminated (also with a guarantee of confidentiality) to any party other than the members of Indra's Audit and Compliance Committee, the Compliance Unit and the professionals designated by the Compliance Unit for the suitable management of the communication for whom such knowledge is essential in the performance of their duties.

Without prejudice to the above, if as a consequence of the investigation or discovery work undertaken in relation to a communication received through the Direct Channel the Committee reaches the conclusion that this conduct could be considered to be managerial wrong-doing, a criminal act or workplace misconduct, Indra reserves the right to provide the authorities with all the information they require, including the identity of the persons involved.



## 2.6. Does the company publish high-level results from incident investigations and disciplinary actions against its employees?

#### Score 2

#### \_ Comments

The company publishes some high-level information on ethics and compliance-related incidents and investigations involving company employees on an annual basis. The information includes the number of reports received through the company's whistleblowing line and the number of disciplinary actions as a result of investigation findings. There is evidence indicating that the Compliance Unit investigates all reports.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.34] In 2019 the Direct Channel received 407 messages, directly addressed to the Channel or by other means (notwithstanding their subsequent referral by the Direct Channel Compliance Unit, as detailed in the Compliance Unit Protocol for action). This is a 33% increase in messages received compared to 2018, demonstrating the growing confidence of Indra's employees in the company's compliance mechanisms and its compliance culture.

All of the messages were correctly dealt with by the Compliance Unit. In order to deal with these messages, the CU took all action it deemed necessary or useful to ensure proper clarification of the events or behaviour reported and to respond to the queries submitted, doing so in the quickest possible time and in line with the legislation in force. In relation to the complaints made, measures have been taken, disciplinary or otherwise, in accordance with the Compliance Unit Action Protocol.

The 407 messages received break down as follows:

- 270 different queries regarding donations and sponsorship, conflicts of interest, business gifts and requests for information by third parties on the Criminal Risk Prevention Model. In terms of the latter, 75 requests for information/due diligence were received by customers and partners, which represents a 159% increase on the requests made in 2018.
- 137 irregularities relating to the Code of Ethics and Legal Compliance (76 of which related to alleged harassment and unacceptable behaviour).

The disciplinary measures adopted in 2019 as a result of 22 of the irregularities mentioned above (some of which involved more than one person) were as follows: 16 dismissals, 5 reprimands, 2 suspensions without pay and 10 official warnings from the HR Department or the Compliance Unit. Generally speaking, all of these related to breaches of Indra's internal procedures and offences connected with fraud, harassment and unacceptable behaviour, the prevention of occupational risk and impersonating others.

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf [p.11] In 2018 the Direct Channel received 307 messages, directly addressed to said Channel or by other means

(without detriment to their subsequent referral by the Direct Channel Compliance Unit).

The 307 messages received were broken down into:

- 183 different queries regarding donations and sponsorships, conflicts of interest, business courtesy and requests for information for third parties on the Criminal Risk Prevention Model.
- 124 alleged irregularities related to the Code of Ethics and Legal Compliance.

This number of messages represents an increase of 41.5% with respect to those received in 2017 (217 messages), demonstrating that the confidence of Indra's professionals in the company's compliance mechanisms and its compliance culture increased substantially. All these messages were handled by the Compliance Unit. To resolve them the Compliance Unit carried out whatever actions it deemed necessary or appropriate to clarify the events or



the conduct reported. Similarly, it has provided an answer to the queries made, in the shortest possible time and in accordance with the current legislation. In relation to the complaints, once the Audit and Compliance Committee was informed, the measures of a disciplinary or any other nature deemed appropriate were taken in partnership with the Human Resources department. [p.65]

### 9.11 Table of other non-financial indicators

Indicators	2016	2017	2018
Ethics and compliance			
No. of communications through the Direct Channel	103	217	307



### 3. Support to Employees

#### Question

## 3.1. Does the company provide training on its anti-bribery and corruption programme to all employees across all divisions and geographies, and in all appropriate languages?

Score	
Comments	

Based on publicly available information, there is evidence that the company provides training for employees that that outlines the basic principles of its anti-bribery and corruption policy. There is some indication that this also includes the whistleblowing options available to employees, as part of the Code of Ethics. There is evidence to suggest that trainings are provided to all employees across all divisions and all countries of operation. Although the company does not explicitly state that employees must undertake and refresh their training regularly, there is publicly available evidence to suggest that the company provides training to the majority of its staff on an annual basis.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.35] Training and raising awareness

Indra is constantly working to raise employee awareness of the Criminal Risk Prevention Model and the Code of Ethics and Legal Compliance via on-site and online training sessions.

After training 92% of the active workforce in Spain and the international subsidiaries up to 2018, the CU has carried out the following training initiatives on "Ethics and Compliance" in 2019:

- An online course designed for all employees in Spain and international subsidiaries. Contents: bribery and corruption (business gifts), competition rules, conflicts of interest, employee expenses, Information Security (software licensing, confidential information, passwords and data protection), moral harassment and the Direct Channel. Result: 98% trained considering the average workforce in 2019.
- On-site sessions (46) aimed at the management team and project leaders at 10 subsidiaries (Colombia, Peru, Chile, Argentina, Brazil, Norway, Italy, Mexico, Portugal and the Philippines). Contents: bribery and corruption (business gifts), conflicts of interest, Information Security, moral harassment, competition rules and the Direct Channel. Result: 86% trained.
- On-site session for the Board of Directors on the Criminal Risk Prevention Model, with particular emphasis on the key procedures contained in the Model.
- In addition, the Compliance unit gave the following specific on-site sessions during 2019:
- Session aimed at the directors and management team in the General Services Department in Spain and LATAM. Contents: bribery and corruption (business gifts), conflicts of interest and the Direct Channel.
- Sessions on the Code of Ethics for all employees working on business lines in the Defence and Security market, with particular emphasis on the rules of conduct regarding defence and dual-use materials. These sessions will continue to be given in 2020.
- Sessions for international suppliers in Brazil, Mexico and Colombia. This training will continue to be given in 2020 via online sessions.

[p.36] In addition, on the subject of awareness and with the aim of maintaining a culture of compliance among all of the company's employees, in 2018 the Compliance Unit created a blog called "Do The Right Thing". Bi-monthly entries have been posted on this blog during 2019 regarding the main rules of conduct of the Code of Ethics and Legal Compliance. The whole workforce can access this content via the company intranet. The Company's Department of Communications, Branding and Corporate Social Responsibility also published a number of notices in the press and on social media in 2019.

[3] Corporate Social Responsibility Report 2018 (Document) Accessed 10/10/2019



#### https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf

[p.10] In its final report AENOR highlighted the absence of non-compliances and only proposed certain opportunities for improvements/recommendations regarding the Model that will be implemented in 2019. In addition, AENOR assessed the risk approach with which Indra operates as a strong point of the model, as well as its approach to the global training on Ethics and Compliance given to the company's professionals, which it described as solid, highly dynamic and attractive.

#### [p.11] Training and awareness-raising

Since 2016 Indra has striven to publicize the Criminal Risk Prevention Model and the Code of Ethics and Legal Compliance among its professionals by means of on-site and online training sessions.

After training 90% of the active workforce in Spain and the international subsidiaries in 2016 and 2017 (respectively), the Compliance Unit organized the following training initiatives on Ethics and Compliance in 2018:

- An online course designed for all the professionals in Spain and the international subsidiaries. Result: 88% of the workforce were trained as at 31 December 2018; 92% of the active workforce as at 31 October 2018.
- On-site and online sessions aimed at the Management and Administration team in Spain and the international subsidiaries on the Anti-corruption Policy (Procedures for the hiring of commercial consultants and applications for Donations and Sponsorships and other contributions to entities). Result: 90% trained.
- Online sessions aimed at the suppliers identified as being the most significant regarding the Code of Ethics and Legal Compliance. Result: 37% of Spanish suppliers were trained in the initial phase. The said training will continue throughout 2019 for the remaining aforementioned Spanish suppliers and this will be extended to the international suppliers. Additionally, during the supplier approval process, they are informed of the Code of Ethics and Legal Compliance and their acceptance of this is requested.

In 2018, in order to maintain the culture of compliance among all the company's professionals, the Compliance Unit created a blog entitled "Do what's right". Bi-monthly entries are posted on this blog regarding a decalog on the main rules of conduct of the Code of Ethics and Legal Compliance.

In addition, the whole workforce can access this content via the intranet.

[p.12] In 2019 the Compliance Unit will conduct a Global Ethics and Compliance Training Plan that will include online and on-site sessions for all the company's professionals. The on-site sessions will take place in the subsidiaries in Brazil, Mexico, Colombia, Argentina, Peru, Chile, Portugal, Norway, Italy and the Philippines.

Indicators	2016	2017	2018			
Ethics and compliance	Ethics and compliance					
No. of communications through the Direct Channel	103	217	307			
Employees trained in the Code of Ethics (%)	55	82	88			
Employees trained in the Code of Ethics (m/f) (%)	52   58	80   84	89   85			
Breakdown of employees trained in the C	ode of Ethics by cate	gory and gender (m/f) (no.)				
Senior Management	-	-	391   85			
Middle Management	-	-	2,678   863			
Technical Personnel	-	-	20,017   9,559			
Administration	-	-	2,101   1,473			
Other categories	-	-	201   132			
Breakdown of employees trained in the Code of Ethics by geographical area						
Spain		17,673	24,281			
Europe		1,244	1,514			
Americas		11,989	9,912			
Asia, Middle East and Africa		1,716	1,780			

[p.65] 9.11 Table of other non-financial indicators



## 3.2. Does the company provide tailored training on its anti-bribery and corruption programme for at least the following categories of employees:

- a) Employees in high risk positions,
- b) Middle management,
- c) Board members.

### Score

#### Comments

There is evidence that the company provides tailored anti-corruption training for employees based on their role and exposure to corruption risk. The company indicates that it provides tailored training to board members and those in management positions, as well as stating that employees in technical positions and those working in the defence and security market receive specific training on the rules of conduct related to that field.

However, the company receives a score of '1' because it is not clear from publicly available information that employees in high risk positions must refresh their training on at least an annual basis. The company indicates that it will provide training in the next year but it is not clear whether this applies to the same employees or new employees receiving the training for the first time.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.35] Training and raising awareness

[...] After training 92% of the active workforce in Spain and the international subsidiaries up to 2018, the CU has carried out the following training initiatives on "Ethics and Compliance" in 2019:

- [...]
- On-site sessions (46) aimed at the management team and project leaders at 10 subsidiaries (Colombia, Peru, Chile, Argentina, Brazil, Norway, Italy, Mexico, Portugal and the Philippines). Contents: bribery and corruption (business gifts), conflicts of interest, Information Security, moral harassment, competition rules and the Direct Channel. Result: 86% trained.
- On-site session for the Board of Directors on the Criminal Risk Prevention Model, with particular emphasis on the key procedures contained in the Model.
- In addition, the Compliance unit gave the following specific on-site sessions during 2019:
- Session aimed at the directors and management team in the General Services Department in Spain and LATAM. Contents: bribery and corruption (business gifts), conflicts of interest and the Direct Channel.
- Sessions on the Code of Ethics for all employees working on business lines in the Defence and Security
  market, with particular emphasis on the rules of conduct regarding defence and dual-use materials. These
  sessions will continue to be given in 2020.
- Sessions for international suppliers in Brazil, Mexico and Colombia. This training will continue to be given in 2020 via online sessions.

#### [3] Corporate Social Responsibility Report 2018 (Document)

#### Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf

[p.10] In addition, AENOR assessed the risk approach with which Indra operates as a strong point of the model, as well as its approach to the global training on Ethics and Compliance given to the company's professionals, which it described as solid, highly dynamic and attractive.

[p.11] Training and awareness-raising

[...] After training 90% of the active workforce in Spain and the international subsidiaries in 2016 and 2017 (respectively), the Compliance Unit organized the following training initiatives on Ethics and Compliance in 2018:



- An online course designed for all the professionals in Spain and the international subsidiaries. Result: 88% of the workforce were trained as at 31 December 2018; 92% of the active workforce as at 31 October 2018.
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[p.12] In 2019 the Compliance Unit will conduct a Global Ethics and Compliance Training Plan that will include online and on-site sessions for all the company's professionals. The on-site sessions will take place in the subsidiaries in Brazil, Mexico, Colombia, Argentina, Peru, Chile, Portugal, Norway, Italy and the Philippines.

[p.65] 9.11 Table of other non-financial indicators

Indicators	2016	2017	2018
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Other categories	-	-	201   132
Breakdown of employees trained in the C	ode of Ethics by geog	raphical area	
Spain		17,673	24,281
Europe		1,244	1,514
Americas		11,989	9,912
Asia, Middle East and Africa		1,716	1,780



## 3.3. Does the company measure and review the effectiveness of its anti-bribery and corruption communications and training programme?

### Score

#### Comments

Based on publicly available information, there is evidence to indicate that the company reviews its compliance communications and personnel training programme. The company clearly measures and publishes information on its training completion rates and whistle-blower reports received. In addition, there is evidence that the company conducted a review of its compliance programme in 2019 which resulted in updates to its training procedures.

However, the company receives a score of '1' because it does not publish further details on how it measures and reviews the effectiveness of its communications or training beyond tracking completion rates. Although the company indicates that it reviewed these processes in 2019, there is no clear evidence that the company conducts a full review of its anti-corruption training and communications programme on a regular basis, at least every three years.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

#### Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.32] 3) In addition, an in-depth review was carried out on the Criminal Risk Prevention Model, which up to that point had been formed from the 2009 Code of Ethics and Professional Conduct and the 2011 Compliance Programme. These were now replaced by: i) a new Code of Ethics and Legal Compliance; and ii) a Manual for the Prevention of Criminal Risk in Spain and at the company's international subsidiaries. The Manual set out the model for the organisation, prevention, management and monitoring of criminal risk, following the guidelines set out in the aforementioned reform of the Spanish Criminal Code. This involved compiling existing procedures and controls for effective risk prevention and mitigation and making a detailed analysis of the risk that could hypothetically or potentially arise at Indra. The Manual was therefore based both on existing control systems and on systems that had been strengthened or introduced following the review made as a result of the criminal reforms, in order to comply with the aim of preventing and mitigating commission of criminal acts at Indra. The Manual included the design and structuring of: (i) a supervision, follow-up and verification model; (ii) control bodies; (iii) a financial resources management system; (iv) a disciplinary system; (v) a complaints channel; (vi) training; and (vii) controls to prevent the commission of crime. This Model is dynamic in nature, meaning that it is regularly reviewed, both in accordance ...

[p.33] ... with the regulatory changes that arise and have an impact on it, and in view of the experience accumulated as incidents are processed. The Model was therefore reviewed in 2017, with amendments introduced to both the Code of Ethics and Legal Compliance and the Criminal Risk Prevention Manual in Spain. In 2019 Indra carried out a further review of the Model, incorporating among other changes: i) a new Protocol for fraud prevention, in line with the recommendation from COSO ERM; ii) the possibility of submitting anonymous complaints in Spain; and iii) the obligation for all employees to receive training in Ethics and Compliance. Indra also obtained AENOR UNE 19601 Certification for its Criminal Compliance System, details of which are given in the following sections.

[p.34] In 2019 the Direct Channel received 407 messages, directly addressed to the Channel or by other means (notwithstanding their subsequent referral by the Direct Channel Compliance Unit, as detailed in the Compliance Unit Protocol for action). This is a 33% increase in messages received compared to 2018, demonstrating the growing confidence of Indra's employees in the company's compliance mechanisms and its compliance culture. All of the messages were correctly dealt with by the Compliance Unit. In order to deal with these messages, the CU took all action it deemed necessary or useful to ensure proper clarification of the events or behaviour reported and to respond to the queries submitted, doing so in the quickest possible time and in line with the legislation in force. In relation to the complaints made, measures have been taken, disciplinary or otherwise, in accordance with the Compliance Unit Action Protocol.

[p.35] Training and raising awareness



Indra is constantly working to raise employee awareness of the Criminal Risk Prevention Model and the Code of Ethics and Legal Compliance via on-site and online training sessions.

After training 92% of the active workforce in Spain and the international subsidiaries up to 2018, the CU has carried out the following training initiatives on "Ethics and Compliance" in 2019:

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[p.36] In addition, on the subject of awareness and with the aim of maintaining a culture of compliance among all of the company's employees, in 2018 the Compliance Unit created a blog called "Do The Right Thing". Bi-monthly entries have been posted on this blog during 2019 regarding the main rules of conduct of the Code of Ethics and Legal Compliance. The whole workforce can access this content via the company intranet.

The Company's Department of Communications, Branding and Corporate Social Responsibility also published a number of notices in the press and on social media in 2019.

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf

[p.21] In addition, the company maintains an active communication policy with its professionals through different tools for the organization and the cultural transformation process. For further information on the communication channels used to communicate with the professionals go to Annex 9.5 of this report.

[p.34] 9.5 Communication channels and dialogue with the stakeholders

Indra provides its stakeholders with various communication, participation and dialogue channels which are continuously reviewed and updated.

	Commitment	Communication channels	Indicators available in this Report
[]			
Professionals	Professional development Family life / work balance Guaranteed occupational health & safety Freedom of association Ethical and responsible behavior Avoidance of gender-based discrimination Transparency	On Boarding sessions Corporate Portal - Indraweb Conference Call with the management on the annual results Dialogue with workers' representatives Assessment interview Direct Channel The Indra and Minsait websites Press rooms Press releases Social Media	Workforce distribution Training Collective bargaining Occupational Health & Safety Family life / work conciliation Remuneration and the Wage gap Direct Channel Communication



#### [p.65] 9.11 Table of other non-financial indicators

Indicators	2016	2017	2018	
Ethics and compliance				
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Administration	-	-	2,101   1,473	
Other categories	-	-	201   132	
Breakdown of employees trained in the Code of Ethics by geographical area				
Spain		17,673	24,281	
Europe		1,244	1,514	
Americas		11,989	9,912	
Asia, Middle East and Africa		1.716	1,780	



## 3.4. Does the company ensure that its employee incentive schemes are designed in such a way that they promote ethical behaviour and discourage corrupt practices?

#### Score 0

#### Comments

There is no clear evidence that the company incentive schemes for employees incorporate ethical or anti-corruption principles.

For some employees, the company indicates that it has a variable remuneration system which is proportionate and based on their contribution towards the objectives of the company. For executive directors, the company indicates that it has procedures in place to recover any variable compensation that may have been improper or miscalculated. However, there is no evidence that the company's approach to incentives for all employees incorporates ethical principles, by incentivising employees based on 'how' they achieve their goals through tool such as performance appraisals.

#### Evidence

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr 2018 - 02042019 - en 0.pdf

#### [p.20] Remuneration Model

The success of Indra depends largely on the achievement of the individual objectives of the professionals who form part of the company. To promote compliance with these objectives and, therefore, for each business unit and of the company, there is a variable remuneration system available to 16% of its professionals. The model is based on the recognition of professionals who contribute more fully to the achievement of the objectives of the company.

In Spain the company offers a flexible remuneration plan that allows all professionals to allocate part of their salary towards health care, transportation, nursery vouchers, pension plans and restaurant vouchers, thus benefiting from discounted prices and tax benefits. In 2018, more than 36% of the workforce in Spain took advantage of the aforementioned plan.

To ensure the sustainability of the business, 30% of managers have medium and long-term targets that are linked to the fulfillment of the company's strategic objectives. The executive directors' targets for the current year are published each year in the Annual Report, which indicates the percentage of the targets reached at the end of the financial year in the section on the directors' remuneration.

The remuneration policy implemented by Indra is not gender biased. The two fundamental components of the remuneration structure of the Company: the fixed monetary remuneration and the variable annual remuneration, are set objectively. By and large, the fixed remuneration reflects the experience of the professional and their responsibility within the organization, while the variable remuneration rewards the targets which have been reached and are shared amongst the professionals who carry out their activities in the same operational departments.

#### [12] Compensation Policy for Directors

Accessed 15/10/2019

https://www.indracompany.com/sites/default/files/d7/Accionistas/2018/politicascorporativa/indra\_compensation\_policy\_2018-2020.pdf

a) Principles and Bases for Director Compensation for their Duties as Directors.

- Compensation for External Directors should incentivize their dedication, qualifications, and responsibility, but should not constitute an obstacle to their independence.
- Compensation should not incorporate components tied to Company profits or to share price, the object being to dissociate it from short term variations and goals, and is to be paid entirely in cash.

[...]

b) Principles and Bases for Director Compensation for Executive Functions



Executive Directors receive, in addition to their compensation qua directors, compensation based upon their contractual relationships with the Company for carrying out executive duties which are assigned to them.

This compensation is determined individually for each of the Executive Directors by the Board upon proposal by the Committee.

This Compensation Policy is based on the following principles and criteria:

- That it include fixed and variable components which are annual and multiannual; that it be paid in cash, in kind, and in items tied to equity value; and that it be determined consistent with the following criteria:
   i. That fixed compensation remain invariable for a period of three years except when specific circumstances arise which make a change advisable.
  - ii. That variable compensation represent a substantial portion of total compensation.
  - iii. That medium term compensation have a significant weight.
  - iv. That compensation tied to stock price be significant.
  - v. That the receipt of a significant portion of variable compensation be deferred.
  - vi. That the weight of the various compensation elements be consistent with best practices in the market.
- Employment contracts are to contain clauses which permit the Company to demand reimbursement of any
  variable compensation paid in the event that it is subsequently discovered that determination of such was
  objectively determined to be based on erroneous or imprecise data.



3.5. Does the company commit to and assure itself that it will support and protect employees who refuse to act unethically, even when it might result in a loss of business?

#### Score 0

#### Comments

Based on publicly available information, there is no evidence that the company publishes a clear commitment to support or protect employees who refuse to act unethically.

#### Evidence

#### [1] Code of Ethics and Compliance (Webpage)

Accessed 10/10/2019

<u>https://www.indracompany.com/en/indra/code-ethics-legal-compliance</u> Lastly, it is key the cooperation from all parties to "do the right thing":

"The set up of this commitment is only possible through the responsible action of each one of us. And to this end, it is essential that each Professional and Partner of Indra knows, accepts and commits to this code of conduct in the performance of work" Fernando Abril-Martorell.



## 3.6. Does the company have a clear policy of non-retaliation against whistleblowers and employees who report bribery and corruption incidents?

#### Score 1

#### Comments

There is evidence that the company promotes a policy of non-retaliation against both whistleblowers and employees who report bribery and corruption concerns. There is evidence that this applies to all employees across the organisation. In addition, there is evidence to indicate that the company's whistleblowing channel is open to third parties and business partners, so this commitment is understood to extend to the employees of these entities.

However, there is no evidence that the company assures itself of its employees' confidence in this commitment through surveys, usage data, or other clearly stated means.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.23] 4. It is strictly prohibited to take reprisals against anyone who in good faith informs Indra of possible illicit acts or violations of this Code of Ethics and its development regulations and against anyone who collaborates in the investigation or helps to resolve it. However, this guarantee does not extend to persons acting in bad faith with a view to spreading false information or even harm or undermine another person, in which case the appropriate measures may be taken.

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr 2018 - 02042019 - en 0.pdf

[p.11] The Direct Channel constitutes the confidential mechanism placed by the company at the disposal of all Indra's professionals and other partners so that they can report any queries regarding the interpretation and application of the Code of Ethics and its implementing regulations, as well as any illegal behavior or any irregularity or offense detected in relation to said Code and its regulations.



# 3.7. Does the company provide multiple whistleblowing and advice channels for use by all (e.g. employees and external parties), and do they allow for confidential and, wherever possible, anonymous reporting?

#### Score

#### 1

#### Comments

Based on publicly available information, there is evidence that the company provides a whistleblowing channel for its employees that allows for confidential and, where possible, anonymous reporting. The company indicates that these channels are accessible in all relevant countries of operation and available to those employed by its business partners, including suppliers.

However, the company receives a score of '1' because there is no publicly available evidence that it provides an external reporting channel operated by an independent third party. It is also not clear that the company's channels may be used to ask questions and seek advice on the anti-corruption programme, in addition to reporting allegations or incidents.

#### Evidence

#### [1] Code of Ethics and Compliance (Webpage)

Accessed 10/10/2019

https://www.indracompany.com/en/indra/code-ethics-legal-compliance

The Direct Channel (canaldirecto@indra.es), regulated in the Code of Ethics and Legal Compliance, is a confidential channel to communicate any doubts that may arise in relation to the interpretation or application of the Code of Ethics and to report any illicit behaviors or any irregularities or violations detected in relation to the aforementioned Code and regulations. In Brazil the Direct Channel may also be accessed dialing (11) 5186 3003. In addition, any complaint can be reported anonymously through this way: https://canaldirecto.indracompany.com/uc/index.jsp?locale=en

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

#### [p.5] 2. Scope of application

This Code of Ethics and Legal Compliance is applicable to and must be complied with by Indra's administrators, executives, employees, representatives, suppliers and other third parties that provide services for the company or that in any way act on it's behalf such as agents, intermediaries and subcontracted companies, regardless of the territory where they perform their activity (hereinafter, "Professional(s) and Partner(s)").

#### [p.22] Annex 4: Direct Channel

With respect to the communication of irregularities, the Compliance Unit, subject to suitable discovery and if concluding after duly examining the matter that the facts and events could engender, even if only hypothetically, a criminal risk, the Compliance Unit will notify the Audit and Compliance Committee, proposing, if necessary, the pertinent disciplinary measures and/or other measures to adopt. With respect to the rest of irregularities, the Compliance Unit shall inform the Audit and Compliance Committee of most relevants in a periodical basis. Disciplinary measures will be analysed by the Compliance Unit and will be adopted with the intervention of the Human Resources department.

[p.23] The following rules on usage are established to ensure rigour and confidentiality when processing these notifications:

1. The Direct Channel is only to be used to communicate improper conduct with regard to the regulations cited above and must never be used in reference to different spheres or with regard to anyone's personal life.

2. All communications must contain at least the following information:

· The identity of the person submitting it.

• The identity of the person or persons to whom the irregularity pertains.

. The facts the irregularity consists of, specifying, to the extent possible, the violation of the regulation in question.



· Documentation supporting the irregularity, wherever possible.

3. All communications submitted through the Direct Channel shall be treated with the utmost confidentiality, but anonymous communications shall not be admitted unless as stated below regarding the anonymous communications. The identity of the persons who make use of the Direct Channel shall always be confidential and cannot be disseminated (also with a guarantee of confidentiality) to any party other than the members of Indra's Audit and Compliance Committee, the Compliance Unit and the professionals designated by the Compliance Unit for the suitable management of the communication for whom such knowledge is essential in the performance of their duties.

[...]

9. In accordance with several local legislations, anonymous communications are permitted in certain countries: likewise, certain limitations regarding the types of issues that may be communicated through this Channel can be applied. Taking into account the above, all provisions established in the present Annex will be applicable notwithstanding what is set forth in the corresponding local legislations.

#### [3] Corporate Social Responsibility Report 2018 (Document)

#### Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf

[p.10] The Compliance Unit receives the support and collaboration of different units within the company. With their help, it seeks to fulfill the objectives of the Criminal Risk Prevention Model and, in particular, to carry out specific investigations based on the messages received in the Direct Channel, as outlined below.

#### [p.11] Direct Channel

The Code of Ethics and the Criminal Risk Prevention Model establish the operational guidelines of the Direct Channel (canaldirecto@indra.es). The Direct Channel constitutes the confidential mechanism placed by the company at the disposal of all Indra's professionals and other partners so that they can report any queries regarding the interpretation and application of the Code of Ethics and its implementing regulations, as well as any illegal behavior or any irregularity or offense detected in relation to said Code and its regulations. In 2018 the Direct Channel received 307 messages, directly addressed to said Channel or by other means (without detriment to their subsequent referral by the Direct Channel Compliance Unit).

[p.34] 9.5 Communication channels and dialogue with the stakeholders

Indra provides its stakeholders with various communication, participation and dialogue channels which are continuously reviewed and updated.

	Commitment	Communication channels	Indicators available in this Report
Customers	Leadership and innovation Efficient management Quality Security and confidentiality of information Ethics and transparency	The Indra and Minsait websites Stands at trade shows Direct relationship through account managers Management of complaints and claims Satisfaction survey	Customer satisfaction Complaints Cybersecurity indicators
Shareholders and Investors	Value creation Good governance and risk control Fluid and transparent dialogue Equal treatment and non- discrimination Relationship with Investors Policy	General Shareholders' Meeting Shareholders' Office E-mail to shareholders/investors Website: Shareholders Investors' magazine Roadshows and one-to-one meetings Results reports and conference calls (quarterly) Investor Day	Development of target share price Purchasing recommendations
Professionals	Professional development Family life / work balance Guaranteed occupational health & safety Freedom of association Ethical and responsible behavior Avoidance of gender-based discrimination Transparency	On Boarding sessions Corporate Portal - Indraweb Conference Call with the management on the annual results Dialogue with workers' representatives Assessment interview Direct Channel The Indra and Minsait websites Press rooms Press roleases Social Media	Workforce distribution Training Collective bargaining Occupational Health & Safety Family life / work conciliation Remuneration and the Wage gap Direct Channel Communication
Suppliers	Compliance with the Code of Ethics Compliance with contractual obligations	Negotiations and contractual relations Surveys Supplier portal Direct Channel	Number and distribution of suppliers Purchase distribution Percentage of purchases from local suppliers
Entrepreneurshi p and startup ecosystem	Value creation Innovation Collaboration to generate mutual benefits Exchanging of ideas	Initiatives promoted through Indraventures: for entrepreneurs via Innovators initiative and for startup companies via Indra4 initiatives Social Media	Number of agreements with start-up companies



### 4. Conflict of Interest

#### Question

4.1. Does the company have a policy defining conflicts of interest – actual, potential and perceived – that applies to all employees and board members?

core
omments

Based on publicly available information, there is evidence that the company has a policy that defines conflicts of interest. The company's policy addresses actual and potential conflicts and makes clear reference to possible conflicts arising employee relationships and financial interests.

However, the company receives a score of '1' because there is no publicly available evidence that its policy covers potential and perceived conflicts of interest, nor is there evidence that it addresses possible conflicts arising from government relationships or other employment.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.9] 3. Conflicts of interest

We all Indra Professionals and Partners must keep and guarantee an unbiased development of our functions, responsibilities and professional decisions, especially in any situation that may cause a conflict of interest, meaning that the situation where an employee can, direct or indirectly, obtain a personal benefit or where a contraposition between his/her personal interests and Indra's may exist.

What is a conflict of interest?

It is understood that we face a conflict of interest when, as part of our professional work (especially in decision making), the interest that should guide our actions, in other words, Indra's interest, conflicts or is influenced by a personal interest. This conflict of interest affects our criteria and objectiveness.

A conflict of interest also exists when a personal interest refers to a Person Linked to an Indra Professional.

In terms of this Standards of conduct, a Person Linked to an Indra Professional is understood as:

- (i) his/her spouse or common-law spouse
- (ii) his/her siblings, parents and children

(iii) the siblings, parents and children of the Professional's spouse or common-law spouse

(iv) the spouse or common-law spouse of his/her siblings, parents and children

(v) the aunts, uncles, cousins and nephews, as well as their spouses or common-law spouses

(vi) the legal entities or non-legal entity organisations that are controlled or managed, directly or indirectly, by the Indra Professional or the individuals indicated in the previous points

(vii) the individuals who operate for the Indra Professional or Partner, either on his/her behalf or on their own behalf. (hereinafter the Linked Person)

Due to its nature, a conflict of interest can have a number of forms, and so it is not possible to establish a closed list of situations in which there is a conflict of interest. However, below are some examples:

- The Indra Professional or Partner is aware of or participates (despite this circumstance) in the negotiation of a commercial agreement between Indra and a Person Linked to him/her.
- The Indra Professional or Partner or a Person Linked to him/her is a shareholder, administrator or executive of a company that is or wants to be an Indra customer, supplier, competitor or partner.
- The Indra Professional or Partner or a Person Linked to him/her is a member, administrator, executive or manager of a non profit organisation or association that Indra has a relation with (or plans to).



- The Indra Professional or Partner participates in a selection process for a position at Indra for which a Person Linked to him/ her has been submitted for consideration.
- The Indra Professional or Partner has or could have supervising authority or hierarchical control over an Indra employee that is a Person Linked to him/her.

[p.9] [...] This notification should take place as soon as the Indra Professional is aware of the conflict of interest. The notification should also take place, even if a conflict of interest has not yet appeared, if there is reason to believe that it may occur.

#### [15] Regulations of the Board of Directors and its Committees (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/d7/Accionistas/Reglamentos\_internos/Reglamentos\_Consejo/reg ulations\_of\_the\_board\_of\_directors\_and\_its\_committees.2019.pdf

[p.24] Article 31. Conflicts of Interest and Waiver

1. A conflict of interest will be considered to have arisen in those situations ...

[p.25] ... where there is a direct or indirect inconsistency in the interests of the Company or those companies in its group and the personal interests of the Director. Personal interests of the Director include matters which affect the Director or a person connected to the Director.

For the purposes of these Regulations, connected persons will be those as defined under applicable law.

2. Directors will adopt the means necessary to avoid finding themselves in situations in which their interests, whether for their own account or not, may enter into conflict with corporate interests and with their duties toward the Company.

Particularly, the duty to avoid conflicts of interest obliges the Director to avoid:

- a) Engaging in transactions with the Company other than non-material transactions in the ordinary course of business and done under conditions which are standard for clients. Non-material is understood to mean those transactions which it would not be necessary to report in order to give an accurate description of the assets, the financial condition, and the results of the entity in accordance with these Regulations.
- b) Use the name of the Company or take advantage of his position in order to unduly influence the results of personal transactions.
- c) Make use of Company assets, including confidential information belonging to the Company, for private ends.
- d) Take advantage of business opportunities belonging to the Company.
- e) Obtain advantages or remuneration from third parties apart from the Company and its group which arise from the discharge of his duties other than de minimis benefits.

3. The provisions of paragraph 2 above apply also to cases where the beneficiary of prohibited acts or activities is a third party related to the Director.

4. Directors must communicate any conflict of interest, whether direct or indirect, which they or persons related to them might have with the interests of the Company. Additionally, the Director must communicate: (i) duties pertaining to any other boards of directors of which they are members, whether the company be listed or not, as well as regarding any other activities which are a source of income of any nature whatsoever; and (ii) the Company shares and share options of which the Director is a direct or indirect title holder.

5. Notwithstanding the provisions of paragraph 2 above, the Company may waive the prohibitions contained in said paragraph on an ad hoc basis, authorizing (i) completion of a specific transaction between the Company ...

[p.26] ... and a Director or related person (in accordance with these Regulations); (ii) the use of certain corporate assets; (iii) benefitting from a specific business opportunity; (iv) acquisition of an advantage; or (v) compensation from a third party.

The waiver must be approved at the Annual Shareholders' Meeting when the object of the waiver is the prohibition against gaining an advantage or compensation from third parties, or involves a transaction whose value exceeds 10% of company assets.



In all other cases, the authorization may be given by the Board of Directors so long as the independence of the members giving said authorization is maintained from the soliciting Director while also ensuring that the authorized transaction does not prejudice the value of company assets or, when applicable, its completion is done under ordinary market conditions with transparency in its process.

6. In those events described in paragraph 2 above, the Board, after a report from the Nomination, Compensation and Corporate Governance Committee, will require adoption of measures which it deems appropriate in its judgment to protect corporate interests.

7. The Company will make public any conflicts of interest in which Directors may be involved in accordance with applicable law.



#### 4.2. Are there procedures in place to identify, declare and manage conflicts of interest, which are overseen by a body or individual ultimately accountable for the appropriate management and handling of conflict of interest cases?

#### Score

#### 1

#### Comments

There is evidence the company has procedures in place to identify, declare and manage conflicts of interest. The company indicates that its employees must report any actual or perceived conflicts of interest through the company's Direct Channel, while the board reviews any conflicts associated with directors. Since the Compliance Unit is responsible for reviewing reports from the Direct Channel, there is some evidence that this body is responsible for the handling of cases. There is evidence that disciplinary measures will apply if the company's policy is breached.

However, there is no clear evidence that all employee and board member declarations are held in a dedicated central register that is accessible to those responsible for oversight of the process. In addition, or employees, there is also no evidence that a specific body or individual with oversight and accountability for handling cases.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

#### Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.9] Due to its nature, a conflict of interest can have a number of forms, and so it is not possible to establish a closed list of situations in which there is a conflict of interest. However, below are some examples:

- The Indra Professional or Partner is aware of or participates (despite this circumstance) in the negotiation of a commercial agreement between Indra and a Person Linked to him/her.
- The Indra Professional or Partner or a Person Linked to him/her is a shareholder, administrator or executive of a company that is or wants to be an Indra customer, supplier, competitor or partner.
- The Indra Professional or Partner or a Person Linked to him/her is a member, administrator, executive or manager of a non profit organisation or association that Indra has a relation with (or plans to).
- The Indra Professional or Partner participates in a selection process for a position at Indra for which a Person Linked to him/ her has been submitted for consideration.
- The Indra Professional or Partner has or could have supervising authority or hierarchical control over an Indra employee that is a Person Linked to him/her.

3. What to do in light of a situation with a conflict of interest

In case a conflict of interest arises, the Indra Professional or Partner involved shall inform the situation to the Company, via Direct Channel, for its solution sending the form available in Annex 3.

This notification should take place as soon as the Indra Professional is aware of the conflict of interest. The notification should also take place, even if a conflict of interest has not yet appeared, if there is reason to believe that it may occur.

The Indra Professional affected by a conflict of interest must abstain from participating in any way in the process or decision it is related to.

In any decision or resolution regarding a conflict of interest Indra's interest will always prevail.

[p.17] 5. Consequences of the violation

Indra shall apply disciplinary measures to the Professionals involved, that is, those directly employed by the Company. For other Partners, Indra may immediately extinguish any existing relations with them due to the violation, in conformity with the laws in force at all times.



#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.34] In 2019 the Direct Channel received 407 messages, directly addressed to the Channel or by other means (notwithstanding their subsequent referral by the Direct Channel Compliance Unit, as detailed in the Compliance Unit Protocol for action). This is a 33% increase in messages received compared to 2018, demonstrating the growing confidence of Indra's employees in the company's compliance mechanisms and its compliance culture.

All of the messages were correctly dealt with by the Compliance Unit. In order to deal with these messages, the CU took all action it deemed necessary or useful to ensure proper clarification of the events or behaviour reported and to respond to the queries submitted, doing so in the quickest possible time and in line with the legislation in force. In relation to the complaints made, measures have been taken, disciplinary or otherwise, in accordance with the Compliance Unit Action Protocol.

The 407 messages received break down as follows:

- 270 different queries regarding donations and sponsorship, conflicts of interest, business gifts and requests for information by third parties on the Criminal Risk Prevention Model. In terms of the latter, 75 requests for information/due diligence were received by customers and partners, which represents a 159% increase on the requests made in 2018.
- 137 irregularities relating to the Code of Ethics and Legal Compliance (76 of which related to alleged harassment and unacceptable behaviour).

The disciplinary measures adopted in 2019 as a result of 22 of the irregularities mentioned above (some of which involved more than one person) were as follows: 16 dismissals, 5 reprimands, 2 suspensions without pay and 10 official warnings from the HR Department or the Compliance Unit. Generally speaking, all of these related to breaches of Indra's internal procedures and offences connected with fraud, harassment and unacceptable behaviour, the prevention of occupational risk and impersonating others.

#### [15] Regulations of the Board of Directors and its Committees (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/d7/Accionistas/Reglamentos\_internos/Reglamentos\_Consejo/reg ulations\_of\_the\_board\_of\_directors\_and\_its\_committees.2019.pdf

[p.25] 4. Directors must communicate any conflict of interest, whether direct or indirect, which they or persons related to them might have with the interests of the Company. Additionally, the Director must communicate: (i) duties pertaining to any other boards of directors of which they are members, whether the company be listed or not, as well as regarding any other activities which are a source of income of any nature whatsoever; and (ii) the Company shares and share options of which the Director is a direct or indirect title holder.

5. Notwithstanding the provisions of paragraph 2 above, the Company may waive the prohibitions contained in said paragraph on an ad hoc basis, authorizing (i) completion of a specific transaction between the Company ...

[p.26] ... and a Director or related person (in accordance with these Regulations); (ii) the use of certain corporate assets; (iii) benefitting from a specific business opportunity; (iv) acquisition of an advantage; or (v) compensation from a third party.

The waiver must be approved at the Annual Shareholders' Meeting when the object of the waiver is the prohibition against gaining an advantage or compensation from third parties, or involves a transaction whose value exceeds 10% of company assets.

In all other cases, the authorization may be given by the Board of Directors so long as the independence of the members giving said authorization is maintained from the soliciting Director while also ensuring that the authorized transaction does not prejudice the value of company assets or, when applicable, its completion is done under ordinary market conditions with transparency in its process.

6. In those events described in paragraph 2 above, the Board, after a report from the Nomination, Compensation and Corporate Governance Committee, will require adoption of measures which it deems appropriate in its judgment to protect corporate interests.



### 4.3. Does the company have a policy and procedure regulating the appointment of directors, employees or consultants from the public sector?

#### Score 0

#### Comments

There is evidence that the company has a policy to regulate the hiring of any politically exposed persons, which stipulates additional controls to reduce the associated risks. However, in publicly available evidence the company does not provide further details on its policy or the controls that it has in place.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

#### Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.7] Commercial consultants, advisors and other similar suppliers

Bribery can occur indirectly, in other words, using intermediaries such as commercial consultants, brokers, agents or other advisors. These third parties make the bribes on behalf of Indra, without having the Company directly involved in those bribes, but with the same legal consequences as if the bribe had been directly made by an Indra Professional or Partner.

Commercial consultants, agents, representatives, other advisors and similar suppliers should be conceived as Indra partners for accessing markets and obtaining new business, and as such, they must apply the same principles and ethical values that Indra advocates, as they act as Indra Professionals or Partners. In summary, they must reject and fully abstain from carrying out any type of action that involves corruption or bribery, just as Indra does.

Because of this, Indra has a procedure that rules the contacts, relationships and contracts of the company with these suppliers, i.e., the Procedure for the Hiring of Commercial Consultants, and a procedure that rules the contacts, relationships and contracts of the company with the suppliers called Strategic Advisors, i.e., the Procedure for the Hiring of Strategic Advisors. Both procedures foreseen additional control measures to the general ones in case of hiring the so called "politically exposed persons".

These procedures are part of the internal regulations of Indra and should be known and complied by all Professionals and Partners that keep relations with those suppliers.

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf [p.12] Anti-corruption

Indra rejects corruption and any illegal practice and makes a commitment to comply with the law. The company's Code of Ethics and Legal Compliance defines what is meant by corruption and bribery, including the basis of the anticorruption policy. With respect to the above, Indra's Criminal Risk Prevention Model establishes certain controls that are regularly executed within the different departments of the company in order to mitigate said risks.

#### [...]

Finally, the regulation on PEPs (politically exposed persons) was included in the procedures to regulate the company's relationships with third parties that may be regarded as PEPs.



4.4. Does the company report details of the contracted services of serving politicians to the company?

#### Score 0

#### Comments

There is no evidence that the company publishes details of the contracted services of any serving politicians.

#### Evidence

No evidence found.



#### 5. Customer Engagement

#### 5.1 Contributions, Donations and Sponsorships

Question

#### 5.1.1. Does the company have a clearly defined policy and/or procedure covering political contributions?

#### Score

#### 2 Comments

Based on publicly available information, there is evidence that the company publishes a clear statement that it does not make corporate political contributions. The company indicates that this applies to any direct or indirect contributions in Spain or in any other jurisdictions. There is evidence that this policy applies company-wide.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf [p.15] 14. Relations with governments and authorities

Indra shall not fund, directly or indirectly, neither in Spain nor abroad, any political parties or their representatives or candidates.

Relations with authorities, regulatory bodies and public administrations shall always be approached in accordance with the principles of cooperation and transparency. Without prejudice to the above, should any Professional or Partner receive requests for non-routine meetings or documentation from a public administration, they shall immediately inform Legal Affairs, which is the department responsible for their management.



5.1.2. Does the company publish details of all political contributions made by the company and its subsidiaries, or a statement that it has made no such contribution?

#### Score

#### N/A Comments

The company publishes a clear statement that it does not make political contributions and therefore it is exempt from scoring on this question.

#### Evidence

No evidence found.



# 5.1.3. Does the company have a clearly defined policy and/or procedure covering charitable donations and sponsorships, whether made directly or indirectly, and does it publish details of all such donations made by the company and its subsidiaries?

#### Score

#### Comments

Based on publicly available information, there is evidence that the company has a policy on charitable donations and sponsorships, which outlines criteria for such donations.

However, the company receives a score of '1' because there is no evidence that it publishes full details of all the charitable donations it makes, such as details of the recipient, amount, country of recipient and which corporate entity made the payment. In addition, the company does not indicate that its policy includes further controls such as procedures for senior sign-off or due diligence on recipients; the company makes reference to an internal document which provides further details on these procedures, but this does not appear to be publicly accessible.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.8] Donations and sponsorships

Similarly, it is radically forbidden for Indra Professionals and other Partners to make donations or sponsorships that are unjustified or have illicit purposes. In this aspect, the procedures internally established to this end must be followed in all cases.

Donations and sponsorships in which Indra is involved must contribute towards creating a strong brand that is in cohesion and aligned with the organisation's strategy and objectives. This must be their ultimate purpose. However, as was indicated earlier regarding corporate courtesy, donations and sponsorships must follow criteria of reasonableness, proportionality and prudence in terms of the circumstances in which they take place. Otherwise, they could constitute bribery.

In this regard, all the Company's actions related to donations and sponsorships must be analysed within the framework of this Code as well as comply with the Policy for Donations and Sponsorships as set forth in Annex 2 together with the specific authorisation procedure: Procedure for Donations and Sponsorships, included in the internal regulations of the company

#### [p.20] Annex 2: Donations and sponsorships

General principles of donations and sponsorships

The main general principle that any Indra donation or sponsorship initiative must adhere to is that it should contribute towards creating a strong brand that is in cohesion and aligned with the organisation's strategy and objectives and with the Company's image.

Innovation and talent are the pillars of Indra's strategy, its business model and its sustainability as a Company. For this reason, it is essential to Indra that its donation and sponsorship initiatives be aimed at strengthening that image and brand so that Indra is perceived as an innovative and talented company.

On the other hand, to prevent having donations and/or sponsorships be considered or interpreted as corruption or bribery, any Professional asking for a donation and/or sponsorship will strictly observe with internal procedures and regulations of Indra that sets forth both quantitative and qualitative limits of said donations and sponsorships together with its correspondent authorisations.

#### Donations

At Indra, we want to be an active agent in minimising the digital breach because our solutions and services are developed in the area of new technologies and it is advisable to highlight their social value. For this reason, one of our objectives is to promote a greater equality with regards to the use of new technologies so they may result in a better quality of life for everyone.



This is why Indra's donations must reflect this commitment that the organisation has with society. However, Indra's responsibility to the communities in which it operates can also lead the Company to contribute with aid for certain specific needs, as in the case of natural disasters or healthcare assistance in general. As a result, Indra may assess other types of donations, although in the case of those related to assistance, it will attempt to adhere as much as possible to the criteria stated earlier for minimising the digital divide.

Thus, examples of donations that adhere to this Policy include:

- Initiatives to support technological development for underprivileged groups.
- Aid initiatives for underprivileged groups.
- Initiatives to support innovation and the implementation of an Information Society.
- Computer equipment donations to foundations and associations.

#### Specific criteria for donations and sponsorships

Aside from the general principles described in the previous section regarding donations and sponsorships, it is also necessary to address and comply with the specific criteria listed below.

#### Sponsorships

Indra's sponsorship initiatives must be aimed at strengthening its activities and businesses from a promotional perspective and/or reinforcing the brand's image with the company's interest groups.

As a result, sponsorship initiatives may focus on financial contributions or contributions in kind for organising events and other activities related to:

- our solutions and services
- our markets and areas of activity
- external relations forums
- improving the corporate image

Other sponsorship initiatives related to technology, innovation, recruiting and developing talent, generating and disseminating knowledge, reducing the digital breach, environmental conservation and sustainability can also be assessed.

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf

#### [p.12] Anti-corruption

Indra rejects corruption and any illegal practice and makes a commitment to comply with the law. The company's Code of Ethics and Legal Compliance defines what is meant by corruption and bribery, including the basis of the anticorruption policy. With respect to the above, Indra's Criminal Risk Prevention Model establishes certain controls that are regularly executed within the different departments of the company in order to mitigate said risks. These controls are carried out by means of multiple internal policies and procedures related to, among others, the following departments:

[...]

• Strategy: Policy on the authorization of Donations and Sponsorships.

#### [5] Annual Accounts 2018 (Documents)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/indra\_informe\_2018\_cuentas\_ingles\_v2.pdf [p.111]



### 31 Other Operating Costs

The composition of this item on December 31, 2018 and 2017 is as follows:

	Thousands of E	UR
	2018	2017
Leases and usage fees	162,266	134,374
Repair and Maintenance	39,675	25,581
Professional Services	122,674	115,884
Transportand Freight	11,429	14,300
Insurance	6,813	5,621
Bank Charges	9,259	9,138
Donations, expenses in fairs , advertising and representation	15,548	13,210
Supplies	14,264	12,820
Trip and other expenses	163,032	157,237
Taxes	43,873	32,850
Other Operating Costs	396	549
Variations of provisions for commercial operations	(27,951)	204
Total	561,279	521,768



#### 5.2 Lobbying

# Question 5.2.1 Does the company have a policy and/or procedure covering responsible lobbying? Score 1

#### Comments

Based on publicly available information, there is some evidence that the company has procedures on lobbying. The company indicates that employees involved in lobbying activities must abide by its Code of Ethics and Legal Compliance, which provides clear standards of conduct and acceptable behaviours.

However, the company receives a score of '1' because it does not provide further publicly available information on the procedures that it has in place to ensure that lobbying is conducted responsibly, for example by outlining specific oversight mechanisms or specific standards of conduct that clearly apply to in-house, external and association lobbyists.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas anuales consolidadas e ig 2019 ingles 0.pdf [p.38] 6.3 Ethics in institutional relations

Indra's business, which involves the delivery of solutions, products and services in both the public and the private sphere, is linked to sectors that are important for the stability and security of individual states and communities and their economic and social development, such as, among others, defence and security, transport, energy, telecommunications, financial services and health. It is therefore closely linked to the development and future sustainability of society and the welfare of the general public. Given the importance of these business sectors, in some cases they tend to be linked to and/or regulated by public institutions, both in Spain, the territory in which the company mainly operates, and in other countries. It is therefore key to Indra's business to maintain open and transparent collaborative relationships with public authorities and other state-linked institutions.

In compliance with the above, the company has a strategy to establish the most fluid and efficient channels of communication with the State bodies that are of interest to its business, at all political and administrative levels, both in Spain and abroad. It similarly pays particular attention to the State bodies that have a presence in the international arena (including those that promote the international expansion of Spanish businesses) and the Spanish Foreign Service. This strategy therefore applies to the company's relations with the governments and other public institutions of the countries in which it operates, and to their foreign diplomatic missions and international organisations. These collaborative relations in the public sphere outside Spain are extremely important for Indra's business in terms of reinforcing its brand image and reputation and, ultimately, attracting new business.

However, it should be emphasised that these types of relations are provided for and regulated in the various sections of Indra's Code of Ethics and Legal Compliance, in order to ensure that the conduct of the company's employees remains in line with generally accepted ethical principles and the regulations in force in each of the countries in question.

In particular, the Code of Ethics and Legal Compliance sets out the following obligations for Indra's employees in this regard:

- The prohibition of donations to political parties: the Code of Ethics and Legal Compliance prohibits any direct or indirect financing of political parties, their representatives or candidates.
- The prohibition of facilitating payments and restrictions on business gifts: under an appendix on business gifts, the Code of Ethics and Legal Compliance prohibits so called facilitating payments and limits the conditions and amounts in which Indra employees are allowed to offer business gifts to public officials.

As the Code of Ethics and Legal Compliance sets out, Indra's internal procedures and processes include certain additional control measures relating to the engagement of politically exposed persons, given the greater risk of bribery and corruption to which these kinds of relations are subject. In any case, Indra is committed to complying



with the legislation in force regarding transparency of lobbying activities. Within the European Union, the main market in which the company operates, information is published on the Lobbyfacts portal and in the EU Transparency Register.

Indra's institutional activities also include planning the strategic management of relations with a range of external stakeholders, not just public decision makers. In this way, its participation in associations and organisations in both the general sphere and within its own business sector provides a space for dialogue in which potential scenarios, both positive and negative, can be evaluated. This offers a way of channelling the visions and needs of companies and ...

[p.39] ... institutions that provides administrations and other important players with information and ultimately assists them with their decision-making. In some cases, the legal remit of these representative institutions specifically includes the power to consult with State bodies with regard to the public policies implemented by government (such as, for example, the Spanish Chamber of Commerce). Any actions that may result in influence from a company like Indra being applied through these institutions is, therefore, governed by law. In this regard, anticipating the impact of any regulatory or policy change is key to the company's business strategy.

Actions associated with institutional relations, such as attendance at and/or participation in public meetings, forums and seminars, are necessary in order to develop political, economic and social intelligence. They give the company visibility, facilitate its positioning and protect and enhance its reputation.

Therefore, when Indra enters into agreements with associations of different kinds, or engages in direct contact with governments or their representatives abroad, it is careful to ensure that their lobbying activities conform to the same principles of cooperation and transparency that are set out in Indra's own Code of Ethics and Legal Compliance, as described above.



### 5.2.2 Does the company publish details of the aims and topics of its public policy development and lobbying activities it carries out?

#### Score 1

#### Comments

There is evidence that the company publishes some details of the topics on which it lobbies. The company provides details on its strategy to communicate with public bodies and indicates that its lobbying activities are primarily directed towards supporting its business interests. In addition, the company provides a direct link to the EU Transparency Register and Lobbyfacts, both of which contain records of the major topics on which the company has lobbied and its overarching goals, as well as details of any meetings with European officials.

However, the company receives a score of '1' because it does not provide further publicly available information on its specific aims of its lobbying and the activities that it carries out to achieve them. Although the company provides a link to information about its EU-level lobbying activities, there is no evidence that it publishes such information on any other activities undertaken nationally or internationally in other jurisdictions.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.38] Indra's business, which involves the delivery of solutions, products and services in both the public and the private sphere, is linked to sectors that are important for the stability and security of individual states and communities and their economic and social development, such as, among others, defence and security, transport, energy, telecommunications, financial services and health. It is therefore closely linked to the development and future sustainability of society and the welfare of the general public. Given the importance of these business sectors, in some cases they tend to be linked to and/or regulated by public institutions, both in Spain, the territory in which the company mainly operates, and in other countries. It is therefore key to Indra's business to maintain open and transparent collaborative relationships with public authorities and other state-linked institutions.

In compliance with the above, the company has a strategy to establish the most fluid and efficient channels of communication with the State bodies that are of interest to its business, at all political and administrative levels, both in Spain and abroad. It similarly pays particular attention to the State bodies that have a presence in the international arena (including those that promote the international expansion of Spanish businesses) and the Spanish Foreign Service. This strategy therefore applies to the company's relations with the governments and other public institutions of the countries in which it operates, and to their foreign diplomatic missions and international organisations. These collaborative relations in the public sphere outside Spain are extremely important for Indra's business in terms of reinforcing its brand image and reputation and, ultimately, attracting new business

[...] In any case, Indra is committed to complying with the legislation in force regarding transparency of lobbying activities. Within the European Union, the main market in which the company operates, information is published on the Lobbyfacts portal and in the EU Transparency Register.

[p.39] In short, the company's public lobbying activities are directed towards supporting its business interests, stressing the importance of investment in innovation and its potential to contribute to economic and social development, and highlighting the impact of the company's solutions, products and services on society, on people and, therefore, on the pursuit of the Sustainable Development Goals (SDGs). In this way, the company showcases the positive effects of innovation and technology and their potential to make a contribution in a range of areas such as energy, health, education, financial inclusion, access to essential resources such as water, sustainable mobility, security and defence, combatting climate change through solutions aimed both at adapting and mitigating its effects, improving the way in which public administrations function, and promoting and consolidating democratic societies through transparent ...

[p.40] ... election processes that are in line with international standards, among other benefits. Indra therefore legitimately promotes its commercial interests within the limits imposed by the company's Code of Ethics and Legal Compliance.



[17] EU Transparency Register – Search Accessed 25/01/2021	ı "Indra" (Webpage)
	public/consultation/displaylobbyist.do?id=208351410839-33
Registrant : Organisation or self-emplo	oyed individual
(Organisation) name:	Indra
Acronym:	Indra
Legal status:	Public Limited Company
Website:	http://www.indracompany.com/
[]	
Goals / remit	
Goals / remit of the organisation:	Indra is one of the leading global technology and consulting companies and the technological partner for core business operations of its customers world-wide. It is a world-leader in providing proprietary solutions in specific segments in Transport and Defence markets, and the leading firm in Digital Transformation Consultancy and Information Technologies in Spain and Latin America through its affiliate Minsait. Its business model is based on a comprehensive range of proprietary products, with a high-value focus and with a high innovation component. In the 2018 financial year, Indra achieved revenue of $C3.204$ million, with 49,000 employees, a local presence in 46 countries and business operations in over 140 countries. Our mission at the European Institutions is to address its needs in the field of technology and to participate in projects with a strong high-tech component.
The organisation is active on the following level(s):	<ul><li>European</li><li>Global</li><li>National</li></ul>
[]	
Specific activities covered by the Regis	ster 🖯
Main EU legislative proposals or policies targeted:	Digital Single Market Single European Railway Area - Shift to Rail Single European Sky - SESAR Smart Technologies- Smart Grid-Smart Cities Transeuropean Networks European Defence Technological and Industrial Base Strategy Security Unión Digital Europe
[]	
<ul> <li>Fields of interest</li> <li>The organisation's fields of interests are: <ul> <li>Borders and Security</li> <li>Budget</li> <li>Business and Industry</li> <li>Climate Action</li> <li>Communication</li> <li>Competition</li> </ul> </li> </ul>	



- Customs
- Digital economy and society
- Economy, finance and the euro
- Energy
- Enlargement
- Environment
- External Relations
- Food Safety
- Foreign affairs and security policy
- Humanitarian aid and civil protection
- Institutional affairs
- International co-operation and development
- Justice and Fundamental Rights
- Public Health
- Regional Policy
- Research and innovation
- Single market
- Taxation
- Trade
- Trans-European Networks
- Transport

#### [18] EU Transparency Register – List of Meetings (Document)

Accessed 25/01/2021

https://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=208351410839-33 Last update: 25/01/2021

List of meetings **Indra** has held with Commissioners, Members of their Cabinet or Director-Generals since 01/12/2014 under its current ID number in the Transparency Register: 208351410839-33.

Nr	Commission representative	Portfolio	Date	Location	Subject(s)
1	Fabrice Comptour, Cabinet member of Thierry Breton	Internal Market	16/12/2020	Videoconference	Roundtable - Cloud Alliance
	Thierry Breton, Commissioner				
2	Thierry Breton, Commissioner	Internal Market	01/04/2020	Teleconference	COVID-19 & impact on the Aeronautic (civil and defence)
	Fabrice Comptour, Cabinet member of Thierry Breton				industry
3	Daniel Calleja Crespo, Director- General	Environment (ENV)	27/09/2018	Brussels	Smart Waste, Solutions for Cities
4	Joshua Salsby, Cabinet member of Violeta Bulc	Transport	11/07/2018	Brussels	Aviation issues
5	Tomasz Husak, Cabinet member of Elżbieta Bieńkowska	Internal Market, Industry, Entrepreneurship and SMEs	10/07/2018	Brussels	EDF
6	Nadia Maria Calvino Santamaria, Director-General	Budget (BUDG)	13/05/2016	Brussels	Courtsey visit
7	Henrik Hololei, Director-General	Mobility and Transport (MOVE)	19/04/2016	Brussels	Single European Sky, Shift2Rail
8	Miguel Gil Tertre, Cabinet member of Jyrki Katainen	Jobs, Growth, Investment and Competitiveness	08/03/2016	Brussels	Investment initiative
9	Fabrice Comptour, Cabinet member of Elżbieta Bieńkowska	Internal Market, Industry, Entrepreneurship and SMEs	23/02/2016	Brussels	Group of Personalities exchange on defence related issues
	Elżbieta Bieńkowska, Commissioner				



#### 5.2.3 Does the company publish full details of its global lobbying expenditure?

### Score

#### Comments

There is some evidence that the company publishes some details of its lobbying expenditure for the most recently reported financial year. This data includes most significant associations and organisations the company has supported as part of its approach to lobbying. In addition, the company provides a direct link to the EU Transparency Register and Lobbyfacts, both of which contain records of its annual spending on lobbying at the EU-level.

However, the company receives a score of '1' because it is not clear that these details represent all of the company's expenditure on lobbying activities, including activities conducted through in-house and external lobbyists. Although the company provides a link to information about its EU-level lobbying activities and expenditure, there is no evidence that it publishes such information on any other expenditure made nationally or internationally in other jurisdictions.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.39] In 2019, Indra contributed a total of 1,568,798 euros (1,632,757 euros in 2018) to associations and organisations associated with political and institutional lobbying. The most significant of these contributions are listed below:

	ributions (not an exhaustive		10 500
ASD	59,348 euros	AEC	43,539 euros
TEDAE	118,801 euros	Spanish Chamber of Commerce	75,000 euros
EOS	14,520 euros	Confederation of Employers and Industries of Spain (CEOE)	25,000 euros
UITP	21,032 euros		
UNIFE	10,300 euros		

#### [17] EU Transparency Register – Search "Indra" (Webpage)

Accessed 25/01/2021

https://ec.europa.eu/transparencyregister/public/consultation/displaylobbyist.do?id=208351410839-33

01/2019 - 12/2019
900,000 € - 999,999 €
Procurement: 2,650,000 € Source: Indra, elaboración propia
<b>Grants:</b> 17,659,492 <b>Source:</b> Indra, elaboración € propia
In Grants we include grants from: HORIZON 2020



#### 5.3 Gifts and Hospitality

#### Question

### 5.3.1 Does the company have a policy and/or procedure on gifts and hospitality to ensure they are bona fide to prevent undue influence or other corruption?

#### Score

1

#### Comments

Based on publicly available information, there is evidence that the company has a policy on the giving and receipt of gifts and hospitality. The company's policy establishes financial limits, along with an approval procedure, for the different types of promotional expense that employees may encounter. The company's policy also clearly addresses the risks associated with gifts and hospitality given to public officials, and there is some evidence that the Compliance Unit maintains records of all tickets for entertainment events provided by employees.

However, the company receives a score of '1' because it is not clear from publicly available information that it maintains a dedicated central register of all types of gifts and hospitality which is accessible by the Compliance Unit.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

#### https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

#### [p.8] Corporate Courtesy

In no case, Indra Professionals and Partners may use corporate or business courtesy for unlawful purposes. Corporate, business courtesy or hospitality is socially permitted in many countries as part of the companies' commercial efforts. However, it is clear that misunderstood corporate courtesy, meaning that it may influence the decision of the person who receives it, could probably constitute bribery, and so it is important to clearly outline the criteria and rules for their acceptance. In any case, corporate courtesy must follow criteria of reasonableness, proportionality and prudence. To prevent the possibility of corporate courtesy being used as a bribery technique or being considered as such, Indra has prepared a Policy on Corporate Courtesy, set out in Annex 1 that business or corporate courtesy and its principles and guidelines must be followed by all Indra Professionals and Partners.

#### [p.18] Annex 1: Corporate Courtesy

#### General principles of corporate or business courtesy

Gifts, gestures and invitations in the business world (hereinafter referred to as "Corporate Courtesy") represent an extended corporate practice that is, in theory, an accepted way of promoting, strengthening or solidifying commercial relations between companies. However, Corporate Courtesy can also constitute corruption or bribery. When the purpose of Corporate Courtesy is to influence the person who receives the gesture, or to move their will in order to obtain a commercial advantage or benefit, this is no longer an example of Corporate Courtesy and instead it represents corruption or bribery.

In this regard, it is necessary to take into consideration that the concept of Corporate Courtesy is very extensive and can appear in various forms. For example, Corporate Courtesy is inviting someone to lunch, a sports or cultural event, a Christmas gift, paying for a hotel or a method of transportation. To prevent having Corporate Courtesy become or be interpreted as corruption or bribery, any form of Corporate Courtesy must comply with the following general principles; in other words, it must be:

- be occasional,
- be reasonable, and so it must also be socially accepted and
- have an insignificant economic value. In other words, objectively it should not be understood that the value it represents, in itself and in terms of the circumstances of the person who receives it, is of such relevance that it could influence that person's decision making capacity.

It must be considered that the economic value of the specific gift, gesture or invitation is not the only factor that influences as to whether or not it is an acceptable Corporate Courtesy, but it is one of the factors that, in the



absence of additional evidence, could have a determining effect. Another determining factor will be the relative value of the gift or gesture for the person who receives it, in terms of their personal financial situation.

In summary, whenever an Indra Professional plans to give a gift, gesture or invite a customer or third party, he/she must consider whether the Corporate Courtesy in question complies with the principles listed above. If it does not meet those principles, the Indra Professional should avoid participating in that Corporate Courtesy. This concept should be considered by all Indra Professionals when accepting a Corporate Courtesy from a supplier, vendor or a third party. If the Corporate Courtesy that is offered does not comply with any of the principles listed above, the Indra Professional should reject or return the courtesy that was offered or received.

#### Specific criteria for corporate courtesy

Aside from the general principles described in the previous section regarding Corporate Courtesy, it is also necessary to address and comply with the specific criteria listed below.

Corporate Courtesy from an Indra Professional

As a general rule, when an Indra Professional offers a Corporate Courtesy, he/she should always select items included in the corporate gift catalogue. For other gifts, it will be necessary to obtain written authorisation from the supervisor of the Professional's direct supervisor.

- It is absolutely prohibited to give cash gifts or cash equivalents.
- All forms of Corporate Courtesy are prohibited in favour of family members, friends or persons linked to Indra customers or potential customers or third parties.
- The value of gifts and gestures must follow what is established in the internal procedure regarding employee expenses.
- Nonetheless the above, and without prejudice of what will be established regarding tickets for entertainment events, gifts and gestures to civil servants or public officials shall never exceed €100 (or equivalent in national currency).

In addition to what is stated above, the following is absolutely prohibited:

- "facilitation payments, as those described in the section titled "What is bribery" from the Standards of conduct on Corruption and Bribery;
- gifts and gestures of any type or value when local legislation does not allow a civil servant or public official to receive any type of gifts; and
- gifts and gestures, of any type or value, for civil servants or public officials, of any type, regardless of
  whether they are involved in an active bidding in which Indra is directly or indirectly participating or plans to
  participate. The same will apply when a bidding has not been formally notified but its announcement is
  anticipated or highly probable.

[p.19] The use of tickets for entertainment events as a Business Courtesy shall be approved by the line manager in writing prior to the acquisition (internal or external) of the tickets. The managers who approve these acquisitions must issue the External Relations department with each one of the granted approvals as soon as they are produced, including the same information as specified below for the registration of External Relations department.

The External Relations department shall keep a record of all purchases of these tickets, identifying the type and number of tickets acquired, the date of acquisition, the area and requester, the natural persons who will use these tickets, the organisation to which they belong and their position within the organisation. This record shall be at the disposal of the Compliance Unit at all times.

When Indra organises commercial events with the aim of promoting it solutions and services, the following guidelines shall be followed:

- The event must have a clear and specific commercial objective related to promoting Indra's services or products.
- If during the event, or as a result of it, a gift is given, it must also comply with the guidelines for gifts included in this Policy.
- If guests from other companies or organisations attend the event, everyone must receive equal treatment (lodging, transportation, meals, etc.).
- Any invitation to an event organised by Indra must be carried out officially and formally, and the direct supervisor of the person organising the event must be informed.



- Since Corporate Courtesies are prohibited for family members or other people linked to Indra customers, potential customers or other third parties, it is absolutely prohibited to incur any expense for family members or other companions of the individuals invited to the event.
- When civil servants attend an event, it is essential to verify that local legislation does not prohibit civil servants or public officials from accepting invitations.
- When civil servants attend an event, it is essential for the organiser to obtain written authorisation from his/her direct supervisor.
- It is prohibited to assume any type of expense for civil servants and public officials, of any type, regardless of whether they are involved in an active request for proposals in which Indra is directly or indirectly participating or plans to participate. The same will apply when a request for proposals has not been formally notified but its announcement is anticipated or highly probable.

Corporate Courtesy received by an Indra Professional

- It is absolutely prohibited to accept cash gifts or cash equivalents.
- It is prohibited for an Indra Professional to accept any type of Corporate Courtesy from family members, friends or any other individuals linked to him/her.
- Gifts and gestures may never exceed an amount equivalent to €100 or equivalent in national currency. If the amount is or could be greater, the Indra Professional must obtain written authorisation from his/her direct supervisor in order to accept the gift in question.
- When Indra Professionals attend commercial events aimed at promoting the products and services of suppliers, vendors or other third parties, the following guidelines must be followed:
  - The event must have a clear and specific commercial objective related to promoting the services or products of the supplier, vendor or third party.
  - If during the event, or as a result of it, a gift is given, it must also comply with the guidelines for gifts included in this Policy.
  - If guests from other companies or organisations attend the event, the Indra Professional must reject any favourable treatment or gestures that are above those received by other participants (lodging, transportation, meals,
  - o etc.).
  - If the event organiser has not provided a formal invitation, a written invitation must be requested and the direct supervisor must be notified of the invitation.
  - Attending the event will have a professional nature, and so the Indra Professional may not be accompanied by his/ her spouse or a family member, unless the event has been specifically organised in that manner and prior written authorisation has been obtained from his/her direct supervisor.



#### 6. Supply Chain Management

#### Question

6.1. Does the company require the involvement of its procurement department in the establishment of new supplier relationships and in the oversight of its supplier base?

Score
1
Comments

There is some evidence that the company has a procurement procedure in place, and that it has a central supplier management process to onboard new suppliers and exercise ongoing oversight of the company's supply base.

However, the company receives a score of '1' because there is no publicly available evidence that it assures itself that proper processes for its procurement and supplier management system are being followed through clearly stated means, such as an audit or other assurance process, every three years.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas anuales consolidadas e ig 2019 ingles 0.pdf [p.60] 11 Suppliers

The Supplier management process aims to secure the best suppliers via business procedures designed to ensure transparency and equality of conditions for the various bidders.

Indra's relationship with its supply chain is based on the following commitments:

- Independence: to strengthen the confidence of suppliers, the company carries out its key procurement process through independent units with separate responsibilities.
- Transparency and compliance: the company has supplier communication channels in place which allow it to constantly monitor the procurement process, as well as an approval process in line with the company's compliance standards.
- Creating long-term value: the company has a global procurement strategy in place, which sets out global objectives, methodology and indicators.

In 2019, €1.281 billion worth of purchase orders were managed to 7,314 approved suppliers in more than 80 countries around the world.

#### 11.1 Supplier management model

The supplier management life cycle is divided into the following phases: registration, authorisation, activation, appraisal and auditing. All of these phases include both social and environmental criteria:

• Registration of the supplier in the system: this occurs when Indra requests services from a new supplier or a supplier makes itself available to the company. During this phase, Indra makes a preliminary analysis of the risk inherent in the supplier from both an economic and a financial point of view, using information from a range of sources. In particular, in certain cases, an assessment is made of a supplier's sustainability risk with support from the services of an external platform: Achilles. The level of inherent risk of a supplier determines whether or not it will move on to the authorisation phase.

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf

#### [p.12] Anti-corruption

Indra rejects corruption and any illegal practice and makes a commitment to comply with the law. The company's Code of Ethics and Legal Compliance defines what is meant by corruption and bribery, including the basis of the anticorruption policy. With respect to the above, Indra's Criminal Risk Prevention Model establishes certain controls that are regularly executed within the different departments of the company in order to mitigate said risks. These



controls are carried out by means of multiple internal policies and procedures related to, among others, the following departments:

• Purchases: Procedure for the Selection and Standardization of Suppliers and Authorization Circuits for the issuance of purchase orders.

#### [2] Code of Ethics and Legal Compliance (Document)

#### Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.17] The contents of this Code of Ethics and Legal Compliance shall be communicated and disseminated to all Professionals and Partners, who shall be suitably informed of their existence and obligatory nature, and they shall form an independent part of the relationship between these Professionals and Partners and the Company through the corresponding work contracts, procurement and supplier approval processes or other forms of express adhesion.



#### 6.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or reengaging with its suppliers?

#### Score 1

#### Comments

There is evidence that the company has formal procedures in place to review and evaluate suppliers before engaging or re-engaging with them. There is evidence that these checks apply to all suppliers and that they include compliance indicators. In addition, the company indicates that its supplier management system is based on a clear assessment of risk and there is some evidence that it conducts such assessments on an annual basis. The company also indicates that it may review or terminate a supplier relationship if it does not pass the assessment process.

However, the company receives a score of '1' because it is not clear from publicly available evidence that its evaluation procedures include establishing the ultimate beneficial ownership of all suppliers.

#### Evidence

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr 2018 - 02042019 - en 0.pdf

#### [p.12] Anti-corruption

Indra rejects corruption and any illegal practice and makes a commitment to comply with the law. The company's Code of Ethics and Legal Compliance defines what is meant by corruption and bribery, including the basis of the anticorruption policy. With respect to the above, Indra's Criminal Risk Prevention Model establishes certain controls that are regularly executed within the different departments of the company in order to mitigate said risks. These controls are carried out by means of multiple internal policies and procedures related to, among others, the following departments:

• Purchases: Procedure for the Selection and Standardization of Suppliers and Authorization Circuits for the issuance of purchase orders.

#### [14] Sustainability Report 2019 (Document)

#### Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.35] In terms of third party reputational risk, the company's internal regulations for the contracting of commercial consultants, strategic advisors and suppliers establish, as a requirement before they are engaged, that a report must be prepared on the third party in question, using tools that manage reputational risk and that, in all cases, include information relating to the holding of public office, with details of the parties involved and the dates on which their mandates begin and end. In the event that any of these parties is a Politically Exposed Person (PEP), authorisation to engage in private activity will be obtained, where applicable, under the terms of the applicable legislation.

[p.60] The supplier management life cycle is divided into the following phases: registration, authorisation, activation, appraisal and auditing. All of these phases include both social and environmental criteria:

- Registration of the supplier in the system: this occurs when Indra requests services from a new supplier or a supplier makes itself available to the company. During this phase, Indra makes a preliminary analysis of the risk inherent in the supplier from both an economic and a financial point of view, using information from a range of sources. In particular, in certain cases, an assessment is made of a supplier's sustainability risk with support from the services of an external platform: Achilles. The level of inherent risk of a supplier determines whether or not it will move on to the authorisation phase.
- Authorisation (for new suppliers) and re-authorisation (which is applied on a regular basis to existing suppliers): the purpose of this phase is to monitor and limit financial, legal, employment, reputational, environmental, security and liability risk regarding material and/or personal claims. The supplier is therefore asked to accept Indra's Authorisation Terms and Conditions, which refer to a broad range of corporate policies, including: Prevention of Occupational Risk, Code of Ethics and Complaints Channel, Environmental Protection, Information Security and Data Protection, among other policies. Generally



speaking, signing these Authorisation Terms and Conditions is necessary in order for the supplier authorisation process to be completed and authorisation is, in turn, necessary if an order is to be made from a supplier. As a general rule, the management model does not allow orders to be made from unauthorised suppliers. For certain groups of suppliers and in certain cases, where these are identified during the registration process, individual authorisation criteria may be applied. This is the case for suppliers who are exposed to certain kinds of environmental or regulatory risk, such as compliance with REACH legislation. The process for the authorisation of these kinds of suppliers will involve specialist departments at Indra (the Environment Department, for example).

#### [p.61] [...]

• Annual supplier assessment: the annual supplier assessment is based mainly on compliance indicators relating to delivery times and the percentage of rejected orders.

#### [...]

• Blocking suppliers: Indra will block suppliers on its systems when they have been inactive for a long period of time, or if their assessment fails to reach the standards established by the company, or if a supplier's financial situation is not acceptable, or if it fails to comply with the certificates required in relation to the products and services it supplies.

#### [...]

Indicators	2017	2018	2019
New suppliers that were analysed in terms of environmental and social criteria (%) (*)	40	44	56

NB: In previous years the total amount of purchase orders from all suppliers carried out in that year was reported and analysed based on corporate social responsibility criteria, compared to the total amount of purchases made in the corresponding year. In 2019, the company reported the percentage of orders received from new suppliers registered and analysed in 2019 under the environmental and social criteria set out in its authorisation conditions, as a percentage of the total number of new suppliers registered during 2019.

#### [2] Code of Ethics and Legal Compliance (Document)

#### Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.17] The contents of this Code of Ethics and Legal Compliance shall be communicated and disseminated to all Professionals and Partners, who shall be suitably informed of their existence and obligatory nature, and they shall form an independent part of the relationship between these Professionals and Partners and the Company through the corresponding work contracts, procurement and supplier approval processes or other forms of express adhesion.



#### 6.3 Does the company require all of its suppliers to have adequate standards of anti-bribery and corruption policies and procedures in place?

#### Score 2 **Comments** Based on publicly available information, there is evidence that the company contractually requires suppliers to

comply with its Code of Ethics and Legal Compliance. This Code clearly prohibits bribery and facilitation payments, and also includes procedures related to conflicts of interest, gifts and hospitality, and whistleblowing. There is evidence that the company takes active steps to ensure this by including such considerations in its evaluation process, incorporating its Code of Ethics into contractual clauses with suppliers and by conducting periodic audits. The company also indicates that it provides training on its Code of Ethics and Legal Compliance to some international suppliers.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs codigo etico/codigoetico en 02.pdf

#### [p.5] 2. Scope of application

This Code of Ethics and Legal Compliance is applicable to and must be complied with by Indra's administrators, executives, employees, representatives, suppliers and other third parties that provide services for the company or that in any way act on it's behalf such as agents, intermediaries and subcontracted companies, regardless of the territory where they perform their activity (hereinafter, "Professional(s) and Partner(s)").

[p.7] Commercial consultants, advisors and other similar suppliers

Bribery can occur indirectly, in other words, using intermediaries such as commercial consultants, brokers, agents or other advisors. These third parties make the bribes on behalf of Indra, without having the Company directly involved in those bribes, but with the same legal consequences as if the bribe had been directly made by an Indra Professional or Partner.

Commercial consultants, agents, representatives, other advisors and similar suppliers should be conceived as Indra partners for accessing markets and obtaining new business, and as such, they must apply the same principles and ethical values that Indra advocates, as they act as Indra Professionals or Partners. In summary, they must reject and fully abstain from carrying out any type of action that involves corruption or bribery, just as Indra does.

Because of this, Indra has a procedure that rules the contacts, relationships and contracts of the company with these suppliers, i.e., the Procedure for the Hiring of Commercial Consultants, and a procedure that rules the contacts, relationships and contracts of the company with the suppliers called Strategic Advisors, i.e., the Procedure for the Hiring of Strategic Advisors, Both procedures foreseen additional control measures to the general ones in case of hiring the so called "politically exposed persons".

These procedures are part of the internal regulations of Indra and should be known and complied by all Professionals and Partners that keep relations with those suppliers.

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas anuales consolidadas e ig 2019 ingles 0.pdf [p.35] Training and raising awareness

[...] Sessions for international suppliers in Brazil, Mexico and Colombia. This training will continue to be given in 2020 via online sessions.

[p.60] The supplier management life cycle is divided into the following phases: registration, authorisation, activation, appraisal and auditing. All of these phases include both social and environmental criteria:

Registration of the supplier in the system: this occurs when Indra requests services from a new supplier or a supplier makes itself available to the company. During this phase, Indra makes a preliminary analysis of



the risk inherent in the supplier from both an economic and a financial point of view, using information from a range of sources. In particular, in certain cases, an assessment is made of a supplier's sustainability risk with support from the services of an external platform: Achilles. The level of inherent risk of a supplier determines whether or not it will move on to the authorisation phase.

Authorisation (for new suppliers) and re-authorisation (which is applied on a regular basis to existing suppliers): the purpose of this phase is to monitor and limit financial, legal, employment, reputational, environmental, security and liability risk regarding material and/or personal claims. The supplier is therefore asked to accept Indra's Authorisation Terms and Conditions, which refer to a broad range of corporate policies, including: Prevention of Occupational Risk, Code of Ethics and Complaints Channel, Environmental Protection, Information Security and Data Protection, among other policies. Generally speaking, signing these Authorisation Terms and Conditions is necessary in order for the supplier authorisation process to be completed and authorisation is, in turn, necessary if an order is to be made from a supplier. [...]

#### [p.61]

- Annual supplier assessment: the annual supplier assessment is based mainly on compliance indicators relating to delivery times and the percentage of rejected orders.
- Auditing suppliers: Indra's quality and procurement departments select an annual sample of suppliers for
  physical auditing, based on their level of importance and risk profile. These suppliers are assessed by
  members of Indra's quality Department and other specialist departments (Environment) using a standard
  form that includes a broad variety of management aspects, including: proximity, costs, human resources
  (especially as regards training), logistics, quality, the environment (including compliance with REACH and
  RoSH environmental legislation), product design and development and efficiency (including the application
  of LEAN principles aimed at minimising the use of resources).

Indicators	2017	2018	2019
New suppliers that were analysed in terms of environmental and social criteria (%) (*)	40	44	56

NB: In previous years the total amount of purchase orders from all suppliers carried out in that year was reported and analysed based on corporate social responsibility criteria, compared to the total amount of purchases made in the corresponding year. In 2019, the company reported the percentage of orders received from new suppliers registered and analysed in 2019 under the environmental and social criteria set out in its authorisation conditions, as a percentage of the total number of new suppliers registered during 2019.

During 2019, Indra reinforced its commitment to sustainability in its supply chain, with 53% of its suppliers appraised based on social and environmental criteria. In addition, 14.55% of all new suppliers registered in 2019 were authorised in a simplified process, i.e. listed companies that operated in financial markets in which they were admitted for trading, as it is considered that environmental and social issues at these companies form part of their standard management practices.

In total, 17 of Indra's suppliers were audited based on social and environmental criteria in 2019, in addition to the internal audits Indra carries out on its suppliers, and these suppliers could also be audited by Indra's customers, should this be requested.

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr 2018 - 02042019 - en 0.pdf

[p.11] Training and awareness-raising

Since 2016 Indra has striven to publicize the Criminal Risk Prevention Model and the Code of Ethics and Legal Compliance among its professionals by means of on-site and online training sessions.

After training 90% of the active workforce in Spain and the international subsidiaries in 2016 and 2017 (respectively), the Compliance Unit organized the following training initiatives on Ethics and Compliance in 2018:

[...]

• Online sessions aimed at the suppliers identified as being the most significant regarding the Code of Ethics and Legal Compliance. Result: 37% of Spanish suppliers were trained in the initial phase. The said training will continue throughout 2019 for the remaining aforementioned Spanish suppliers and this will be extended



to the international suppliers. Additionally, during the supplier approval process, they are informed of the Code of Ethics and Legal Compliance and their acceptance of this is requested.

[p.15] Similarly, Indra has other tools approved by the Board of Directors that are mandatory for all its professionals and third parties, including the Code of Ethics and Legal Compliance. In addition, the Code of Ethics must be expressly accepted by all its suppliers and is attached to the corresponding contracts.

[p.24] Indra promotes and defends the Protection of Human Rights in its supply chain. Since 2017 it has required all of its approved suppliers to accept and comply with its Code of Ethics and Legal Compliance which are included in the General Contract Terms and Conditions.



### 6.4 Does the company ensure that its suppliers require all their sub-contractors to have anti-corruption programmes in place that at a minimum adhere to the standards established by the main contractor?

#### Score 1

#### Comments

There is some evidence that the company takes steps to ensure that the substance of its anti-bribery and corruption programme and standards are required of sub-contractors throughout the supply chain. This evidence is in the form of a contractual clause that all obligations in the agreement apply to its sub-contractors.

However, there is no further publicly available evidence to indicate how or whether the company assures itself that standards are adhered to throughout the supply chain in practices. It is also not clear whether the statement relates to obligations around contract delivery or performance, or whether this extends to ethical standards.

#### Evidence

[16] General terms and conditions for purchasing products and services (Document) Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/d7/CCGGPO/ccggpo\_v1\_19\_ref\_en.pdf

[p.4] The term "Vendor", "Supplier" or "Service Provider" will be construed as the natural or legal person with whom the contract is entered into as indicated on the overleaf of the Purchase Order. The obligations, liabilities and responsibilities of the "Vendor", "Supplier" or "Service Provider" also extend to the subcontractors thereof.

#### [p.14] 17 Code of ethics

17.1 Given that Indra considers compliance with its code of ethics to be essential, it has consequently drawn up a supplier code of ethics for all its vendors, suppliers and service providers. This supplier code of ethics is posted on the Indra website.

17.2 The Supplier is hereby informed hereof and accepts to fully adhere to all the terms and conditions of this supplier code of ethics.

17.3 The Supplier likewise accepts that Indra may subsequently amend this Code of Ethics and that the mere publication of its new version on the Indra website shall suffice as due notification thereof

17.4 The vendor assumes its obligation to communicate its status as a PEP whenever applicable within a term of two calendar weeks following receipt of the order, and to notify the company of any change concerning its compliance with that condition during the lifecycle of its relationship with Indra. In addition, the vendor must provide the list of people in its organization with a PEP status according to the definition included herein and specify the name, surnames, ID number, public office, start and end dates of the office and relationship with the company for each PEP. Likewise, the vendor must declare to have provided the data protection annex attached to the end of this document to every person identified as a PEP, and maintain such documents available to present to the Indra Purchasing Division upon request.



### 6.5 Does the company publish high-level results from ethical incident investigations and disciplinary actions against suppliers?

#### Score 0

#### Comments

There is no evidence that the company publishes any high-level data on ethical or corruption-related investigations or associated disciplinary actions involving its suppliers. The company publishes some data on the reports received through its whistleblowing channel, but there is no publicly available evidence to indicate that this includes reports involving suppliers nor does the company provide disaggregated information on suppliers.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.34] In 2019 the Direct Channel received 407 messages, directly addressed to the Channel or by other means (notwithstanding their subsequent referral by the Direct Channel Compliance Unit, as detailed in the Compliance Unit Protocol for action). This is a 33% increase in messages received compared to 2018, demonstrating the growing confidence of Indra's employees in the company's compliance mechanisms and its compliance culture.

[...] The 407 messages received break down as follows:

- 270 different queries regarding donations and sponsorship, conflicts of interest, business gifts and requests for information by third parties on the Criminal Risk Prevention Model. In terms of the latter, 75 requests for information/due diligence were received by customers and partners, which represents a 159% increase on the requests made in 2018.
- 137 irregularities relating to the Code of Ethics and Legal Compliance (76 of which related to alleged harassment and unacceptable behaviour).

The disciplinary measures adopted in 2019 as a result of 22 of the irregularities mentioned above (some of which involved more than one person) were as follows: 16 dismissals, 5 reprimands, 2 suspensions without pay and 10 official warnings from the HR Department or the Compliance Unit. Generally speaking, all of these related to breaches of Indra's internal procedures and offences connected with fraud, harassment and unacceptable behaviour, the prevention of occupational risk and impersonating others.

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

<u>https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf</u> [p.11] In 2018 the Direct Channel received 307 messages, directly addressed to said Channel or by other means (without detriment to their subsequent referral by the Direct Channel Compliance Unit).

The 307 messages received were broken down into:

- 183 different queries regarding donations and sponsorships, conflicts of interest, business courtesy and requests for information for third parties on the Criminal Risk Prevention Model.
- 124 alleged irregularities related to the Code of Ethics and Legal Compliance.

This number of messages represents an increase of 41.5% with respect to those received in 2017 (217 messages), demonstrating that the confidence of Indra's professionals in the company's compliance mechanisms and its compliance culture increased substantially.



#### 7. Agents, Intermediaries and Joint Ventures

#### 7.1 Agents and Intermediaries

Question

#### 7.1.1 Does the company have a clear policy on the use of agents?

#### Score

1

Comments

There is some evidence that the company has a procedure on the use of agents, which it refers to as commercial consultants and strategic advisors. The company indicates that it conducts an evaluation prior to engagement, including an assessment of any reputational or other risks.

However, there is no clear publicly available evidence that the company commits to establishing and verifying that the use of agents is, in each case, necessary to perform a legitimate business function. It is noted that the company has an internal document on the hiring of commercial consultants and strategic advisors, but this does not appear to be publicly accessible.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf [p.5] 2. Scope of application

This Code of Ethics and Legal Compliance is applicable to and must be complied with by Indra's administrators, executives, employees, representatives, suppliers and other third parties that provide services for the company or that in any way act on it's behalf such as agents, intermediaries and subcontracted companies, regardless of the territory where they perform their activity (hereinafter, "Professional(s) and Partner(s)").

[p.7] Commercial consultants, advisors and other similar suppliers

Bribery can occur indirectly, in other words, using intermediaries such as commercial consultants, brokers, agents or other advisors. These third parties make the bribes on behalf of Indra, without having the Company directly involved in those bribes, but with the same legal consequences as if the bribe had been directly made by an Indra Professional or Partner.

Commercial consultants, agents, representatives, other advisors and similar suppliers should be conceived as Indra partners for accessing markets and obtaining new business, and as such, they must apply the same principles and ethical values that Indra advocates, as they act as Indra Professionals or Partners. In summary, they must reject and fully abstain from carrying out any type of action that involves corruption or bribery, just as Indra does.

Because of this, Indra has a procedure that rules the contacts, relationships and contracts of the company with these suppliers, i.e., the Procedure for the Hiring of Commercial Consultants, and a procedure that rules the contacts, relationships and contracts of the company with the suppliers called Strategic Advisors, i.e., the Procedure for the Hiring of Strategic Advisors. Both procedures foreseen additional control measures to the general ones in case of hiring the so called "politically exposed persons".

These procedures are part of the internal regulations of Indra and should be known and complied by all Professionals and Partners that keep relations with those suppliers.

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.32] Approval of the 2011 Compliance Programme, which contained the policies and procedures for action and defined the values and principles of the Code of Ethics, with the inclusion of the following general policies: i) anti-



corruption and bribery (comprising a procedure for the contracting of commercial consultants, a procedure for requesting donations and sponsorship, and rules applicable to business gifts); ii) conflicts of interest; iii) moral harassment; and iv) subsidies and public grants.

[p.35] In terms of third party reputational risk, the company's internal regulations for the contracting of commercial consultants, strategic advisors and suppliers establish, as a requirement before they are engaged, that a report must be prepared on the third party in question, using tools that manage reputational risk and that, in all cases, include information relating to the holding of public office, with details of the parties involved and the dates on which their mandates begin and end. In the event that any of these parties is a Politically Exposed Person (PEP), authorisation to engage in private activity will be obtained, where applicable, under the terms of the applicable legislation.



### 7.1.2 Does the company conduct risk-based anti-bribery and corruption due diligence when engaging or re-engaging its agents and intermediaries?

### Score

#### Comments

Based on publicly available information, there is some evidence that the company evaluates and conducts reputational due diligence on its agents and consultants. The company indicates that this process includes a review of any political exposed individuals.

However, there is no clear publicly available evidence that agents and highest risk intermediaries are subject to enhanced due diligence, nor that due diligence is repeated at least every two years or when there is a significant change in the business relationship. There is also no evidence that the company commits to not engaging or terminating its engagement with agents or intermediaries where risks identified in the due diligence cannot be mitigated.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas anuales consolidadas e ig 2019 ingles 0.pdf [p.32] [...] As a result of this amendment, Indra adopted the following measures:

[...]

 Approval of the 2011 Compliance Programme, which contained the policies and procedures for action and defined the values and principles of the Code of Ethics, with the inclusion of the following general policies: i) anti-corruption and bribery (comprising a procedure for the contracting of commercial consultants, a procedure for requesting donations and sponsorship, and rules applicable to business gifts); ii) conflicts of interest; iii) moral harassment; and iv) subsidies and public grants.

[p.35] In terms of third party reputational risk, the company's internal regulations for the contracting of commercial consultants, strategic advisors and suppliers establish, as a requirement before they are engaged, that a report must be prepared on the third party in question, using tools that manage reputational risk and that, in all cases, include information relating to the holding of public office, with details of the parties involved and the dates on which their mandates begin and end. In the event that any of these parties is a Politically Exposed Person (PEP), authorisation to engage in private activity will be obtained, where applicable, under the terms of the applicable legislation.

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf

#### [p.12] Anti-corruption

Indra rejects corruption and any illegal practice and makes a commitment to comply with the law. The company's Code of Ethics and Legal Compliance defines what is meant by corruption and bribery, including the basis of the anticorruption policy. With respect to the above, Indra's Criminal Risk Prevention Model establishes certain controls that are regularly executed within the different departments of the company in order to mitigate said risks. These controls are carried out by means of multiple internal policies and procedures related to, among others, the following departments:

• Purchases: Procedure for the Selection and Standardization of Suppliers and Authorization Circuits for the issuance of purchase orders.

[...]

• International market: Procedures for the hiring of commercial consultants and strategic advisors.

Question



### 7.1.3 Does the company aim to establish the ultimate beneficial ownership of its agents and intermediaries?

#### Score 0

#### Comments

There is no publicly available evidence that the company aims to establish the beneficial ownership of its agents.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.35] In terms of third party reputational risk, the company's internal regulations for the contracting of commercial consultants, strategic advisors and suppliers establish, as a requirement before they are engaged, that a report must be prepared on the third party in question, using tools that manage reputational risk and that, in all cases, include information relating to the holding of public office, with details of the parties involved and the dates on which their mandates begin and end. In the event that any of these parties is a Politically Exposed Person (PEP), authorisation to engage in private activity will be obtained, where applicable, under the terms of the applicable legislation.



## 7.1.4 Does the company's anti-bribery and corruption policy apply to all agents and intermediaries acting for or on behalf of the company, and does it require anti-bribery and corruption clauses in its contracts with these entities?

#### Score

#### 0

#### Comments

Based on publicly available information, there is evidence that the company's Code of Ethics and Legal Compliance applies to agents and the company includes anti-bribery and corruption clauses in its contracts with these entities. However, there is no publicly available evidence that the company's contracts with agents include clear audit and termination rights to detect, control and prevent breaches.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

#### Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

#### [p.5] 2. Scope of application

This Code of Ethics and Legal Compliance is applicable to and must be complied with by Indra's administrators, executives, employees, representatives, suppliers and other third parties that provide services for the company or that in any way act on it's behalf such as agents, intermediaries and subcontracted companies, regardless of the territory where they perform their activity (hereinafter, "Professional(s) and Partner(s)").

#### [p.7] Commercial consultants, advisors and other similar suppliers

Bribery can occur indirectly, in other words, using intermediaries such as commercial consultants, brokers, agents or other advisors. These third parties make the bribes on behalf of Indra, without having the Company directly involved in those bribes, but with the same legal consequences as if the bribe had been directly made by an Indra Professional or Partner.

Commercial consultants, agents, representatives, other advisors and similar suppliers should be conceived as Indra partners for accessing markets and obtaining new business, and as such, they must apply the same principles and ethical values that Indra advocates, as they act as Indra Professionals or Partners. In summary, they must reject and fully abstain from carrying out any type of action that involves corruption or bribery, just as Indra does.

Because of this, Indra has a procedure that rules the contacts, relationships and contracts of the company with these suppliers, i.e., the Procedure for the Hiring of Commercial Consultants, and a procedure that rules the contacts, relationships and contracts of the company with the suppliers called Strategic Advisors, i.e., the Procedure for the Hiring of Strategic Advisors. Both procedures foreseen additional control measures to the general ones in case of hiring the so called "politically exposed persons".

These procedures are part of the internal regulations of Indra and should be known and complied by all Professionals and Partners that keep relations with those suppliers.

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas anuales consolidadas e ig 2019 ingles 0.pdf [p.32] 6.1 Compliance culture

The Code of Ethics and Legal Compliance extends to the entire workforce at Indra and its subsidiaries, and also applies to and is mandatory for all the directors, representatives, suppliers and other third parties who provide their services to Indra or who act on behalf of Indra in any other way, such as agents, intermediaries and subcontracted companies, regardless of the territory in which they operate.

[p.37] [...] and iii) in line with its firm commitment to establish a strong culture of compliance, Indra sends a robust message through its Code of Ethics and Legal Compliance that it opposes the commission of any illegal act by any of its employees or collaborators (including the representatives, suppliers and other third parties who supply Indra with services or who act on behalf of the company in any other way).



### 7.1.5 Does the company ensure that its incentive schemes for agents are designed in such a way that they promote ethical behaviour and discourage corrupt practices?

#### Score 0

#### Comments

There is no publicly available evidence that the company highlights and addresses incentive structures as a risk factor in agent behaviour. The company indicates that it has a procedure to manage contracts with such entities, however further information on this does not appear to be publicly available.

#### Evidence

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

Because of this, Indra has a procedure that rules the contacts, relationships and contracts of the company with these suppliers, i.e., the Procedure for the Hiring of Commercial Consultants, and a procedure that rules the contacts, relationships and contracts of the company with the suppliers called Strategic Advisors, i.e., the Procedure for the Hiring of Strategic Advisors. Both procedures foreseen additional control measures to the general ones in case of hiring the so called "politically exposed persons".

These procedures are part of the internal regulations of Indra and should be known and complied by all Professionals and Partners that keep relations with those suppliers.



7.1.6 Does the company publish details of all agents currently contracted to act with and on behalf of the company?

#### Score 0

#### Comments

There is no evidence that the company publishes the details of the agents currently contracted to act for or on its behalf. The company publishes a list of its business partners, but there is no evidence to indicate whether this includes third parties acting as agents or intermediaries on the company's behalf.

#### Evidence

#### [6] Our Partners (Webpage)

Accessed 11/10/2019

#### https://www.indracompany.com/en/indra/partners

Indra has a long history of collaboration and forging alliances with technology leaders in a wide variety of areas. Our partners ecosystem is a group managed at the worldwide level that contributes value through an open innovation model, investing heavily in Research and Development. Developing strategic initiatives with this ecosystem implies creating diverse solutions that bring a great deal of innovation to the market and help our international customers in facing the complex challenges that arise in this ever-changing world. Indra's ecosystem of partners is currently comprised of formal relationships with 287 companies of all sizes, specializations, and locations.

#### Ecosystem of Alliances

At Indra, our ecosystem of over 287 Partners and Alliances is an essential element in achieving a double goal: to become more global and more innovative each day in order to help our customers to expand internationally and to innovate constantly themselves. Our extensive and expert network of alliances in both the technological and business areas provide our partners and customers with high value added solutions.

Partner	Web	Partner	Web
AAEON	aaeon.com	JAHIA	jahia.com
ABBYY	abbyy.com	JDA SOFTWARE GROUP Inc	jda.es
AccessData	accessdata.com	JUNIPER	juniper.net
ACTIVIDENTITY	actividentity.com	KASPERSKY	kaspersky.es
ADIP Asesores en el Desarrollo de Instalaciones y Proyectos	adip.es	KLG SYSTEL	klgsystel.com
ADOBE	adobe.com	KODAK	kodak.com
AEROSCOUT	aeroscout.com	KOFAX	kofax.com



AKTAVARA	aktavara.com	KONGSBERG oil & gas	kongsberg.com
ALCATEL-LUCENT	alcatel-lucent.com	KONTRON	kontron.com
ALFRESCO	alfresco.com	LENEL	lenel.com
AlienVault	alienvault.com	LINGUASERVE	linguaserve.com
ALLEGRO	allegrodev.com	LogRhythm, Inc.	logrhythm.com
ALTERIAN	alterian.es	Logtrust	logtrust.com
ALTOVA	altova.com	LUCIERNA	lucierna.com
ALTULA	altula.com	MAAT GKNOWLEDGE	maat-g.com
AMDOCS - CRAMER	amdocs.com	Matrixx	matrixx.com
[List continues a	alphabetically on the we	ebpage]	



### 7.1.7 Does the company publish high-level results from incident investigations and sanctions applied against agents?

#### Score 0

#### Comments

There is no evidence that the company publishes any high-level data on ethical or corruption-related investigations or associated disciplinary actions involving its agents. The company publishes some data on the reports received through its whistleblowing channel, but there is no publicly available evidence to indicate that this includes reports involving agents nor does the company provide disaggregated information on agents.

#### Evidence

#### [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.34] In 2019 the Direct Channel received 407 messages, directly addressed to the Channel or by other means (notwithstanding their subsequent referral by the Direct Channel Compliance Unit, as detailed in the Compliance Unit Protocol for action). This is a 33% increase in messages received compared to 2018, demonstrating the growing confidence of Indra's employees in the company's compliance mechanisms and its compliance culture.

[...] The 407 messages received break down as follows:

- 270 different queries regarding donations and sponsorship, conflicts of interest, business gifts and requests for information by third parties on the Criminal Risk Prevention Model. In terms of the latter, 75 requests for information/due diligence were received by customers and partners, which represents a 159% increase on the requests made in 2018.
- 137 irregularities relating to the Code of Ethics and Legal Compliance (76 of which related to alleged harassment and unacceptable behaviour).

The disciplinary measures adopted in 2019 as a result of 22 of the irregularities mentioned above (some of which involved more than one person) were as follows: 16 dismissals, 5 reprimands, 2 suspensions without pay and 10 official warnings from the HR Department or the Compliance Unit. Generally speaking, all of these related to breaches of Indra's internal procedures and offences connected with fraud, harassment and unacceptable behaviour, the prevention of occupational risk and impersonating others.



#### 7.2 Joint Ventures

# Question 7.2.1 Does the company conduct risk-based anti-bribery and corruption due diligence when entering into and operating as part of joint ventures?

#### 0 Comments

Score

There is no publicly available evidence that the company conducts anti-bribery and corruption due diligence on its joint ventures. It is noted that the company has an internal regulation on the control and monitoring of joint ventures, but there is no evidence that this document is publicly accessible.

#### Evidence

#### [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf

#### [p.12] Anti-corruption

Indra rejects corruption and any illegal practice and makes a commitment to comply with the law. The company's Code of Ethics and Legal Compliance defines what is meant by corruption and bribery, including the basis of the anticorruption policy. With respect to the above, Indra's Criminal Risk Prevention Model establishes certain controls that are regularly executed within the different departments of the company in order to mitigate said risks. These controls are carried out by means of multiple internal policies and procedures related to, among others, the following departments:

[...]

- Corporate takeovers and operations: Procedure for corporate takeovers and mergers
- Bids: Internal regulations of the Bids and Procedure Committee for the control and monitoring of joint ventures.

#### [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.5] 2. Scope of application

This Code of Ethics and Legal Compliance is applicable to and must be complied with by Indra's administrators, executives, employees, representatives, suppliers and other third parties that provide services for the company or that in any way act on it's behalf such as agents, intermediaries and subcontracted companies, regardless of the territory where they perform their activity (hereinafter, "Professional(s) and Partner(s)").

[p.11] In view of the foregoing, temporary joint ventures, consortiums or similar unions and certain subcontracting engagements could entail a risk factor, thus the use or creation thereof must stringently adhere to Indra's internal rules and regulations in this regard.



# 7.2.2 Does the company commit to incorporating anti-bribery and corruption policies and procedures in all of its joint venture relationships, and does it require anti-bribery and corruption clauses in its contracts with joint venture partners?

#### Score

#### 1 Comments

Based on publicly available information, there is some evidence that the company commits to establishing or implementing anti-bribery and corruption policies or procedures in its joint ventures. The company indicates that its Code of Ethics and Legal Compliance applies to all subsidiaries and third parties regardless of jurisdiction. In organisations where it does not have majority control, the company states that it takes steps to ensure that these entities have policies and procedures in place that meet the equivalent standard of its own Code of Ethics.

However, the company receives a score of '1' because there is no clear publicly available evidence that it includes anti-bribery and corruption clauses in its contracts with joint venture partners. It is noted that the company has an internal regulation on the control and monitoring of joint ventures which may contain more information on this subject, but there is no evidence that this document is publicly accessible.

#### Evidence

## [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.32] 6.1 Compliance culture

[...] The Code of Ethics and Legal Compliance extends to the entire workforce at Indra and its subsidiaries, and also applies to and is mandatory for all the directors, representatives, suppliers and other third parties who provide their services to Indra or who act on behalf of Indra in any other way, such as agents, intermediaries and subcontracted companies, regardless of the territory in which they operate. In companies in which Indra has a minority holding or does not have operational control, the company ensures that the Code of Ethics and/or management principles applied by these companies are aligned with Indra's own Code of Ethics and Legal Compliance.

[p.35] In 2019, the Company prepared an internal procedure relating to corporate acquisitions and transfers and mergers with third parties, for the purposes of defining the procedure that would govern the acquisition and/or transfer of companies and/or businesses, and the merger between a third party and any of the companies belonging to the Indra Group. This procedure established an obligation to complete a full due diligence process, consisting of understanding the business in detail, along with the most important compliance, finance, tax, legal, employment and administrative issues involved.

# [2] Code of Ethics and Legal Compliance (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/d7/PDFs\_codigo\_etico/codigoetico\_en\_02.pdf

[p.5] 2. Scope of application

This Code of Ethics and Legal Compliance is applicable to and must be complied with by Indra's administrators, executives, employees, representatives, suppliers and other third parties that provide services for the company or that in any way act on it's behalf such as agents, intermediaries and subcontracted companies, regardless of the territory where they perform their activity (hereinafter, "Professional(s) and Partner(s)").

# [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019 https://www.indracompany.com/sites/default/files/csrr 2018 - 02042019 - en 0.pdf [p.12] Anti-corruption

Indra rejects corruption and any illegal practice and makes a commitment to comply with the law. The company's Code of Ethics and Legal Compliance defines what is meant by corruption and bribery, including the basis of the anticorruption policy. With respect to the above, Indra's Criminal Risk Prevention Model establishes certain controls



that are regularly executed within the different departments of the company in order to mitigate said risks. These controls are carried out by means of multiple internal policies and procedures related to, among others, the following departments:

[...]

- Corporate takeovers and operations: Procedure for corporate takeovers and mergers
- o Bids: Internal regulations of the Bids and Procedure Committee for the control and monitoring of joint ventures.

#### Question

7.2.3 Does the company commit to take an active role in preventing bribery and corruption in all of its joint ventures?

Scor	e
0	

#### Comments

There is no publicly available evidence that the company commits to take an active role in preventing bribery and corruption in all of its joint ventures. The company states that it has internal procedures on the monitoring of joint ventures, however further information on this does not appear to be publicly accessible.

#### Evidence

## [3] Corporate Social Responsibility Report 2018 (Document)

Accessed 10/10/2019

https://www.indracompany.com/sites/default/files/csrr\_2018\_-\_02042019\_-\_en\_0.pdf [p.12] Anti-corruption

Indra rejects corruption and any illegal practice and makes a commitment to comply with the law. The company's Code of Ethics and Legal Compliance defines what is meant by corruption and bribery, including the basis of the anticorruption policy. With respect to the above, Indra's Criminal Risk Prevention Model establishes certain controls that are regularly executed within the different departments of the company in order to mitigate said risks. These controls are carried out by means of multiple internal policies and procedures related to, among others, the following departments:

[...]

o Corporate takeovers and operations: Procedure for corporate takeovers and mergers

o Bids: Internal regulations of the Bids and Procedure Committee for the control and monitoring of joint ventures.



8. Offsets

 Question

 8.1 Does the company explicitly address the corruption risks associated with offset contracting, and is a dedicated body, department or team responsible for oversight of the company's offset activities?

 Score
 0

 0
 Comments

 There is no evidence that the company has a policy in place to address the corruption risks associated with offset contracting, nor is there evidence that a dedicated body, department or team is responsible for monitoring the company's offset activities.

 Evidence
 No evidence found.



8.2 Does the company conduct risk-based anti-bribery and corruption due diligence on all aspects of its offset obligations, which includes an assessment of the legitimate business rationale for the investment?

#### Score 0

#### Comments

There is no publicly available evidence that the company has formal procedures in place to conduct risk-based antibribery and corruption due diligence on all aspects of its offset obligations.

#### Evidence

No evidence found.



# 8.3 Does the company publish details of all offset agents and brokers currently contracted to act with and/or on behalf of the company?

# Score

#### 0 Comments

There is no evidence that the company publishes any details of the offset agents, brokers or consultancy firms currently contracted to act with or on behalf of its offset programme.

# Evidence

No evidence found.



8.4 Does the company publish details about the beneficiaries of its indirect offset projects?

Score 0

Comments

There is no evidence that the company publishes any details of its offset obligations or contracts.

# Evidence

No evidence found.



# 9. High Risk Markets

#### Question

# 9.1 Does the company have enhanced risk management procedures in place for the supply of goods or services to markets or customers in countries identified as at a high risk of corruption?

core	
omments	

There is evidence the company acknowledges the corruption risks associated with operating in different markets, and that it has a risk assessment process in place to account for these specific risks, with procedures in place. The results of risk assessments have a direct impact on business decisions and inform the development and implementation of additional controls. The company indicates that it reviews the country of delivery and customer reputation when reviewing bids.

#### Evidence

# [14] Sustainability Report 2019 (Document)

Accessed 13/05/2020

https://www.indracompany.com/sites/default/files/cuentas\_anuales\_consolidadas\_e\_ig\_2019\_ingles\_0.pdf [p.26] 5.2 Risk management

Indra is a global company that is exposed to various risk factors. These depend on the countries and the nature of the sectors in which it operates. The company therefore seeks to identify and assess these risks, enabling it to implement appropriate management measures far enough in advance to mitigate the likelihood of these risks occurring and/or their potential impact on the business objectives.

- The risk management cycle comprises the following phases:
- Identifying the internal and external events that affect the company's objectives.
- Risk assessment, pinpointing the potential causes and effects in terms of the likelihood of their occurrence and impact.
- Handling of the risks by management, who select the potential responses by implementing measures in accordance with the accepted risk and the company's risk tolerances.
- Continuously monitoring the identified risks via tools that track their development.
- Communicating the risks to ensure that stakeholders are aware of the key issues, to ensure the appropriate decisions are made in line with their expectations.

The main risks that affect the development of Indra's strategy are outlined in section 8 of the Management Report. The company also performs regular updates of risk identification via the different business units.

[...] Indra's Global Risks Unit has a Risk Management Manual which outlines the processes for the company's risk identification and management. The Three Lines of Defence Model which the company currently has in place has helped to increase the efficiency of the Internal Risk Management and Control processes.

[p.28] Since 2017, Indra has had a Tendering Committee which is responsible for ensuring that the competitive bids submitted by the company are in line with the aims set out in its strategic plan, meet financial terms and conditions that will guarantee both a sufficient return and comply with the Code of Ethics and Legal Compliance, and with a manageable risk profile.

In order to perform these duties, the Committee must review and, where applicable, approve all the bids that may be considered critical in terms of price or volume, country of delivery, provision or execution, type of project or service and their risk profile, or in terms of the specific risk that applies to the Minsait or Transport and Defence markets. Where non-financial risk is concerned, the Committee, which comprises representatives from both operational and corporate units, is required to ensure compliance with all the provisions set out in Indra's Code of Ethics and Legal Compliance, including issues relating to human and employment rights, Information Security and data protection, as well as trading in dual-use items, among other matters. Since the Tendering Committee was created, approximately 50% of all bids tendered every year have been submitted for its approval.



[p.38] In addition, Indra's internal regulations on Tendering require the receipt of a prior analysis of customer reputation, in accordance with the database tools used by the company to manage reputational risk, in the case of countries that are at risk according to the Corruption Perceptions Index.

#### [19] Annual Corporate Governance Report (Document)

Accessed 25/01/2021

https://www.indracompany.com/sites/default/files/d7/Accionistas/2020/iagc\_2019.pdf

[p.52] Para el desarrollo del compromiso expresado, el Consejo de Administración, a través de su Comisión de Auditoría y Cumplimiento, supervisa la adecuación del sistema de evaluación y control interno de los riesgos relevantes, incluyendo los riesgos fiscales, estableciendo los siguientes principios clave de funcionamiento en el marco de su Sistema de Control y Gestión de Riesgos, adaptado a las necesidades y especificidades propias del Grupo:

[...]

b) Integridad: el Sistema de Control y Gestión de Riesgos abarca todo el Grupo, tanto a nivel corporativo, como a las distintas unidades de negocio, con independencia de su ubicación geográfica, y se incorpora en el proceso de planificación estratégica, en la definición de los objetivos de negocio y en las operaciones cotidianas para alcanzar dichos objetivos.

#### [p.63] Riesgos Estratégicos

Relacionados con la dificultad de adaptación al entorno o mercado en el que opera el Grupo, incluyendo aquellos derivados del ámbito de actuación en determinados países o zonas geográficas. Dentro de estos, los que afectan a los estados financieros son:

- Estructura Organizativa
- Estructura Operativa

#### Translation:

[p.52] To carry out the expressed commitment, the Board of Directors, through its Audit and Compliance Committee, supervises the adequacy of the internal evaluation and control system of relevant risks, including tax risks, establishing the following key operating principles in the framework of its Risk Control and Management System, adapted to the needs and specificities of the Group:

[...]

b) Integrity: the Risk Control and Management System encompasses the entire Group, both at the corporate level and across the different business units, regardless of their geographical location, and is incorporated into the strategic planning process, in the definition of the business goals and in day-to-day operations to achieve those goals.

#### [p.63] Strategic Risks

Related to the difficulty of adapting to the environment or market in which the Group operates, including those derived from the scope of action in certain countries or geographical areas. Among these, those that affect the financial statements are:

- Organisational structure
- Operating structure



Question							
9.2 Does the company disclose details of all of its fully consolidated subsidiaries and non-fully consolidated holdings (associates, joint ventures and other related entities)?							
Score							
1							
Comments							
holdings, including associates, joi percentage ownership. There is e However, there is no evidence that	There is evidence that the company publishes a list of its fully consolidated subsidiaries and non-fully consolidated holdings, including associates, joint ventures and other related entities. For each entity, the company discloses its percentage ownership. There is evidence that this list is current and updated on an annual basis. However, there is no evidence that the company publishes the country or countries of operation for each entity. In						
evidence that it discloses such de	so publishes the country of incorporation for some affiliated entities, there is no cails for all relevant entities.	)					
Evidence							
	tes/default/files/indra_informe_2018_cuentas_ingles_v2.pdf at constitute the Group as of, December 31, 2018 Registered office						
Indra Sistemas, S.A.	Avenida de Bruselas, 35 Alcobendas (Madrid)						
2 Subsidiaries							
Indra Emac, S.A.	Calle Mar Egeo, 4 Pol.Ind.1 San Fernando de Henares (Madrid)						
Indra Sistemas de Seguridad, S.A.	Carrer de Roc Boronat, 133 (Barcelona)						
Indra Sistemas de Comunicaciones Seguras, S.L.	Indra Sistemas de Comunicaciones Seguras, S.L. Avenida de Bruselas, 35 Alcobendas (Madrid)						
Inmize Capital, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)						
Inmize Sistemas, S.L.	Avenida de Bruselas, 35 Alcobendas (Madrid)						
Teknatrans Consultores, S.L.	Portuetxe, 23, (San Sebastián)						
[This list continues over 9 pages]							

# [p.156] Economical data of companies composing the group as of December 21, 2018

	Owne	ersnip inter	est		Total	Individual	
Company name	Direct	Indirect Total		Equity	Total Operational Income	Result After Tax	
INDRA GROUP				656,826	3,121,347	119,760	
1 Parent Company							
Indra Sistemas, S.A.				789,391	966,248	34,964	
2 Subsidiaries							
Indra Emac, S.A.U.	100%	-	100%	3,834	16,192	2,903	
Indra Sistemas de Seguridad, S.A.U.	100%	-	100%	2,942	8,954	(368)	
Indra Sistemas de Comunicaciones Seguras, S.L.U.		100%	100%	8,295	3,007	474	
Inmize Capital, S.L.	80%	-	80%	1,520	0	(2)	
Inmize Sistemas, S.L.	-	40%	40%	7,971	564	153	



Teknatrans Consultores, S.L.U.	100%	-	100%	513	394	35
Grupo Indra Holding TI	100%	-	100%	1,000,724	1,568,506	51,931
Grupo Prointec	100%	-	100%	2,182	42,412	(2,023)
Grupo Indra Advanced Technology, S.L.	100%	-	100%	48,553	21,188	721
Indra Tecnología Brasil LTDA	99.99%	0.01%	100%	1,076	282	(962)
Indra Brasil Soluçoes e Serviços Tecnologicos S/A	95.32%	4.68%	100%	42,332	178,820	6,504
Indra Company Brasil Tecnología LTDA. (Brasil)	99.99%	0.01%	100%	6,804	3,411	(9,987)
Indra Perú, S.A.	100%	-	100%	8,253	32,103	2,320
Indra Company Perú S.A.C.	100%	-	100%	62	1	(79)
Indra Sistemas México, S.A. de C.V.	99.99%	0.01%	100%	10,609	74,370	375
Indra Sistemas Chile, S.A.	100%	-	100%	21,090	37,268	2,151
Azertia Tecnologías de la Información Argentina S.A.	99.94%	0.06%	100%	(6)	18	(41)
Indra SI, S.A.	82.90%	17.10%	100%	3,026	26,259	(706)
Computación Ceicom, S.A.	95.00%	5.00%	100%	541	1	(18)
Indra USA, Inc	100%	-	100%	46,107	12,874	707
Advance control Systems, INC	-	100%	100%	15,590	5,817	(868)

[This continues over 5 pages]

# [p.167] Appendix II

# Data of the joint activities operated jointly with third parties as of December 31, 2018.

Company name	Direct Ownership interest
From Indra SI	
Indra SI SA-Retesar SA UTE	80.00%
Indra SI SA-DCM Solution SA UTE	90.00%
Deloitte & Co.SRL-Indra SI SA UTE	46.38%
Metronec-Siemens-Indra UTE	33.33%
Deloitte & Co.SRL-Indra Mant. Anses UTE	46.38%
From Indra Peru	
CONSORCIO PROCOM	49.00%
CONSORCIO INGORMATICA EL CORTE INGLES	50.00%
CONSORCIO GMD	50.00%
CONSORCIO NSC	90.00%
CONSORCIO MINCETUR	98.00%
CONSORCIO FABRICA DE SOFTWARE	50.00%
CONSORCIO REAPRO	85.00%
CONSORCIO SOLUCIONES DIGITALES	25.00%
CONSORCIOO INDRA PETROLEO	95.00%
CONSORCIO PROCOM AGUA	49.00%
CONSORCIO MINEDU	95.00%
CONSORCIO GESTION INFORMACION	44.00%
From Spanish Group companies	
UTE INDRA-ETRA	55.00%
UTE INDRA - SAINCO	64.00%
ETRALUX SA SICE INDRA (UTE PUCELA)	20.00%
UTE SAIH SUR	35.00%
UTE 2 INDRA - UNITRONICS	50.00%
UTE 3 INDRA - UNITRONICS	85.00%
UTE JOCS DEL MEDITERRANI	49.00%
UTE INDRA - ALVENTO	50.00%
UTE INDRA - ETRA	51.00%



# [This continues over 7 pages]

#### [p.188] Information related to significant external partners as of December 31, 2018 and 2017

2018 Thousands of EUR	Indra Filipinas	Inmize Sistemas	Electrica Soluziona	Metrocali	Indra Kazakhstan	Normeka	Processor Means of Payment	Other non- significant companies	Total
Percentage of non-controlling interest	50%	50%	49%	48%	49%	34%	20%		
Information from the Balance Sheet									
Non-current assets	1,513	-	66	2,230	694	370	2,835	-	7,708
Non-current liabilities	(780)	-	(5)	-	-	-	-	-	(785)
Total non-current net assets	733	-	61	2,230	694	370	2,835	-	6,923
Current assets	30,360	8,493	2,112	8,153	1,536	4,851	3,345	-	58,850
Current liabilities	(9,137)	(522)	(425)	(930)	(5,604)	(2,372)	(1,424)	-	(20,414)
Total current net assets	21,223	7,971	1,687	7,223	(4,068)	2,479	1,921	-	38,436
Net Assets	21,956	7,971	1,748	9,453	(3,374)	2,849	4,756	-	45,359
Book value of non-controlling participations (*)	10,956	3,986	862	4,490	(1,653)	969	951	301	20,861
Information on the income statement									
Total comprehensive income	3,404	153	183	1,423	(464)	341	536	-	5,576
Consolidated results allocated to non-controlling interest	1,699	77	90	676	(227)	116	107	(68)	2,469

[This continues on the following page]

#### [p.190] Information related to associated significant participations as of December 31, 2018 and 2017

2018 Thousands of EUR	A4 Essor	Saes Capital	I-3 Televisión	IRB Riesgo Operacional	Euromids	Global Training Aviation	Eurofigter Simulation Systems	Iniciativas Bioenergéticas	Societat Catalana per la Mobilitat	Other non- significant companies	Total
Percentage of non- controlling interest	21%	49%	50%	33%	25%	35%	26%	20%	24%		
Non-current assets		4,020	38	632	153	23,452	336	45,535	42,798	13	116,977
Current Assets	756	569	1,130	359	33,421	4,567	27,735	14,606	17,279	7,708	108,130
Non-current liabilities	(152)	(4,052)	(310)	(1,144)	(3,130)	(25,351)	(22,574)	(34,764)	(47,661)	(8,502)	(147,640)
Current Liabilities	(604)	(2)	(2,187)	-	(30,972)	(1,466)	(3,860)	(27,545)	(12,841)	(23)	(79,500)
Net Revenue	0	(550)	(3,888)	(207)	(6,712)	(8,575)	(16,586)	(47,417)	(4,329)	-	(88,264)
Subcontracting and other expenses	0	15	5,217	360	7,240	7,373	14,949	49,585	4,754	804	90,297
Total	-	-	-	-	-		-	-	-		-

[This continues on the following page]



#### 9.3 Does the company disclose its beneficial ownership and control structure?

#### Score 2

## Comments

There is evidence that the company is publicly listed on the Madrid Stock Exchange and the London Stock Exchange among others and therefore it does not need to disclose further information on its beneficial ownership to receive a score of '2'.

The company also publishes information on its major shareholders in its Annual Report, which indicates that the company is partially owned by the Sociedad Estatal de Participaciones Industriales S.A., a Spanish state holding company.

BETA

0.9895

#### Evidence

# [7] Financial Times Markets Data (Webpage)

Accessed 15/10/2019 https://markets.ft.com/data/equities/tearsheet/summary?s=IDR:MCE

# Indra Sistemas SA

 PRICE (EUR)
 TODAY'S CHANGE
 SHARES TRADED
 1 YEAR CHANGE

 8.35
 ₹-0.12 / -1.42%
 231.08k
 ₹-6.13%

Data delayed at least 15 minutes, as of Oct 15 2019 14:13 BST.

# [5] Annual Accounts 2018 (Document)

Accessed 11/10/2019

<u>https://www.indracompany.com/sites/default/files/indra\_informe\_2018\_cuentas\_ingles\_v2.pdf</u> [p.78] In accordance with the above, going by the information known to the Parent Company, the significant shareholders with a share of more than 3% are:

	12/31/18	12/31/17
Sociedad Estatal de Participaciones Indus triales (SEPI)	18.713%	18.713%
Corporación Financiera Alba	10.522%	10.522%
Fidelity Management & Research LLC (1)	9.358%	9.358%
T.Rowe Price Associates	4.900%	5.070%
Norges Bank (2)	4.130%	4.055%
Allianz Global Investors Gmbh (3)	-	3.416%
Schroders PLC	3.201%	3.201%



#### 9.4 Does the company publish a percentage breakdown of its defence sales by customer?

#### Score

#### 1 Comments

There is some evidence that the company publishes any information on its sales by customer. The company provides some information on its total sales by geographic area to indicate that its two largest clients are Spain and the United States, which account for approximately 70% of its sales. However, the company receives a score of '1' because in publicly available evidence the company does not distinguish between defence and commercial sales.

# Evidence

#### [5] Annual Accounts 2018 (Document)

Accessed 11/10/2019

https://www.indracompany.com/sites/default/files/indra\_informe\_2018\_cuentas\_ingles\_v2.pdf [p.108]

	2018 (Thousands of EUR)							
Information by geographic areas at Sunday, December 31, 2018:	Spain	America	Europe	Asia, Middle East & Africa	Total			
External Sales	1,556,148	609,306	503,840	434,441	3,103,735			
Investment	77,448	4,839	2,231	1,747	86,265			
Assets used	2,797,424	586,643	281,197	375,996	4,041,260			



# 10. State-Owned Enterprises (SOEs)

Question
10.1 Does the SOE publish a breakdown of its shareholder voting rights?
Score 2
Comments
There is evidence that the company publishes information on the voting rights of its major shareholders as part of its annual corporate reporting. There is evidence that the company is publicly listed on the Madrid Stock Exchange and the London Stock Exchange, among others, and therefore it does not need to disclose further information on its beneficial ownership or shareholder voting rights to receive a score of '2'.
Evidence
(7) Financial Times Markets Data (Webpage)         Accessed 15/10/2019         https://markets.ft.com/data/equities/tearsheet/summary?s=IDR:MCE         Indica Sistemas SA         IDR:MCE          PRICE (EUR)       TODAY'S CHANGE         SHARES TRADED       1 YEAR CHANGE         BETA         8.35       ● -0.12 / -1.42%         231.08k       ● -6.13%         0.9895         Data delayed at least 15 minutes, as of Oct 15 2019 14:13 BST. <b>(5) Annual Accounts 2018 (Document)</b> Accessed 11/10/2019 https://www.indracompany.com/sites/default/files/indra_informe_2018_cuentas_ingles_v2.pdf [p.78] In accordance with the above, going by the information known to the Parent Company, the significant shareholders with a share of more than 3% are:
[p.79]
12/31/18 12/31/17
Sociedad Estatal de Participaciones Indus triales (SEPI)     18.713%     18.713%       Correctedide Estatal de Participaciones Indus triales (SEPI)     10.520%     10.520%
Corporación Financiera Alba         10.522%         10.522%           Fidelity Management & Research LLC <sup>(1)</sup> 9.358%         9.358%
T.Rowe Price Associates         4.900%         5.070%           Norges Bank <sup>(2)</sup> 4.130%         4.055%
Allianz Global Investors Gmbh <sup>(3)</sup> - 3.416%
Schroders PLC 3.201% 3.201%
<ul> <li>(1) Both in 2018 and in 2017, of 9.358% of the indicated share capital, 8.567% corresponded to voting rights attributed to the shares, while 0.791% corresponded to voting rights by means of financial instruments.</li> <li>(2) Of 4.13% of the indicated share capital, 3.022% corresponded to voting rights attributed to the shares, while 1.109% corresponded to voting rights conferred by means of financial instruments. In 2017, of 4.055% of the indicated share capital, 2.973% corresponded to voting rights attributed to the shares, while 1.082% corresponded to voting rights conferred by means of financial instruments.</li> <li>(3) Of 3.416% of the share capital indicated in year 2017, 3.018% corresponded to voting rights attributed to the shares, while 0.399% corresponded to voting rights by means of financial instruments.</li> </ul>



#### 10.2 Are the SOE's commercial and public policy objectives publicly available?

#### Score 2

# Comments

There is evidence that the company publishes information on its commercial objectives for the whole business. In addition, there is evidence to indicate that these objectives are updated on an annual basis or whenever there is a change in the company's Strategic Plan.

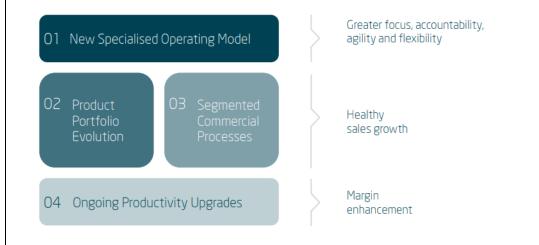
#### Evidence

## [8] Investors Presentation 2019 (Document)

Accessed 15/10/2019

https://www.indracompany.com/sites/default/files/equity\_story\_julio\_2019\_12.pdf [p.16]

In order to ensure Indra's profitable growth under this positive environment we have defined our 2018-2020 Strategic Plan...



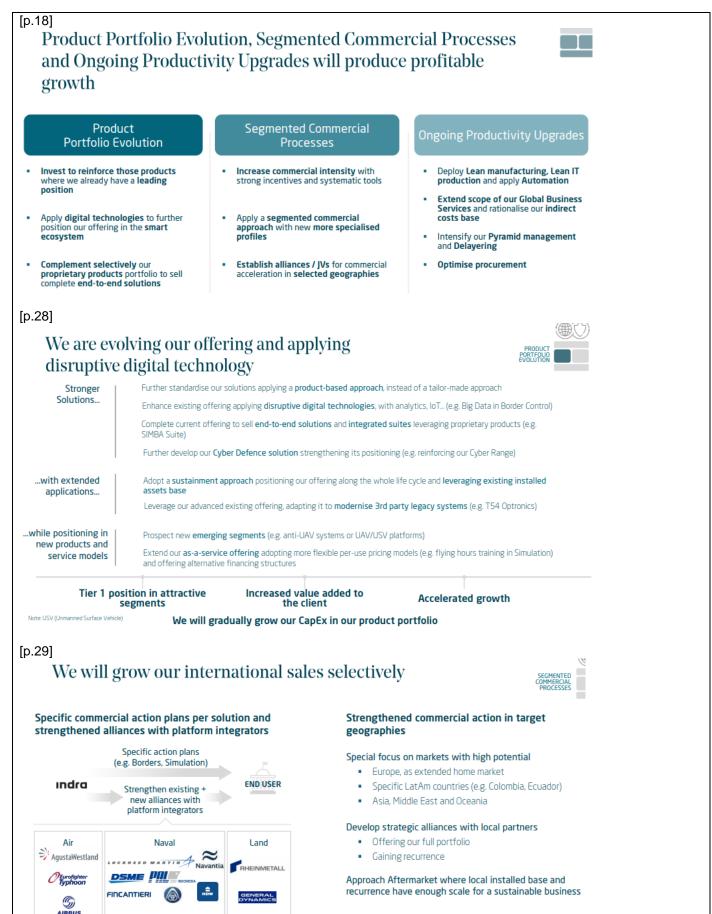
# [p.17]

By incorporating our IT business into a fully-owned subsidiary we intend to gain focus, accountability, agility and flexibility

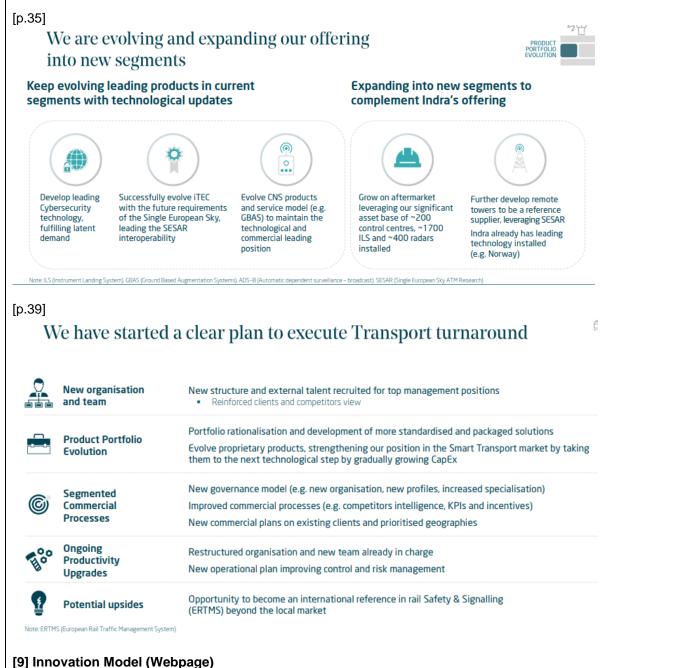












# Accessed 15/10/2019

Accessed 15/10/2019

https://www.indracompany.com/en/indra/innovation-model

Indra has an open, agile and flexible Innovation Model designed to strategically broaden and enhance our ability to generate and capture attractive ideas for expanding our future offering.

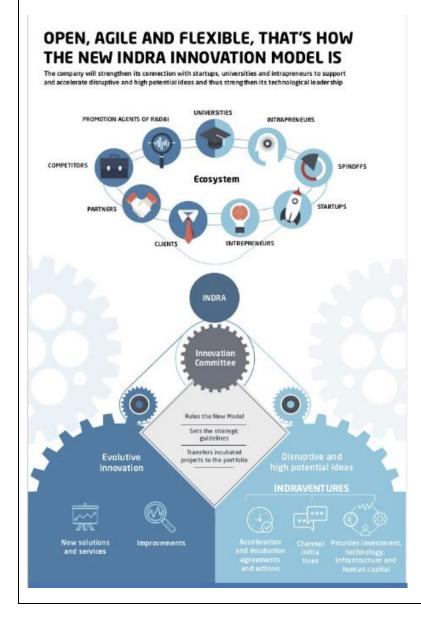
The Innovation Model intends to expand and consolidate our relations with the innovation ecosystem on a global level: startups, entrepreneurs, spinoffs, research groups at universities that are experimenting with emerging technologies, as well as Indra's own professionals.

The model counts with an Innovation Committee as its governing body that is in charge of defining and promoting all of its key lines. Through the R&D Area, offers support and collaboration throughout the entire innovation life cycle by monitoring the company's innovative efforts and assisting in obtaining financing by third parties on a global scale for R&D projects. Furthermore, it is provided support by a driver with the capacity for investment, supporting and incubating numerous options for developing a flexible offering, Indraventures.



#### With this model, we purse 4 fundamental objectives:

- o Convert Innovation into the strategic lever that differentiates our offering
- Focus Innovation on responding to strategic business needs
- Become a benchmark of Innovation and a hub that attracts startups
- o Capitalize on internal talent for generating differential and innovative initiatives





# 10.3 Is the SOE open and transparent about the composition of its board and its nomination and appointment process?

#### Score 2

#### -Comments

Based on publicly available information, there is evidence that the company provides clear information on the nomination process, appointment and composition of its board and provides details of its board members. The company discloses details of its criteria for nomination, the company representatives that are involved in the nomination, and who makes the final appointment decision. For each board member, the company discloses whether that person has any connection to the company, the state or is an independent director.

#### Evidence

#### [11] Annual Corporate Governance Report for Listed Companies

# Accessed 15/10/2019

https://www.indracompany.com/sites/default/files/d7/Accionistas/2019/IAGC/iagc\_2018\_eng\_v2\_2\_redline.pdf [p.10]

[p. 10]						
Name of Director	Director category	Position on the Board	Date first appointed to Board	Last re- election date	Method of selection to Board	Date of birth
Fernando Abril- Martorell Hernández	Executive	Chairman	29 Jan 2015	28 June 2018	Shareholde rs Meeting	18 April 1962
Alberto Terol Esteban	Independent	Vice- Chairman	24 June 2010	30 June 2016	Shareholde rs Meeting	24 Sep 1955
Juan Carlos Aparicio Pérez	Proprietary	Director	26 Sep 2013	29 June 2017	Shareholde rs Meeting	20 April 1955
Enrique de Leyva Pérez	Independent	Director	30 April 2015	28 June 2018	Shareholde rs Meeting	16 Dec 1959
Silvia Iranzo Gutiérrez	Independent	Director	29 June 2017	29 June 2017	Shareholde rs Meeting	01 Dec 1956
Luis Lada Díaz	Independent	Director	21 June 2007	30 June 2016	Shareholde rs Meeting	16 Oct 1949
Ignacio Martín San Vicente	Independent	Director	28 June 2018	28 June 2018	Shareholde rs Meeting	04 May 1955
Santos Martínez- Conde Gutiérrez- Barquín	Proprietary	Director	27 June 2013	30 June 2016	Shareholde rs Meeting	15 Nov 1955

#### [p.11]

Ignacio Mataix Entero	Executive	Director	26 Jan 2018	28 June 2018	Shareholde rs Meeting	26 May 1962
Adolfo Menéndez Menéndez	Proprietary	Director	26 Sep 2013	29 June 2017	Shareholde rs Meeting	01 Feb 1958
María Rotondo Urcola	Independent	Director	29 June 2017	29 June 2017	Shareholde rs Meeting	18 May 1964
Cristina Ruiz Ortega	Executive	Director	21 Dec 2017	28 June 2018	Shareholde rs Meeting	03 Nov 1970
Ignacio Santillana del Barrio	Independent	Director	21 June 2011	29 June 2017	Shareholde rs Meeting	13 Jan 1948



]					
	Executive Directors				
Name or company name of Director	Post in organisational chart of the company	Profile			
p.12]					
Fernando Abril- Martorell Hernández	Chairman and CEO	A graduate in Law and Busines Administration from ICADE (Madrid), he is th Chairman of Indra since January 2015. He has worked in different service, industri- and financial companies. Between 2011 an 2014 he was the CEO of Grupo Prisa. Betwee 2005 and 2011 he was CEO at Credit Suiss in Spain and Portugal. He was CEO of Grup Telefónica between 2000 and 2003 and previously, CFO between 1997 and 2000. H began his professional career in JP Morga where he spent 10 years between 1987 an 1997 in the Madrid, New York and Londo offices. He is currently a member of Board of Director of Energía y Celulosa, S.A.			
Ignacio Mataix Entero	Vice President, Transport and Defence	Born in 1962. He holds a Bachelor's Degree Law and Economics (ICADE) and Master degree, CEO International Programme (IES Business School). He has a wide and varied profession experience, having held senior level positior in large multinational investment bank leading engineering companies and high-teo manufacturers. He began his profession career in ABN Amro Bank, where he becam Managing Director in London. In 2000, he wa appointed General Manager of Corporal Development of SENER. In 2004, he joine ITP (Industria de Turbo Propulsores) as grou CEO. On January 2018 he is appointed Executiv Director of Indra and T&D business Senior Vio President.			
Cristina Ruiz Ortega	Vice President, IT	Cristina Ruiz has a degree in Business ar Economics. She has pursued her profession career in operations and information system consulting, holding a number of differe positions at companies in the field. She joine Indra in 2011 as Energy Market Vice Preside and was appointed Deputy Executive Vice President with responsibility for the Consultin Energy, Telecommunications and Med businesses in January 2013. Currently she Executive Director of Indra and business Senior Vice President; prior to thi she was responsible for Minsait and IT vertic			

[...]



	Proprietary director	
Name of Director	Name or company name of the significant shareholder represented or that has proposed their appointment	Profile
o.13]		
Santos Martínez-Conde Gutiérrez-Barquín	Corporación Financiera Alba, S.A.	Born in Santander in 1955. Civil engineer with a Master's degree in Administration and Business Management from ICADE and a diploma in Nuclear Technology from ICAI. He is currently the CEO of Corporación Financiera Alba, S.A., serves as a director on the boards of Banca March, S.A., Acerinox, S.A., Bolsas y Mercados Españoles, Sociedad Holding de Mercados y Sistemas Financieros, S.A. and CIE Automotive, S.A. He has worked for a variety of engineering and financial companies, including Sener, Técnica Naval e Industrial, S.A. (1979-1980), Técnicas Reunidas, S.A. (1980-1987), Bestinver, S.A. (1987-1990), Corporación Borealis, S.A. (1994-1998). He has been a director of many companies, some listed others not, pertaining to a wide variety of sectors.
Juan Carlos Aparicio Pérez	Sociedad Estatal de Participaciones Industriales (SEPI)	Born in 1955. He holds a Bachelor's degree in Chemistry. He is a member of various business organizations and is the Vice-secretary of Federación de Empresarios de Burgos. He has wide ranging experience in local, provincial and national government. He served as Vice President and advisor to the Chief Executive of Castilla y León until 1989, Secretary of State for Social Security (1996-1999), Minister of Labour and Welfare (1999-2002) and Mayor of Burgos (2003-2011). As a member of the national legislature for several terms, he participated actively in congressional committees, and is Chairman of the Committee on the Interior during the present legislative session. As a businessman, he has been a member of the boards of directors of Iberia and Banco Exterior de España, Chairman of the Board of PARKMUSA, as well as the Asociación del Plan Estratégico Ciudad de Burgos and of CETABSA. He is a member of the Science and Academics Evaluation Board of Universidad Isabel I.
Adolfo Menéndez Menéndez	Sociedad Estatal de Participaciones Industriales (SEPI)	Born in 1958, he received his Law degree from the Universidad Autónoma de Madrid and is a non-practicing Abogado del Estado. Currently he is of counsel in the Public Law area of the Ontier Law firm. He began his career in Public Law, holding various positions in Internal Revenue and Administration, ultimately occupying the post of head of the legal

[p.14]



# [...]

#### Independent directors

Name of Director	Profile		
Enrique de Leyva Pérez	Born in Sevilla 1959. Graduated in Civil Engineering by the Polytechnic University of Madrid and MBA by the Columbia University with double major in Accounting and Finance. He is currently founde of the Magnum Group and Chairman and director of a variety o companies of the group (among others, Chairman of Grupo Itacare) He is member of the Advisory Board of Abante Asesores and Ambienta Sgr, S.p.A. He has developed his professional carrier in Unión Fenosa (1983 1986), McKinsey & Company, Inc. (1986-2006) where he chaired the Spanish subsidiary and Magnum Industrial Partners, S.L. where is partner since 2006. He has been Chairman of the Geriatros Group and Pretersa-Prenavisa, Chairman of Grupo Nace Schools, membe of the Board of Centro Médico Teknon, S.L., Iberwind and Bio Oils S.L., among other companies.		
Silvia Iranzo Gutiérrez	Degree in Economics from the Universidad Autónoma de Madrid, PhD in Economics and Business from UNED and graduate of the IESE Business School (Executive Management Program for Directors at the Spanish Central Bank). Member of the Cuerpo Superior de Técnico: Comerciales y Economistas del Estado within the Spanish Department of Commerce and member of the Grupo Directivo at the Spanish Central Bank.		

#### [Continued over three pages]

[p.18] In accordance with the text of Recommendation 14 of the Código de Buen Gobierno de Sociedades Cotizadas ("Code of Good Governance for Listed Companies") the Policy for Selection of Directors approved by the Board contains the current criteria or practices for the Company in this area, which in the main are already made public due to their being contained in the Annual Corporate Governance Report and the information supporting proposals for resolution at Annual Meetings. Said policy contains the commitment of the Board regarding gender diversity its goal of the achievement by the year 2020 of a number of female members that represents, at least, thirty percent of the total membership of the Board. In line with the principles for action within the Corporate Social Responsibility Policy, the above cited policy promotes the application of diversity criteria which includes questions not only related to gender, but also to knowledge, experience and age, and requires that policies be applied which avoid implicit biases in the processes of selection of Directors which might give rise to discrimination for any reason



(religion, ideology, nationality, handicap, etc.) With respect to measures taken and the manner of application of diversity policies during the fiscal year 2018, the Board brought before the Annual Shareholders' Meeting, among other proposals, the nomination of Ms. Cristina Ruiz as Executive Director after concluding that her profile met the criteria for leadership of the IT business both because of her education and career path as well as her commitment to the post and her ability to add value in carrying out her duties. The Board of Directors and the Nomination, Compensation and Corporate Governance Committee took into account gender diversity among the members of the Board at the time of bringing their proposals for nomination before the Annual Shareholders' Meeting. The resulting composition of the Board arising from these proposals maintains the number of women on the Board at three, in addition to including a woman among the class of Executive Directors. As a result, female Directors represent 23% of total membership.

# [...]

Article 20.3 of the Board Rules establishes that any individual proposed for appointment to the Board must be of good personal and professional reputation, sufficiently capable of working with dedication and have no interests that are incompatible with the position involved. Furthermore, internal operating rules of the Company provide that the Board and the Nomination, Compensation and Corporate Governance Committee must take particular care to apply criteria and policies intended to increase gender diversity on the Board during the process of selecting individuals to become Directors. They have done so during successive membership turnover in the past few years. To this end, the current Selection Policy for Directors provides as one of its objectives that by 2020 the number of female Directors represent at least 30% of total Board membership. Said policy requires that all proposals for nomination or re-election Director be accompanied by a

[p.19] supporting report from the Nomination, Compensation and Corporate Governance Committee evaluating the candidate's experience, competence, and merits. These reports are published upon call the Annual Shareholders' Meetings such that all shareholders may understand the applicable policy and selection procedures for Directors and verify that it is consistent with best practices in Corporate Governance. The three current female Directors account for 23.08% of the total number of Directors; 28.57% of Independent Directors and, as mentioned above, 33% of the Executive Directors. As for Proprietary Directors, the Board of Directors and the Nomination, Compensation and Corporate Governance Committee can only recommend that Shareholders consider assigning women to positions as Directors in representation of their equity interest, although this depends upon women holding top-level positions in their respective organisations, as it is in the interest of the Company that Proprietary Directors be selected from the highest levels of its Shareholders' organisations. Additionally, since July 2018 the Nomination, Compensation and Corporate Governance Committee has discussed in its various meetings the selection process for Directors with an eye toward nomination proposals for Independent Directors to be brought before the Annual Shareholders' Meeting due to the application of mandatory turnover for those Independent Directors who have already served 3 terms. The Nomination, Compensation and Corporate Governance Committee has defined the ideal candidate profile by detailing the qualities they should have, paying particular attention to consider women candidates to the extent that women who possess those qualities can be found.

# [10] Board of Directors (Webpage)

Accessed 15/10/2019 https://www.indracompany.com/en/accionistas/government/2875 Chairman and CEO Fernando Abril-Martorell

Vicechairman and Lead Independent Director Alberto Terol

Directors Antonio Cuevas Silvia Iranzo Enrique de Leyva Ignacio Martín Santos Martínez-Conde Ignacio Mataix Maria Rotondo Cristina Ruiz Ignacio Santillana



Miguel Sebastián Isabel Torremocha

# [13] Regulations for the Board of Directors (Document)

Accessed 15/10/2019 <u>https://www.indracompany.com/sites/default/files/indra\_regulations\_of\_the\_board\_of\_directors\_june\_2013.pdf</u> [p.22] Section VII. Appointment and removal of directors Article 21. Appointment and designation of directors

1. Directors must be designated, re-elected or ratified by the Shareholder's Meeting or the Board, in conformity with the provisions of the Stock Companies Act [Ley de Sociedades de Capital] and the Bylaws.

2. Proposals for the appointment, re-election and removal of directors subjected by the Board for the consideration of the Shareholder's Meeting, and decisions on provisional appointments adopted thereby by virtue of the powers of cooption bestowed upon it by law, must be preceded by the corresponding report from the Committee for Nomination, Compensation and Corporate Governance in the case of independent directors and by a report from said Committee in all other cases. In the case of independent directors, the provisions of section 3.2, article 8 of these Regulations must be taken into special consideration. If the Board should overlook the recommendations of the Committee for Nomination, Compensation and Corporate Governance, it must provide reasons for its actions which must be recorded in the minutes.

3. Proposed appointments must be persons of recognised personal and professional solvency, with sufficient capacity for dedication to the role and with no other interests that may be incompatible with it. If the director should be a legal person, will be necessary the appointment of one sole natural person for the representation. The director suitability criteria specified in these Regulations will apply to the physical person whom he represents, who will be personally subjected to obligations of confidentiality, loyalty and diligence established for directors under Spanish law, in the Bylaws and in these Regulations.

4. The Board and the Nomination, Compensation and Corporate Governance Committee, within the scope of their respective competencies, should exercise strictness in relation to any persons called forward to cover independent director positions.

5. The Board must propose to the Shareholder's Meeting that each of the proposals for the appointment or reelection of directors be put to vote.



#### 10.4 Is the SOE's audit committee composed of a majority of independent directors?

#### Score 2

# Comments

Based on publicly available information, there is evidence that the company's Audit and Compliance Committee is composed of a majority of independent directors.

Evidence

[4] Audit and Compliance Committee Activities Report 2018 (Document) Accessed 10/10/2019
https://www.indracompany.com/sites/default/files/d7/Accionistas/2019/JGA19/audit_and_compliance_committee_ac
tivities_report.pdf
[p.3] COMPOSITION, APPOINTMENT AND PROFILE OF MEMBERS In accordance with the Board Rules and the Bylaws, the Committee is composed exclusively of external Directors whose membership is to be between three and six.
The composition of the Committee during 2018 was as follows:
Chairman Mr. Ianagia Saptillang
Mr. Ignacio Santillana (Independent Director)
Member since December 2014 and Chairman since June 2015 Members
Mr. Juan Carlos Aparicio
(Proprietary Director named upon proposal by Sociedad Estatal de Participaciones Industriales – SEPI) Member since October 2013
Mr. Luis Lada
(Independent Director) Member since June 2016
Mr. Enrique De Leyva
(Independent Director) Member since June 2015
Mr. Santos Martínez-Conde
(Proprietary Director named upon proposal by Corporación Financiera Alba, S.A.) Member since June 2013
Ms. María Rotondo
(Independent Director) Member since July 2017
The Chairman of the Committee must be an Independent Director and, in accordance with Board Rules, either the Secretary or Vice Secretary of the Board of Directors acts as the Secretary of the Committee. As can be seen from the list above, of the six outside Directors who make up the Committee, four are Independent.



# 10.5 Does the SOE have a system in place to assure itself that asset transactions follow a transparent process to ensure they accord to market value?

#### Score 2

#### Comments

Based on publicly available information, there is evidence that the company has a system in place for asset transactions with related parties. The company indicates that responsibility for scrutinising these transactions is held at board level and that information on transactions are made public in the company's financial reports.

#### Evidence

## [13] Regulations for the Board of Directors (Document)

Accessed 15/10/2019

https://www.indracompany.com/sites/default/files/indra\_regulations\_of\_the\_board\_of\_directors\_june\_2013.pdf [p.32] Section XI.

Transactions with directors and shareholders

Article 38. Related transactions.

1. The Board, based on a report from the Nomination, Compensation and Corporate Governance Committee and prior to its execution, must be aware of and give authorisation for any transaction carried out by the Company either directly or indirectly with its directors, significant shareholders or representatives of the Board, Senior Management, the Secretary or Vice Secretary of the Board or any persons connected –in conformity with their legal definition-thereto. Such transactions will be evaluated according to equality of treatment and market conditions.

2. For recurrent operations carried out during the Company's ordinary course of business and under market conditions, the Board must give authorisation in terms of generic operations in each case.

3. The authorisation described in the previous paragraphs will not be necessary, however, under each of the three following conditions:

a) That the transaction is made during the Company's ordinary course of business.

b) That the transaction is carried out under market conditions.

c) That the amount of the transaction does not exceed 1% of the Company's annual consolidated income for shareholder transactions, or 30% of the average annual remuneration per director in all other cases.

4. In exceptional cases, for reasons of urgency, related transactions may be authorised by the Delegated Committee and must receive ratification from the Board at the next meeting.

5. In order for the Company to identify any related transactions in advance, directors must keep the Board informed of any direct or indirect interests or significant influences they may have in companies or entities that have or are likely to enter into commercial or business relations with the Company.

[p.33] 6. Any directors affected by related transactions, as well as refraining from exercising or delegating their vote, must not attend any meeting while the Board or the Committee involved discuss and vote on matters in relation thereto. For transactions with shareholders subject to the decision of the Shareholder's Meeting, the Board must evaluate whether to recommend that the shareholders involved abstain from voting.

Article 39. Public information.

The Board must issue public reports on related transactions carried out by the Company, satisfying the provisions of the legislation in force at all times. To this end, the Board will have a report from the Nomination, Compensation and Corporate Governance Committee.

# List of Evidence & Sources



No.	<b>Type</b> (Webpage or Document)	Name	Download Date	Link
01	Webpage	Code of Ethics and Legal Compliance	10/10/2019	https://www.indracompany.com/en/indra/code-ethics- legal-compliance
02	Document	Code of Ethics and Legal Compliance	10/10/2019	https://www.indracompany.com/sites/default/files/d7/ PDFs_codigo_etico/codigoetico_en_02.pdf
03	Document	Corporate Social Responsibility Report 2018	10/10/2019	https://www.indracompany.com/sites/default/files/csrr 2018 - 02042019 - en 0.pdf
04	Document	Audit and Compliance Committee Activities Report 2018	10/10/2019	https://www.indracompany.com/sites/default/files/d7/ Accionistas/2019/JGA19/audit_and_compliance_co mmittee_activities_report.pdf
05	Document	Annual Accounts 2018	10/10/2019	https://www.indracompany.com/sites/default/files/indr a_informe_2018_cuentas_ingles_v2.pdf
06	Webpage	Our Partners	11/10/2019	https://www.indracompany.com/en/indra/partners
07	Webpage	Financial Times Markets Data	11/10/2019	https://markets.ft.com/data/equities/tearsheet/summa ry?s=IDR:MCE
08	Document	Investors Presentation 2019	15/10/2019	https://www.indracompany.com/sites/default/files/equ ity_story_julio_2019_12.pdf
09	Webpage	Innovation Model	15/10/2019	https://www.indracompany.com/en/indra/innovation- model
10	Webpage	Board of Directors	15/10/2019	https://www.indracompany.com/en/accionistas/gover mment/2875
11	Document	Annual Corporate Governance Report for Listed Companies	15/10/2019	https://www.indracompany.com/sites/default/files/d7/ Accionistas/2019/IAGC/iagc_2018_eng_v2_2_redlin e.pdf
12	Document	Compensation Policy for Directors	15/10/2019	https://www.indracompany.com/sites/default/files/d7/ Accionistas/2018/politicascorporativa/indra_compens ation_policy_2018-2020.pdf
13	Document	Regulations for the Board of Directors	15/10/2019	https://www.indracompany.com/sites/default/files/indr a_regulations_of_the_board_of_directors_june_2013 .pdf
14	Document	Sustainability Report 2019	13/05/2020	https://www.indracompany.com/sites/default/files/cuentas_anuales_consolidadas_e_ig_2019_ingles_0.pdf
15	Document	Regulations of the Board of Directors and its Committees	13/05/2020	https://www.indracompany.com/sites/default/files/d7/ Accionistas/Reglamentos internos/Reglamentos Co nsejo/regulations_of_the_board_of_directors_and_its _committees.2019.pdf
16	Document	General terms and conditions for purchasing products and services	13/05/2020	https://www.indracompany.com/sites/default/files/d7/ CCGGPO/ccggpo v1 19 ref en.pdf
17	Webpage	EU Transparency Register – Search "Indra"	25/01/2021	https://ec.europa.eu/transparencyregister/public/cons ultation/displaylobbyist.do?id=208351410839-33
18	Document	EU Transparency Register – List of Meetings	25/01/2021	https://ec.europa.eu/transparencyregister/public/cons ultation/displaylobbyist.do?id=208351410839-33
19	Document	Annual Corporate Governance Report	25/01/2021	https://www.indracompany.com/sites/default/files/d7/ Accionistas/2020/iagc_2019.pdf