



# Sustainability Committee Performance Report 2021

January 2022

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

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# 1 Introduction

Aware of the growing importance of ESG (Environmental, Social and Governance) matters, the issues dealt with in Principle 23, the contents of Recommendation 53 of the Code of Good Governance for Listed Companies (“CGGLC”) and the legislative amendments relating to non-financial information, and in line with the commitments made by the Company in this regard, the Board of Directors agreed at its meeting of 28 November 2019 that, following a proposal from the Appointments, Remuneration and Corporate Governance Committee, it would establish a Sustainability Committee which would be endowed with specific powers in the area of sustainability.

In accordance with the provisions of Article 16.8 of the Board of Directors Regulations, this document includes a report on the annual performance of the Sustainability Committee (the “Committee”) during the 2021 financial year (the “Report”), offering an account of the activities engaged in by the Committee over that period.

## 2 Composition, appointment and profile of the Committee’s members

In accordance with the contents of the Board of Directors Regulations, the Committee comprises four non-executive board members, three of whom are independent. The Chair is appointed from among the three independent board members.

As set out in section 3 of Article 19 *bis* of the Board of Directors Regulations, members of the Committee have been appointed on the basis that they possess the knowledge, skills and experience appropriate for the duties to be performed by the Committee. The Secretary or Deputy Secretary to the Board of Directors acts as the Committee’s Secretary, as provided for in Article 16.4 of the Board of Directors Regulations.

Name	Position	Type of board member	Date of first appointment
Silvia Iranzo	Chairwoman	Independent	28 November 2019
Ignacio Martín	Member	Independent	28 November 2019
Ana de Pro	Member	Independent	22 September 2021
Miguel Sebastián	Member	Proprietary <sup>(i)</sup>	22 September 2021

<sup>(i)</sup> Appointment proposed by Sociedad Estatal de Participaciones Industriales (SEPI)

The following section contains the CVs of all the Committee’s members along with complete information about their profile, experience and know-how. This information can also be found on the Company’s website ([www.indracompany.com](http://www.indracompany.com)), where it is continuously updated.

## **Silvia Iranzo**

Born in San Sebastián in 1956. She has a degree in Economic Sciences from the Autonomous University of Madrid and graduated from IESE Business School's Bank of Spain Management Programme. She also has a Doctorate in Economics and Business Management from UNED. She is a member of the High Corps of Spanish State Economists and Trade Experts and the Bank of Spain's Management Group.

She is an independent director of the Official Credit Institute (ICO). She is a member of the Spanish Court of Arbitration's Plenary Council, a member of the Spanish Exporters and Investors Club's Reflection Committee and sits on the Editorial Board for the Economists Association's publication, "*Economistas*". She teaches Economics on the Bachelor's and Master's degree courses at the University College for Financial Studies. She teaches at the Institute of Stock Market Studies and has been awarded the Grand Cross of the Order of Civil Merit.

She was Spain's ambassador to the Kingdom of Belgium from 2010 to 2012, Secretary of State for Trade between 2008 and 2010, and Head of Country Risk in the Bank of Spain's General Department for International Affairs between 2005 and 2008. She has also been Chairwoman of the Board of Directors of the Spanish Institute for Foreign Trade and was Chairwoman of the Board of Directors of Invest in Spain between 2008 and 2010. She was a member of the Board of Directors of the Spanish Export Credit Insurance Company (*Compañía Española de Seguro de Crédito a la Exportación*) from 1991 to 1994 and again from 2005 to 2008. She was also an independent director of the listed company TecnoCom in 2016 and 2017, and of Telefónica Internacional, Naviera Mallorquina Cabitel, Banco Exterior UK and Eria between 1990 and 1993.

## **Ignacio Martín**

Born in San Sebastián in 1955. He has a Degree in Industrial Electrical Engineering from the University of Navarra.

During his professional career he has worked mainly in the industrial sector at a number of companies including GKN Automotive International, where he held the positions of General Manager, member of the Worldwide Executive Committee and Managing Director, this last position in the USA.

Mr Martín was also Assistant General Manager to the Chairman of Alcatel Spain. In 2001 he joined the GSB Group as Executive Deputy Chairman, where he headed up the merger with Corporación Industrial Egaña, which led to the creation of CIE Automotive, the company at which he was Managing Director until 2012, when he joined Gamesa as Executive Chairman until its merger with Siemens Wind Power in May 2017.

He currently holds the position of independent director at Repsol S.A. and Acerinox, S.A.

## **Ana de Pro**

She was born in Madrid in 1967 and graduated with a degree in Economic and Business Sciences from the Complutense University of Madrid.

She began her professional career at Arthur Andersen in 1990 and then joined the real estate company Metrovacesa in 1994, where she held the post of Financial Director. In 2002 she joined Sacyr Vallehermoso, a diversified construction and engineering group, as Corporate General Manager. From 2015 to 2017 she was an independent director at the SOCIMI, Merlin Properties. She subsequently joined the Amadeus IT Group, a technology company in the travel sector, where she held the position of CFO from February 2010 through to September 2020, also acting as strategic advisor to the CEO until December 2020.

She is currently an independent director and Chairwoman of the Auditing Committee at ST Microelectronics N.V., as well as being an independent director and member of the Audit, Remuneration and Health and Safety Committees at National Express Group PCL.

She is also an independent director of the Spain National Advisory Board (Spain NAB), the Advisory Board for Impact Investing in Spain, which acts as the independent, unlisted, cross-sector consulting body that represents Spain before the GSG (Global Steering Group for Impact Investment). She is also a member of the board of trustees of the Juan XXIII Foundation.

### **Miguel Sebastián**

Born in Madrid in 1957. Graduated with a degree in Economic and Business Sciences from the Complutense University of Madrid. He also has a PhD in Economics from the University of Minnesota (USA) and a doctorate from the Complutense University of Madrid.

In the academic field, he has been deputy director of the magazine "Moneda y Crédito" and a member of scientific committees at Revista Española de Economía, FEDEA and NOMISMA. He is Professor of the Fundamentals of Economic Analysis, at Madrid Complutense University's Faculty of Economic Sciences.

He has worked in the Ministry of Economy and Finance's General Planning Office and the Research Department at the Bank of Spain. He has been the General Manager of Intermoney. In 1996 he was appointed Chief Economist (Director of the Research Department and Deputy Director General) at Banco Bilbao Vizcaya, and following its merger held the same post at Banco Bilbao Vizcaya Argentaria until 2003. He has acted as consultant for several multilateral organisations. He has been a member of the Executive Committee at the International Conference of Commercial Bank Economists and the Governing Board of the Spanish Association of International Economics and Finance. He was a member of the Editorial Board at *Expansión* and *Actualidad Económica*. He has contributed articles to *El Mundo*, *20minutos*, *Alnavío.com*, *El Independiente* and *la Informacion.com*. He currently publishes a fortnightly column in *El Español/Invertia* and is a guest on *La Sexta*, *Cadena SER* and other broadcasters. He is an occasional consultant at GLC Research.

In the political sphere, he was coordinator of the Economic Program for the Spanish Socialist Party (PSOE) in the 2004 General Election and Director of "*Economistas 2004*". In 2004 he was appointed Director of the Spanish President's Economic Office (with the rank of Secretary of State). In 2005 he was appointed Coordinator of Spain's National Reform Program ("Mr Lisbon"). In December 2006 he was nominated as the PSOE Candidate for the Office of Mayor of Madrid. In April 2008 he was appointed as the Spanish Government's Minister of Industry,

Tourism and Trade, a role which he held during the whole of the 9th legislature until December 2011.

### 3 Powers and responsibilities

The Board of Directors Regulations establish the rules relating to the Committee's powers and duties.

In addition to the duties that it is required to perform in law, section 5 of Article 19 *bis* (the wording of which was amended during the 2021 financial year) attributes the Committee with the following, in line with the contents of Recommendation 54 of the CGGLC:

- a) Guide, monitor and evaluate the degree of compliance with policies, good practices and specific action plans in the area of sustainability, particularly regarding corporate social responsibility, the environment, diversity, and integration, and ensure that they conform to the strategy and Master Plan approved by the Board of Directors.
- b) Determine the general principles and criteria that should inform the contents of the Sustainability Report (non-financial information statement) in accordance with applicable law and international best practices in this area, and propose its contents to the Auditing and Compliance Committee.
- c) Periodically review the Company's sustainability performance, as well as its position in existing indexes and metrics, taking particular account at all times of those aspects that are increasingly valued by the various stakeholders, and proposing measures for the Company to respond to them.
- d) Report to the Auditing and Compliance Committee on non-financial risks related to matters within its purview.
- e) Supervise the management of intangible assets such as reputation, brand image, intellectual property and transparency, and propose improvement measures.
- f) Any other sustainability issues delegated to it by the Board.

### 4 Activities during the 2021 financial year

The Committee held five ordinary meetings during the 2021 financial year. The average attendance figure for members who were either physically present or appeared by videoconference at Committee meetings was 100%.

Committee meetings were convened sufficiently in advance to allow members to analyse the documentation and information relating to the items to be discussed, and this was made available to them at the same time as notice of each meeting was announced.

In addition, the Chairwoman of the Committee informed the Board of the matters discussed and the decisions adopted at each of its meetings.

Following an invitation from the Chairwoman, executive directors, managers and external advisors attend Committee meetings in order to discuss any items on the agenda for which they are responsible, though this does not in any way compromise the independence of the Committee's actions.

The Committee prepared and approved a meetings schedule and an Action Plan for the 2021 financial year, in which it detailed the ordinary issues and matters to be discussed over the course of that year, without prejudice to any extraordinary matters that might arise. In accordance with that Action Plan for the financial year and pursuant to the duties and responsibilities with which it is charged under the Board of Directors Regulations, in 2021 the Committee analysed the issues listed below and submitted the relevant reports and proposals to the Board in this regard.

#### 4.1 Organisational structure of sustainability duties

The Committee oversaw the organisational structure implemented by the Company to direct the issues falling within its responsibility. As regards the Committee's composition, the 2021 financial year saw the appointment of new Committee members Ana de Pro Gonzalo and Miguel Sebastián Gascón, who respectively replaced Carmen Aquerreta Ferraz and Antonio Cuevas Delgado.

The Committee was informed about the main issues dealt with during the course of the financial year by the internal Sustainability Committee, which was formed in 2020 with the aim of: i) promoting and defining the company's sustainable development initiatives; ii) implementing the actions arising from the Committee's work and passing them on to the whole organisation; iii) working collaboratively and transversally on the preparation of the documentation and regular report to be submitted both to the Committee itself and to the Steering Committee; and iv) coordinating internal sustainability activities.

#### 4.2 Management models for Sustainability at the Company

During the course of the financial year the Committee reviewed a number of aspects of Indra's sustainability management model, and highlights the following activities:

- Approval by the Board of Directors, following a favourable report from the Committee, of a Sustainability Policy with Suppliers, the aim of which is to establish basic principles for action in the areas of ethical, social and environmental conduct.

- Approval by the Board of Directors, following a favourable report from the Committee, of the annual declaration against slavery and people trafficking covering the Company's own operations and its supply chain, pursuant to the terms of the Modern Slavery Act.
- Approval by the Board of Directors, following a favourable report from the Committee, of a training plan for the Board and all the Company's professional personnel on matters relating to sustainability.

### 4.3 Information on the actions undertaken by the Company in relation to sustainability.

At the various meetings held during the financial year, the Committee was informed about the actions and initiatives taken in relation to sustainability, important among which were the following: i) a Materiality Assessment on the ESG issues that were most important to the Company; ii) implementation of an internal carbon price to translate emissions into euros (€/ton CO<sub>2</sub>) and consideration of this internal cost when engaging in tenders, R&D projects, procurement, etc.; iii) completion of execution of the action plan to improve compliance with the REACH Regulation; iv) completion of a pilot project consisting of measuring the carbon footprint of Indra's suppliers; v) with regard to sustainability actions in T&D Operations, particularly important was the optimisation of the warehouse network, the inclusion of ESG criteria for the logistics operator and optimisation and reduction of the use of single-use plastics in packaging; vi) with regard to sustainability actions at Minsait, particular mention should be made of the project to assist Spanish SMEs to incorporate ESG impact as a competitive advantage, the agreement with the Ellen MacArthur Foundation, and the acquisition of The Overview Effect to create sustainability solutions that bring added value to organisations.

### 4.4 Reporting criteria: Sustainability Report 2020

Indra reports its performance in the area of sustainability in its Sustainability Report. In this report, Indra includes information on the risks, business model, policies, strategy, performance, results, the situation of the Group and the impact of its activity in relation to environmental and social issues, as well as those relating to staff, respect for Human Rights and combatting corruption and bribery. The Report also includes the Company's Materiality Assessment and highlights the non-financial issues that are important for its stakeholders, along with the policies and risks associated with each of them and the reference indicators used to monitor and assess them. The Sustainability Report also tracks compliance with the Company's Sustainability Policy, the reference framework used to ensure responsible behaviour by the Company, reflecting its commitment to all its stakeholders. It also records compliance with the objectives set out in the Sustainability Master Plan 2020-2023. In addition, it affirms the Company's commitment to the Ten Principles of the UN Global Compact and the UN Sustainable Development Goals, and provides a response to the Company's Progress report on the implementation of those principles.

The Report constitutes the Company's Non-Financial Information Statement (NFIS), and it has been prepared in accordance with the requirements contained in Act 11 of 28 December 2018,



which amended the Spanish Code of Commerce, the consolidated text of the Spanish Capital Companies Act, approved by Royal Legislative Decree 1 of 2 July 2010, and Act 22 of 20 July 2015, on Auditing Accounts in matters of non-financial information and diversity. It comprehensively applies the Global Reporting Initiative (GRI) Standards.

Since 2017 the report has been published as an integral part of the Management Report, and it is drawn up by the Board of Directors. It represents one of the main sources used by sustainability analysts to assess the Company's performance in social, environmental and good governance matters.

The Committee is responsible for determining the general principles and criteria that should inform the contents of the Sustainability Report in accordance with applicable law and international best practices in this area, and propose its contents to the Audit and Compliance Committee. To this end, the Committee reviewed the criteria used to determine the contents of the Sustainability Report and oversaw the process for its preparation, before its review by the Auditing and Compliance Committee, which reported to the Board of Directors and recommended its approval.

The main innovations introduced in the 2020 Sustainability Report were as follows: i) a new list of contents and structure aligned with the Sustainability Master Plan 2020-2023; ii) detailed analysis of the impact of Covid-19 on Indra's activities and the Company's response as its technological ally; iii) a greater focus on the environment and climate change, and on the commitments made by Indra in the medium and long term in these areas; iv) a preliminary analysis of alignment with EU Taxonomy; and v) details of Indra's contribution to the United Nations SDGs.

The Sustainability Report was audited by an independent third party (Deloitte), which appeared before the Committee to report on the scope of its audit (which was extended in comparison with its audit for the previous year to include verification of the complete range of carbon footprint data) and on the conclusions reached. The Committee confirmed that the audit report would be issued without any provisos.

To provide information on all the actions taken in relation to sustainability issues, in 2021 a sustainability microsite was created within the Company's website at <https://www.indracompany.com/es/indra/sostenibilidad>. This includes a sustainability dossier entitled "Indra Sustainability Story", the aim of which is to compile a record of all of the most important actions taken by the Company in the area of sustainability in a single document.

The Company also provides continuously updated information for investors on developments in the different areas of interest in terms of Sustainability and the scores obtained by the Company on the various indexes.

#### 4.5 The Company's ranking on the most prestigious international ESG indexes and its relations with leading analysts in this area

The Committee reviewed the scores awarded for Indra's ESG performance on the most prestigious international indexes (Dow Jones Sustainability Index, FTSE4 Good and CDP).

In this regard, it should be noted that in 2021 Indra was the number 1 ranked company in the world in the Software and IT Services sectors on the Dow Jones Sustainability Index (DJSI World), the only Spanish Company to be ranked world leader in its sector. The Committee has confirmed that the score obtained by the Company in 2021 (85 points) was the highest achieved in any year since the index was introduced, and it was achieved in the context of a process in which 2,544 companies were examined, with only 322 of them managing to gain a place on the index.

The Committee reviewed the aspects that could be improved upon and the actions that were to be taken in order to comply with the requirements of these indexes.

Updated information relating to the scores obtained on the different indexes can be found on the sustainability microsite.

## 4.6 Trends and recent legislative changes

During the course of the financial year, the Committee was informed about the main legislative initiatives introduced at both a European and a national level in relation to sustainability. In addition, at the Sustainability Committee's initiative, a specialist session on Sustainability was organised in October 2021. Led by the partner responsible for Sustainability and Good Governance at KPMG, it was attended by all the members of the Board.

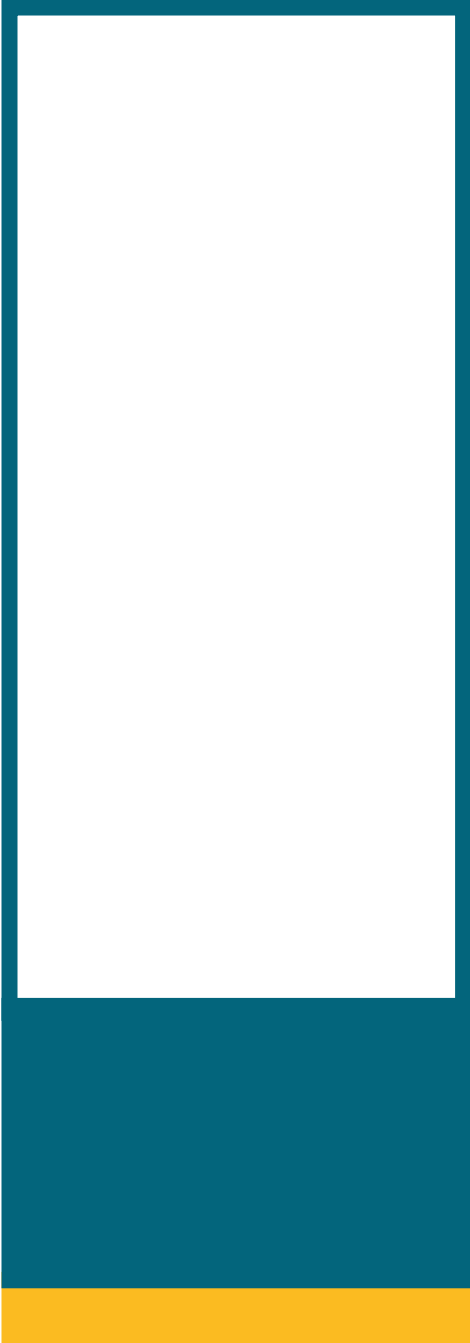
# 5 Conclusions

The Committee has confirmed that all the matters set out in its Action Plan for the 2021 financial year have been dealt with in the proper depth.

It believes that its performance has complied with all the applicable regulations and the recommendations in force.

In the 2022 financial year, the Committee plans to continue reviewing and monitoring the situation relating to all the matters that fall within its competence, pursuant to its Meetings Schedule and Annual Working Plan for 2022.

In view of all the foregoing, the Committee has unanimously agreed to approve this Report and to submit it to the Board of Directors so that it may be borne in mind during the process for the appraisal of the Board and its Committees for 2021.



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