



# Report by the Board of Directors on the appointment of a Proprietary Director

May 2024

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

# Contents

<b>1. Introduction .....</b>	<b>2</b>
<b>2. Purpose .....</b>	<b>2</b>
<b>3. Report on the appointment of Javier Escribano Ruiz as proprietary Director....</b>	<b>3</b>
<b>4. Composition of the members of the Board of Directors and its Committees.....</b>	<b>5</b>
<b>APPENDICES.....</b>	<b>7</b>

**Skills assignment Matrix resulting from these proposals**

# 1. Introduction

On 30 April 2024, the company Advanced Engineering and Manufacturing, S.L. (“**Escribano**”) informed Indra Sistemas, S.A. (“**Indra**” or the “**Company**”) of its desire to exercise its right to proportional representation and appoint a proprietary Director at Indra in the event of a vacancy on the Board of Directors, in view of its stake in the share capital (8%), proposing the appointment of Mr Javier Escribano Ruiz as proprietary Director.

In advance of the call of the Company’s upcoming Ordinary General Shareholders’ Meeting, independent Director Ms Elena García Armada informed the Board of her intention to step down from her position as Director and member of the Sustainability Committee of Indra, in order facilitate the reorganization of the Board of Directors and contribute to strengthening Indra’s Social Action Policy, as well as its impact and commitment in social matters, by providing advice on innovation and technology as tools for the development of a more inclusive society.

Ms García’s voluntary resignation, which the Board took note of at its meeting of 21 May 2024, will be effective on 27 June, the date scheduled for the Ordinary General Shareholders’ Meeting, at which time a vacancy will arise on the Board that could be filled by the candidate proposed by the shareholder Escribano.

To accompany publication of the notice convening the Ordinary General Shareholders’ Meeting, and bearing in mind all of the above, the Board, prior a favourable report from the Appointments, Remuneration and Corporate Governance Committee (“**ARCGC**”), has prepared this report on the suitability of the candidate proposed by Escribano and whether or not it would be appropriate to attend to this request.

## 2. Purpose

In the event of the appointment of members of the Board of Directors, Article 518 e) of the Spanish Companies Act (LSC) requires that the general information published by the Company at the time of convening a General Meeting must include details of the identity of the new Director, their CV and the category to which they are assigned, along with the proposal and reports referred to in Article 529 decies of the said Act.

In addition, sections 4 and 6 of Article 529 decies of the LSC and section 3 of Article 20 of the Board of Directors Regulations establish that proposals for the appointment of non-independent members of the Board of Directors shall be made by the Board of Directors itself, following a report from the ARCGC.

In relation to the request made by Escribano regarding the appointment of a Director representing their stake in the Board of Directors, the ARCGC has analysed the skills, knowledge and experience of the candidate proposed, in the terms set out in section 3 below.

From the moment that the notice convening the Ordinary General Shareholders’ Meeting is published, the section reserved for the said Meeting on the Company’s corporate website ([www.indracompany.com](http://www.indracompany.com)), will offer shareholders comprehensive information on the identity,

CV and category of the candidate whose appointment is being proposed.

### 3. Report on the appointment of Javier Escribano Ruiz as proprietary Director

Bearing in mind the request made by Escribano, the shareholder referred to in the introduction, along with the vacancy that will be caused when Ms García steps down with effect from 27 June 2024, and in anticipation of the publication of the notice convening the Ordinary General Shareholders' Meeting, the ARCGC and the Board of Directors consider that the most suitable formula for responding to this request would be to include the proposal for the suggested candidate's appointment as a proprietary Director as an item on the Meeting's agenda, since this will ensure that shareholders have information on the proposed appointment sufficiently in advance in order to form an opinion with regard to the exercise of their voting rights.

#### 3.1. Profile - Javier Escribano Ruiz

He is the joint founder and owner, along with his brother Angel Escribano Ruíz, of the company Escribano Mechanical and Engineering, S.L.U., originally founded under the name Mecanizados Escribano in 1998. It is a leading company in the development of technology and innovation in the Security and Defence industry, both nationally and internationally, and is a leading innovator with industrial and strategic capabilities that are unique in Spain (remote stations, electro-optical systems and guided munitions kits). Its turnover at the close of 2023 amounted to €115M, with an EBITDA figure of €22M, it has a workforce of approximately 1,000 employees and it is classified as having a profitable model with a BBB solvency rating.

He is currently the CEO of Escribano Mechanical and Engineering, S.L.U., having previously held the positions of General Manager and Executive Chairman, and until 2018 was responsible for the company's internationalisation.

He is a Director of other companies in the Defence sector, such as TESS DEFENCE, S.A. and Spanish Missile System (SMS).

#### 3.2. Assessment by the Board

- As regards the suitability of the experience and know-how displayed by the Director whose appointment is proposed:

The candidate's track record and professional profile were taken into account when analysing his suitability. The Board considers he is eminently capable of performing his duties as Director in accordance with the criteria set out in the Board of Directors Regulations and the Director Selection Policy.

Mr Escribano has wide-ranging experience in the Security and Defence sector, both nationally and internationally.

He has occupied and continues to occupy high responsibility positions (CEO, General Manager and Executive Chairman), through which he has acquired considerable know-how in the areas of company management, planning, control, and strategy.

He also has an outstanding record as an entrepreneur, along with extensive experience in the appraisal and management of highly qualified human resources.

- Regarding the absence of any conflict of interest:

After receiving notice from Escribano that it wished to appoint a Director to represent its interests, and bearing in mind the business in which the company operates, the ARCGC requested the heads of Indra's D&S business to prepare a document analysing the potential existence of a competing position between Escribano and the Company (the "**Competition Report**"). Indra also engaged the law firm Gómez-Acebo & Pombo Abogados S.L.P. and requested a legal opinion on the matter, examining the Competition Report, from the perspective of company law and, in particular, the legal position of Directors and their duty of loyalty, with regard to the potential appointment of a proprietary Director from Escribano to the Company's Board of Directors.

On the basis of the foregoing documents, it has been concluded that the proprietary Director representing Escribano would not be in a position of permanent conflict in the sense described in Article 229.1 f) of the Spanish Companies Act that might prevent him from continuously taking part in the debates and votes held by the Board of Directors or that might require special dispensation from the General Shareholders' Meeting.

- As regards his capacity to devote the necessary time to the performance of his duties:

In light of the information provided by Escribano, the Board considers that Mr Escribano Ruiz's other professional duties, as shown in his professional profile – which is available for consultation by shareholders – do not prevent him from devoting himself to the effective performance of duties as independent Director of Indra and comply with Article 33 of the Board of Directors' Regulations.

- As regards his compliance with the requirements necessary for him to act as proprietary Director:

As of the date of this report, Escribano holds 8% of Indra's share capital, a percentage sufficient to have a representative on the Board of Directors. The appointment of this proprietary Director is a reflection of the way in which Indra's share capital and significant shareholders shape the Board of Directors, the composition of which reflects the Company's shareholder structure.

In this regard, in the aforementioned letter dated 30 April 2024, Escribano expressed its long-term commitment to Indra, which it regards as a strategic investment, stating that it wishes to align itself with Indra in support of the implementation of the latter's excellent and ambitious 2024-2026 Strategic Plan.

Following its analysis, the Board has agreed to submit to the General Shareholders' Meeting for its approval, prior a favourable report by the ARCGC, the following proposal:

*To appoint Javier Escribano Ruiz to the position of proprietary Director acting on behalf of Advanced Engineering and Manufacturing, S.L., for the statutory period of three years, at the proposal of the Board of Directors and following a favourable report from the Appointments, Remuneration and Corporate Governance Committee. The personal details of the proposed Director shall be recorded for the purposes of their entry at the Mercantile Registry."*

## 4. Composition of the members of the Board of Directors and its Committees

The resulting composition of the Board should the aforementioned proposal be approved, taking account of the resignation referred to in Section 1 and the proposed re-election of executive Director Mr Murtra (which is also being proposed to the Ordinary General Shareholders' Meeting), is as follows:

<b>Composition of the Board of Directors 2024</b>	
External Directors	13
Independent Directors	7
Proprietary Directors	6
Executive Directors	3
<b>Total number of Directors</b>	<b>16</b>

The Board's new composition resulting from the aforementioned proposals is of a temporary nature and responds to the need to give access to the Board of Directors to those significant shareholders who are entitled to it, and is also transitory, since the Board will have to adapt and reestablish the necessary balances as the implementation of the Strategic Plan advances. In this regard, Indra confirms its commitment to good corporate governance, and will ensure that the composition of the Board complies with the recommendations and principles of the Spanish Good Governance Code of Listed Companies.

Notwithstanding the foregoing, the Committee considers that with the composition that will result from this proposal, the combined members of the Board will offer the Company the necessary know-how, skills, qualifications and experience, in accordance with the attached skills assignment matrix.

Pursuant to the provisions of Article 16.3 of the Board of Directors Regulations, after the General Shareholders' Meeting and following a report from the ARCGC, the Board will review the composition of its Committees, taking account of the know-how, skills and experience of each of the Directors reflected in the attached skills assignment matrix. This review will take account of

the suitability of this know-how with regard to the issues that are to be dealt with as part of the duties to be performed by each of the Committees, and it will also take account of the principle for the rotation of Directors among the various committees, ensuring that there is a majority of independent Directors on the Auditing and Compliance Committee, the ARCGC and the Sustainability Committee.

# APPENDICES

## Skills assignment Matrix resulting from these proposals

	M. T. Murtra (Executive Chairman)	J.V. de los Mozos (Chief Executive Officer)	V. Arce (Deputy Chair and Lead Independent Director)	L. Abnil (Executive Director)	B. Amatriain (Independent Director)	Jokin Aperribay (Independent Director)	C. Armero (Proprietary Director)	A. Cuevas (Proprietary Director)	F. J. García (Independent Director)	P. Jiménez (Proprietary Director)	J. Moscoso de Parga (Proprietary Director)	O. San Jacinto (Proprietary Director)	A. Santamaría (Independent Director)	M. Sebastián (Independent Director)	B. Villazón (Independent Director)	J. Escribano Ruiz (Proprietary Director)
<b>Competence</b>																
<b>Management experience</b>																
First-rate corporate management (CEO, COO)	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Senior positions in Public Administration and Public Function	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
<b>Experience in Board of Directors of listed companies</b>																
Board of Directors / Committees Member	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Board Chairman / Committees chairman / Lead Independent Director <sup>1</sup>	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
<b>Sector</b>																
TI	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Defense / Aerospace / Transport	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Industrial	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Services	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
<b>International experience</b>																
Europe	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Latam / EE.UU.	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Emea	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
<b>Functional</b>																
CFO / Controller	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Risk Management / Audit Partner	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Production / Manufacturing / Operations	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Talent / Senior Management / Compensation	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
ESG	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Information Security / Cybersecurity	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Engineering	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Legal / Corporate Governance	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Innovation and Technology	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
<b>Duration of office</b>																
0 a 3 years	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
4 a 9 years																
10 years or more																

Independent D.  
 Proprietary D.  
 Executive D.

<sup>1</sup> Includes Secretaries and Vice-Secretaries



Avda. de Bruselas, 35  
28018 Alcobendas  
Madrid, Spain  
T +34 914 805 000

[indracompany.com](http://indracompany.com)

**indra**