

# Report by the Appointments, Remuneration and Corporate Governance Committee of the Director Remuneration Policy

May 2026

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

## I. INTRODUCTION

The Board of Directors of Indra Sistemas, S.A. (“Indra” or the “Company”) is submitting a new Director Remuneration Policy (the “Remuneration Policy” or the “Policy”) for approval by this Ordinary General Shareholders’ Meeting, in application of the provision set out in section 1 of Article 529 *novodecies* of the Spanish Companies Act (“SCA”), which establishes that proposals for new director remuneration policies must be submitted to the General Shareholders’ Meeting before the end of the last financial year in which the previous policy applies.

The current Policy was established for the period from 2024 to 2026, and the Board of Directors proposes that the General Shareholders’ Meeting agree to apply the new policy for three financial years from the date on which it is approved.

As also established in section 4 of the aforementioned Article 529 *novodecies* of the SCA, the proposed Director Remuneration Policy is accompanied by this explanatory report prepared by the Appointments, Remuneration and Corporate Governance Committee (the “ARCGC” or the “Committee”), the purpose of which is, in the main, to explain:

- The restructuring of the remuneration package for the CEO’s position to strengthen the *pay for performance* philosophy and alignment with the Strategic Plan.
- The remuneration of the Company’s new Non-Executive Chairman.

## II. PROCESS FOLLOWED BY THE ARCGC AND GENERAL CRITERIA FOR ANALYSIS

In preparing the new Remuneration Policy, the ARCGC has carried out a comprehensive analysis that has, among other things, focused on the following three areas:

### Internal factors

In the analysis completed to prepare this proposal, the Committee took account of Indra’s current size, examining objective variables such as revenue volumes, stock market capitalisation, the extent of the Company’s assets, the number of employees and the Company’s significant international presence. These factors reflect the Company’s position as a benchmark industrial and technological group with a complex organisation and operations that are spread across a large number of territories and markets, requiring highly qualified management with a sustained capacity for coordination and supervision.

The Committee has assessed the intrinsic complexity of Indra’s business, which results from the parallel operation of activities in the areas of defence and information technologies, each of which has its own specific competition, operation and regulatory dynamics. This range of activities requires the simultaneous management of highly critical projects, long contractual cycles, demanding quality and compliance standards, and significant exposure to regulatory, operational and acute risk environments at both a national and international level. Additionally, growth in the defence business entails the need to evolve toward a more industrial corporate profile.

In this context, the Committee took particular note of the process in which the Company is currently engaged for the preparation of a new Strategic Plan, which will give shape to a highly ambitious period of transformation and growth at the Company. Over the coming years, Indra will have to complete and deliver a significantly large order book, the satisfactory fulfilment of which will allow it to maintain revenue volumes and achieve levels of operational profitability (EBIT) that are in line with the targets set out in the aforementioned Strategic Plan.

The achievement of these targets will require the rigorous execution of complex projects with demanding technical, contractual and regulatory requirements, across a large number of territories and, in many cases, in especially critical environments (particularly in the area of defence). The Committee believes that this scenario represents a challenge that is unprecedented in Indra's history, in terms of both the size of the order book that is to be managed and the strictness of the requirements associated with the delivery of those orders on time, within budget and at the required quality levels. Within this framework, the role of the CEO is critical, as he assumes ultimate responsibility for implementation of the Plan, achievement of the financial and operational targets set, appropriate management of the risks involved and compliance with the undertakings made with customers, shareholders and other stakeholder groups.

### **Expectations and recommendations from institutional investors**

During the course of its review of the Remuneration Policy, the Committee has taken account of general recommendations on matters of good corporate governance, both nationally and internationally, along with commonly accepted guidelines and best practices relating to the structure and scope of remuneration systems for directors and senior managers and their related control mechanisms.

In addition, the Committee has borne in mind the expectations and recommendations passed on by institutional investors and proxy advisors during their regular conversations with the Company in the context of its General Shareholders' Meetings. During these conversations, some investors have suggested opportunities for improvement with regard to the amounts paid for dismissal and contributions to the Long-Term Savings Plan (LTSP), along with the degree of discretion enjoyed by the Board of Directors when setting and adjusting variable remuneration amounts, indicating that it would be advisable to review the importance of some payment items and strengthen the predictability, objectivity and transparency of the remuneration system.

The Committee has assessed the observations made by the aforementioned stakeholders and has borne them in mind when designing its proposed changes to the Policy, with the aim of strengthening the Policy's alignment with best market practices, improving the system's consistency with the Company's strategy, and responding to the expectations of the different stakeholder groups in a balanced way.

### **External competitiveness**

During the course of its review of the Remuneration Policy, the Committee sought advice from WTW, Georgeson and EY Abogados S.L.P., specialist firms with a recognised international reputation in matters relating to the remuneration of senior managers and directors. Both firms have broad experience in the analysis of market practices and the design of remuneration systems that are aligned with the principles of good corporate governance. This assistance from independent external advisors allowed the Committee to obtain objective, technically corroborated information when assessing the suitability of the levels of remuneration proposed.

With their backing, the Committee performed a specific exercise in remunerative benchmarking for the CEO, taking as its reference a range of relevant comparative groups defined on the basis of industrial sector, size (market capitalization, revenue and number of employees), operational complexity and functional comparability. In particular, it examined a sample of Ibex-35 companies that were comparable in terms of size, European companies working in the aerospace and defence industry, and European companies working in the information technologies sector.

The analyses performed have allowed the Committee to assess the relative positioning of the CEO's Total Target Remuneration and the structure of his remunerative mix in respect of the practices observed at other comparable companies. These analyses have also served as a basis for calculating the update to the CEO's remunerative package, as described in section III below.

The following groups were used for comparison in the analysis and the results of the benchmarking exercises performed:

- **Ibex-35 Group (20):** Acciona, Acciona Energía, Acerinox, Amadeus, Banco Sabadell, Bankinter, Cellnex, Enagás, Ferrovial, Fluidra, Grifols, Inmobiliaria Colonial, Logista, Merlin Properties, Naturgy, Puig, Redeia, ROVI, Sacyr and Unicaja.

In this group, Indra sits somewhere between the median and 75% in terms of size, while proposed Total Target Remuneration would sit somewhere between 25% and the median, with a remunerative mix that leans more towards variable remuneration. In this regard, the proposed Fixed Remuneration would sit below 25%.

- **Aerospace and Defence Group (16):** Airbus, BAE Systems, Dassault Aviation, Leonardo, Rheinmetall, Saab, Thales, Hensoldt, LISI, MTU Aero Engines, Melrose Industries, TKMS, Rolls Royce Holdings, QinetiQ, Kongsberg Gruppen and Fincantieri.

Indra is around median in terms of size within this group. It is proposed that Fixed Remuneration should be somewhere between 25% and the median market amount and the Total Target Remuneration would be slightly below the median, with variable remuneration carrying a greater relative weighting.

- **Information Technologies Group (10):** Capgemini, Atos, Sopra Steria, Reply, CGI, Tietoenvy, Computacenter, Bechtle, Global Dominion and Alten.

Indra sits somewhere between the median and 75% in terms of size. The proposed Fixed Remuneration would sit somewhere between 25% and the market median, and the resulting Total Target Remuneration figure would sit around median, with a remunerative mix that leans more towards variable remuneration.

In addition, when calculating the remuneration to be received by directors when acting in their capacity as such and the remuneration to be received by the Chairman of the Board of Directors, the Committee received market information supplied by WTW and EY Abogados S.L.P. In this regard, the Ibex-35 Group was used as the comparison group.

### **III. NEW MEASURES INTRODUCED FOR THE CEO'S REMUNERATION**

The ARCGC considered it a priority to strengthen the alignment between the CEO's remuneration and the effective creation of value, ensuring that the greatest earning potential is firmly conditional upon compliance with demanding and measurable targets.

In this regard, though the new Remuneration Policy proposes a very similar CEO's Total Target Remuneration, the relative weight in the variable remuneration is increased, thereby reinforcing the *pay for performance* principle that links the greater part of remuneration to the achievement of demanding targets aligned with the Strategic Plan. It is also proposed a significant reduction in contributions to savings systems through the incorporation of the CEO in a Social Welfare Plan that will replace the Long-Term Savings Plan provided for in the 2024-2026 Remuneration Policy, which would cease to have effect. Additionally, a significant reduction in severance payments is proposed. All of these changes are detailed below.

#### **III.1. Fixed remuneration items**

The aggregate amount resulting from the Fixed Remuneration and contributions to social welfare systems is significantly reduced (-22.7%) compared to the previous Policy. That is, such aggregate amount is reduced from €1,056 thousand to €816.5 thousand. In addition, the relative weights of these two remuneration items are modified to align with good governance recommendations and the guidelines set out by proxy advisors and Indra's reference shareholders.

In this regard, the Remuneration Policy provides for the updating of the Fixed Remuneration for the CEO's position from €660 thousand to €710 thousand (+7.6%). This update, which responds to the Company's competitive positioning within sectoral peer groups and the need to retain executive talent in a context of high strategic demands, is accompanied by a reorganisation of the long-term savings systems that entails the suppression of contributions to the Long-Term Savings Plan (LTSP), which amounted to 60% of Fixed Remuneration, and the introduction of a new system for social provision that is aligned with normal market practices. The contributions paid into this new system will be 15% of Fixed Remuneration. On the other hand, remuneration in kind remains unchanged.

#### **III.2. Variable items**

The Policy maintains the target levels for variable remuneration as percentages of the Fixed Remuneration amount. That is, 140% for Short-Term Variable Remuneration and 160% for Medium-Term Variable Remuneration. Maximum levels, as a percentage of the target levels, remain unchanged from the previous Policy.

Given the increase in Fixed Remuneration, there is an increase in the absolute amounts for variable remuneration (+7.6%). However, this increase in variable remuneration will only materialise if the targets established in the Strategic Plan and annual budgets are met in the case of the Variable Annual Remuneration, thus maintaining the *pay for*

performance philosophy that inspires the Company's remuneration system and links the majority of the CEO's remuneration to the achievement of demanding and measurable targets.

For the purpose of ensuring that variable remuneration is determined in the most objective manner possible, the possibility for the Board of Directors to discretionally adjust, upward or downward, up to 10% of the final outcome of the CEO's Variable Annual Remuneration and/or Medium-Term Incentive Plan ("MTI") is removed. On the other hand, the section relating to MTI is modified in order to give it greater flexibility, contemplating the possibility of implementing overlapping cycles, in line with standard practice among comparable companies in the defence and information technology sectors. In any event, the minimum performance measurement period will be three years and the shares delivered under the MTI framework will be subject to a one-year holding period from the date of delivery, regardless of compliance with the permanent shareholding requirement.

### III.3. Payments for termination of contract and post-contractual non-compete clauses

For the purposes of dealing with issues raised in contacts with investors and proxy advisors and responding to best practices in matters concerning remuneration, the ARCGC has reviewed the rules that apply to compensation for dismissal and payment for any post-contractual non-compete clause that may be agreed with the CEO, limiting each of them to one annuity of the Fixed Remuneration plus target Variable Annual Remuneration. Under the previous scheme, both amounts were linked to Annual Target Total Remuneration (ATTR) (Fixed Remuneration + target Variable Annual Remuneration + target Medium-Term Variable Remuneration), and they jointly amounted to 1.75 times ATTR. These modifications result in a significant reduction in the potential termination cost of -26.2%.

On the other hand, the compensation for non-compliance with the 3-month notice period is now referenced to the Fixed Remuneration (under the previous Policy it was linked to the ATTR).

The full set of changes by remuneration item and in total target remuneration for the performance of their executive functions is detailed below:

		TOTAL TARGET REMUNERATION		
Thousands euros		2025 POLICY	2026 GENERAL SHAREHOLDERS' MEETING POLICY	▲ ▼
<b>Fixed Remuneration (FR)</b>	€	660	710	7.6%
<b>Long-term savings: annual contribution</b>	%FR	60%	15%	--
	€	396	106.5	-73.1%
<b>Total Fixed Elements</b>		<b>1,056</b>	<b>816.5</b>	<b>-22.7%</b>
<b>Annual Variable Remuneration (AVR)</b>	%FR	140%	140%	--
	€	924	994	7.6%
<b>MTI: annualised value</b>	%FR	160%	160%	--

	€	1,056	1,136	7.6%
<b>Total Variable Elements</b>		<b>1,980</b>	<b>2,130</b>	<b>7.6%</b>
<b>Total Target Remuneration</b>	€	<b>3,036</b>	<b>2,946.5</b>	<b>-2.9%</b>
<b>Fixed   Variable Elements Mix</b>		35   65	28   72	--
Termination payment		2,640	1,704	
Post-contractual non-compete compensation		1,980	1,704	
<b>Total termination payments</b>		<b>4,620</b>	<b>3,408</b>	<b>-26.2%</b>

#### **IV. NEW MEASURES INTRODUCED FOR THE REMUNERATION OF DIRECTORS WHEN ACTING IN THEIR CAPACITY AS SUCH AND FOR THE REMUNERATION OF THE (NON-EXECUTIVE) CHAIRMAN OF THE BOARD OF DIRECTORS**

The remuneration received by the Chairman of the Board of Directors acting in a non-executive capacity is calculated solely on the basis of fixed items, bearing in mind Indra's size, the scope of their duties and market information from Ibex-35 companies that have a non-executive chairman.

In this regard, the Remuneration Policy provides for remuneration amounting to €550,000. Any remuneration payable for his possible membership of a Board Committee will be added to this amount. Remuneration for membership of the Board is included within the foregoing remuneration amounts. In addition, the Policy provides for the possibility of paying a cash supplement to pay for certain services, such as, for example, healthcare.

As regards remuneration of the directors for their membership of the management body, the ARCGC has compared both the individual amounts and the total amount payable to the Board with the remuneration practices in place at Ibex-35 companies, finding that individual levels of remuneration are set within a conservative range and have not been subject to review since the 2015 financial year.

The maximum annual limit on the total remuneration amount paid to the Board of Directors remains unchanged at €2,750,000, as set out in the previous Remuneration Policy.

#### **V. CONCLUSIONS AND VALIDITY OF THE NEW DIRECTOR REMUNERATION POLICY**

The principles, bases, structure and remuneration items established in the proposed Remuneration Policy comply with the requirements of the Spanish Companies Act and are consistent with both national and international trends in the area of remuneration. In preparing the Remuneration Policy and this report, the ARCGC:

- Has checked that remuneration is appropriate and aligned with the amounts offered in the market, and to this end it has commissioned the preparation of remuneration studies from consultancy firms of known international reputation.

- Has ensured that the proposal that it is submitting to the Board is, in general terms, consistent with the provisions set out for listed companies in section 4 of Article 217 of the Spanish Companies Act, which establishes the following:

*"The remuneration of directors must in any case remain reasonably proportionate to the importance of the Company, the current economic situation and the market standards that apply to comparable companies. The established remuneration system must be aimed at promoting the long-term profitability and sustainability of the Company and incorporating the precautions necessary to avoid excessive risk-taking and the rewarding of unfavourable results."*

- Has taken account of national and international trends and best practices in the area of remuneration policy for directors and senior managers, along with the opinions of institutional investors and proxy advisors.
- Has analysed the regulatory changes and the ways in which the regulatory and oversight system has evolved with regard to remuneration issues.

Given all of the foregoing, the ARCGC concludes that the proposed Remuneration Policy complies with the regulations and is consistent with the relevant recommendations and best practices, pursuant to criteria of good governance and transparency, and it has agreed to submit this Report on the Remuneration Policy for Directors of Indra Sistemas, S.A. to the Board of Directors. The Policy will come into force on the date on which it is approved by the General Shareholders' Meeting and remain in force until 31 December 2029, without prejudice to any incentives and savings systems that remain pending settlement and were awarded under the terms of previous policies, which will be settled in accordance with those terms.

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