
**AUDIT AND COMPLIANCE
COMMITTEE**

Activities Report 2014
Indra

February 2015

INTRODUCTION

For more than twelve years, ever since its shares began trading publicly, Indra has had in place a corporate governance system which has remained in continuous compliance with best national and international practices as well as applicable law.

An Audit and Compliance Committee (hereinafter the "Committee") has been part of the framework of this corporate governance system at Indra since 1999. Its powers, composition and operating rules have always been regulated by the Rules of the Board of Directors ("Board Rules") and have complied generally with and even exceeded that required by applicable law. Since its inception the Committee has vigorously undertaken the duties within its competence, as has been reported in the annual public reports on Corporate Governance of the Company.

After publication of *Ley 44/2002, de 22 de noviembre, de Medidas de Reforma del Sistema Financiero* ("Means for Reforming the Financial System", hereinafter the "MRFS"), which made it mandatory for all listed companies to form audit committees governed by the Company Bylaws ("Bylaws"), the Company took the steps necessary to adapt its already existing Audit and Compliance Committee to the new legal framework. As a result of this process, regulation of the Committee was incorporated into the Bylaws at the Annual Shareholders Meeting (in general "Meetings") held 28 June, 2003.

Approval of the Unified Code of Corporate Governance (hereinafter "Unified Code") in 2006 established a series of recommendations related to: the function of audit committees; information and internal control systems; the relationship with the external auditor; and other matters which were incorporated into the Board Rules.

The *Ley 12/2010 de 30 de junio*, which amended the *Ley de Auditoría de Cuentas* ("Account Audit Statute"), the *Ley del Mercado de Valores* ("Spanish Stock Market Act" or "LMV") and the *Ley de Sociedades Anónimas* ("Spanish Corporations Act", later supplanted by the *Ley de Sociedades de Capital* "Spanish Stock Company Act" or "LSC") made legally binding some of the recommendations contained in the Unified Code as they relate to audit committees, which recommendations Indra had already incorporated into its internal rules, primarily in the Board Rules.

At the 2011 Meeting relevant changes were made, primarily to the Bylaws, to incorporate the duties of the Committee contained in the above mentioned statutes. Furthermore, the Board Rules were amended so that, in addition to powers granted to the Committee by the Bylaws, other matters contained in the Account Audit Statute were included.

Also, applying best practices of transparency in corporate governance, since fiscal 2003 the Annual Activities Report of the Audit and Compliance Committee at Indra has been made available to the Shareholders upon call of Meetings and may be reviewed on the corporate website as well as by request of a free copy from the Shareholder Office.

The present Activities Report of the Audit and Compliance Committee of Indra corresponds to fiscal 2014 and was approved at the Committee meeting held 23 February 2014, presented to the Board at its meeting held 26 February 2015 and will be made available to the Shareholders upon call of the Meeting; first call scheduled for 24 June, 2015 and second call 25 June.

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 five. The current composition of the Committee is as follows:

Chairman

Mr. Alberto Terol
(Independent Director)

Members

Ms. Isabel Aguilera
(Independent Director)

Mr. Juan Carlos Aparicio
(Proprietary Director named upon proposal by Sociedad Estatal de Participaciones Industriales - SEPI --)

Mr. Santos Martínez-Conde
(Proprietary Director named upon proposal by Corporación Financiera Alba, S.A.)

Mr. Ignacio Santillana del Barrio
(Independent Director)

The Chairman of the Committee must be an Independent Director and, in accordance with Board Rules, acts as Secretary of the Committee and either Secretary or Vice Secretary of the Board.

Personal attendance at meetings of the Committee was 95%, and was 96% for Independent Directors.

As can be seen from the list above, of the five external Directors who make up the Committee, three are Independent.

Fiscal 2014 saw the following change in membership of the Committee:

- Substitution in December of Mr. Luis Lada by Mr. Ignacio Santillana de Barrio.

This change was made taking into account the specific knowledge and long experience possessed by Mr. Santillana in the areas of economics, finance and control and the anticipated rotation of chairmanship of the Audit Committee which will take place in June, 2015.

A brief professional profile of each of the members follows:

Alberto Terol

Born in 1955. Degree in Economics and Business Administration from the Universidad Complutense de Madrid. He began his career at Arthur Andersen where he was made partner and headed various projects. He was a member of the Board of Partners of Andersen Worldwide and of the Executive Committee in Europe. He has been Managing Partner of Garrigues-Andersen. He filled the post of head of Europe for Andersen for a year and a half, and was a member of the Worldwide Executive Committee. He was also a member of the Executive Committee for Deloitte, where he was head of Latin America and later of Europe, Middle East and Africa. Currently he is Chairman and CEO of several family businesses and Independent Director at OHL, S.A. where he is head of the Audit, Compliance and Corporate Social Responsibility Committee, International Airlines, Group, S.A., Aktua Soluciones Financieras, S.A., and Nmás 1; he is also a board member of Broseta Abogados.

Isabel Aguilera

Born in Sevilla in 1960. Architect and Urban Planner, MBA from the Instituto de Empresa, Degree in Executive Management from IESE. She has spent her career in several IT companies such as Olivetti, HP/Compaq, Vodafone, and Dell, where she was Chair and Chief Executive for Spain, Portugal and Italy; NH Hotels, where she was COO; Google Inc. where she was also Chairman of the Board for Spain and Portugal; and General Electric, where she was in charge of Spain and Portugal until May, 2009. Since October, 2011 she has served as Chair of the Social Council of the Universidad de Sevilla. She is also an independent director of Banco Mare Nostrum and of Aegon Seguros, España.

Juan Carlos Aparicio

Born in 1955. Degree in Chemistry. Expert in Business Organizations and Vice Secretary to the Federación de Empresarios of Burgos. He has a wide range of experience in national, regional and local government. He served as Vice President and member of the Consejería de la Presidencia of the regional government of Castilla y León until 1989, Secretary of State for Social Security (1996 - 1999), Minister of Labour and Social Affairs (1999 - 2002) and Mayor of Burgos (2003 - 2011). As a member of the national legislature for several terms, he has been active in several congressional committees, notably Chairman of the Interior Committee during the present congress. In the field of business, he has served on the boards of Iberia and Banco Exterior de España, and was Chairman of the Board of PARKMUSA, as well as the Asociación del Plan Estratégico for the City of Burgos and of CETABSA.

Santos Martínez-Conde

Born in Santander in 1955. Civil engineer, MBA from the Instituto Católico de Administración y Dirección de Empresas and a degree in Nuclear Technology from the Instituto Católico de Artes e Industrias. CEO of Corporación Financiera Alba, S.A. Also, Director at Banca March, Banco Inversis, ACS, Acerinox, and Bolsas y Mercados Españoles. He is also a director at Artá Capital SGECR, S.A. and Chairman of Deyá Capital SCR, S.A.

He has spent his career in various engineering and financial companies, such as: Sener, Técnica Naval e Industrial, S.A. (1979-1980), Técnicas Reunidas, S.A. (1980-1987), Bestinver, S.A. (1987-1990), Corporación Borealis, S.A. (1990-1994) and Banco Urquijo, S.A. (1994-1998). He has held the post of Director in listed and non-listed companies in a wide range of industries.

Ignacio Santillana

Born in 1948. Doctorate in Economics. Since December, 2012, he has been Chairman of the Board of Grupo Santillana Ediciones, S.L. and a member of the board of Prisa Radio, and Cadena Ser. While at Grupo Prisa he served as Managing Director. Before that, he spent his career in the United States as Executive Vice President at G.T.E. and at Telefónica, where he served as CFO, CEO of Telefónica Internacional, and General Manager of Telefónica. Earlier, he was Chairman of the Empresa Nacional de Innovación and Economist at the Asociación Española de la Banca Privada.

Other highlights of his career: Chairman of Nokia España and of its Advisory Committee, Director of Banco Gallego, member of the Advisory Boards of Accenture, Eptisa, AFI y Fundación Albéniz.

DUTIES AND POWERS

The duties and powers of the Audit and Compliance Committee are found in Article 31 of the Bylaws:

- a) Report to the Shareholders at a Meeting on points raised by the Shareholders regarding matters that fall within the Committee's area of competence.
- b) Supervise the functioning of the Company's internal controls, internal audit, and risk management systems, as well as discuss with external auditors areas of significant weakness in the internal control system detected during the audit.
- c) Supervise the preparation and presentation of regulated financial information.

- d) Deliver proposals to the Board of Directors for submission to the Annual Shareholders Meeting for the appointment of the external auditors as well as the terms of their employment, the scope of the auditors' mandate and where appropriate, dismissal or non-renewal of appointment.
- e) Liaise directly with the external auditors and evaluate the development and results of their work, paying special attention to any issues that might pose a threat to auditor independence and any other issues related to the performance of the financial audit process, and maintain all other communications required by audit legislation and technical audit rules. In any event, the Committee should receive an annual written report from the external auditors confirming the auditors' independence of the Company or entities related directly or indirectly to the Company, as well as a report describing any form of services rendered to such entities by persons or organizations related to the external auditors in accordance with applicable law on audits.
- f) Issue an annual report before the auditors' report each fiscal year in which the Committee expresses an opinion regarding the independence of the external auditors. This report must also describe the rendering of additional services described in the previous paragraph.

In addition to the duties described in the Bylaws, Article 19 of the Board Rules assigns the Committee the following duties:

- a) Act as a channel of communication between the Board and the external auditors, from whom regular information is received on the audit plan and the results of its implementation. The Committee also evaluates the management team's responses to the external auditor's recommendations and mediates in the event of any disagreement between the external auditor and the management team in relation to the principles and standards applied in the preparation of the financial statements. The Committee should encourage the auditor of the parent company to assume responsibility for the audits of all Group companies.
- b) Report to the Board, prior to the Board's adoption of the corresponding decisions, on the creation or acquisition of holding companies or companies domiciled in tax havens, and on any other transaction or operation that could obscure the Company's transparency.
- c) Review prospectuses for publicly traded instruments.
- d) Report to the Board, prior to the Board's adoption of the corresponding decisions, regarding financial information which the Company must periodically make public by virtue of its status as a listed company. The Committee will verify that the quarterly and semiannual financial statements are prepared using the same criteria as the annual financial statements.

- e) Establish measures to safeguard the independence of the external auditors to include:
 - i) propose that the Board file a relevant event report when there is a change of auditors, along with a statement relating any disagreements that arose with the outgoing auditor and, if applicable, the contents thereof;
 - ii) ensure that the Company and the auditors observe applicable law on the provision of services other than audit services, in accordance with the provisions of Article 43 of the Board Rules, and;
 - iii) should the external auditors resign, examine the circumstances leading to their resignation.
- f) Oversee the performance of the audit contract, aiming to ensure that the opinion on the financial statements and main content of the audit report are prepared in clear and precise terms.
- g) Ensure that internal audit is both independent and effective; propose the selection, appointment, re-election and dismissal of the head of the internal audit service; propose the budget for such service; receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations contained in its reports.
- h) Establish and supervise measures whereby employees can confidentially report any potentially significant irregularities that they detect in the Company, especially those of a financial or accounting nature.
- i) Consider suggestions from Shareholders, Directors and Senior Management of the Company on matters within its area of competence.
- j) Perform all other functions assigned to it by Board Rules or by the Board of Directors.

During fiscal 2014, the Committee carried out each and every one of the powers and duties assigned to it by the Bylaws and the Board Rules, including other matters which it considered appropriate for the exercise of its competencies and in the interests of the Company.

ACTIVITIES DURING FISCAL 2014

COMMITTEE MEETINGS

The Committee met nine times during fiscal 2014. This means that, considering the time necessary to prepare for meetings and the average amount of time spent at them that, as a group, the members of the Committee spent about 220 attending to matters within its purview during fiscal 2014.

Meetings are held on one week's notice and all members receive with their notices all of the documentation and information relative to the matters to be taken up at each meeting so that there is enough time for members of the Committee to analyze them.

The Chairman of the Committee gave reports of the Committee's activities in eight of nine sessions held by the Board of Directors during fiscal 2014.

In order to properly plan and organize its work, the Committee develops and approves an Action Plan at the beginning of each fiscal year. The Action Plan for fiscal 2014 contained nine scheduled regular meetings along with the agenda for each meeting.

The principal matters discussed and analyzed by the Committee during fiscal 2014, and which fall within the Committee's area of responsibility, can be divided into the following four areas:

REVIEW OF FINANCIAL INFORMATION

- Analyze and review the financial statements
- Supervise preparation and presentation of periodic financial information to the *Comisión Nacional del Mercado de Valores*

EXTERNAL AUDIT

- Oversee audit of the annual financial statements and the ICFR
- Oversee implementation of recommendations of the external auditor
- Propose appointment of the external auditors
- Report on the Independence of the external auditor

INTERNAL AUDIT AND RISK MANAGEMENT

- Ensure the effectiveness of internal control of the Company
- Ensure the effectiveness of risk management
- Review implementation of the Risk Map
- Review activities of Internal Audit and approve the annual Action Plan
- Oversee compliance with Recommendations of Internal Audit

COMPLIANCE

- Supervise compliance with the Code of Ethics and functionality of the “Canal Directo.”
- Legal Compliance Unit Report

REVIEW OF FINANCIAL INFORMATION

1. Review of the Company's Annual Financial Statements

At its meeting held in March, 2014, the Committee reviewed the Management Report and the Individual and Consolidated Annual Financial Statements for fiscal 2013 before their preparation by the Board, giving a favourable opinion of same.

2. Review of Information Delivered Periodically to Markets and Supervisory Bodies

Before approval by the Board, the Committee reviewed the quarterly and semiannual financial statements published to the CNMV for fiscal 2014, verifying that their preparation was done using the same criteria as the annual financial statements.

In carrying out its oversight duties regarding the creation of Company and consolidated Group financial information and its integrity, and review of compliance with legal requirements, proper scope of consolidation and appropriate application of accounting standards of quarterly and semiannual financial statements to be presented by the Company CFO, the Committee examined application of appropriate accounting standards and criteria for presentation of financial information and made recommendations regarding the clarity, posting or presentation of some items.

In order to ensure timely compliance with the Company's obligations to present this information to the CNMV, the Committee met with the CFO at its meetings held in February, April, July and October.

EXTERNAL AUDIT

1. Proposal of External Auditors

In performing its duty under the Bylaws of proposing to the Board designation of external auditors of the annual financial statements, as well as terms of engagement, scope of duties and, when applicable dismissal or non-renewal of their contract, the Committee discussed the procedure for appointment of external auditors for the Company for fiscal 2014.

After a thorough evaluation of the qualitative and economic aspects of the external auditor's work, members of the Committee considered possible alternatives and decided the best proposal for accomplishing the above mentioned goals was that the Board re-elect KPMG as external auditor of the Company for the fiscal 2014 financial statements.

This proposal was then brought by the Board to the Annual Shareholders Meeting, where it was approved.

2. Audit Fees and Report Regarding Auditors' Independence

In discharging its duty to evaluate any issues that might put the independence of the external auditors at risk, the Committee conducted a study of the fees charged by the audit firm (KPMG) apart from those charge for preparation of the Annual Financial Statements. It also looked at the fees charged by the audit firm in terms of the auditors' overall revenues.

The fees charged by the external auditors in fiscal 2014 for all items are as follows:

	1 000's of Euros
Audit of Annual Financial Statements	1,252
Other Services	240
TOTAL	1,499

The Indra Group contracted other auditing services from other firms whose billing during 2014 was 123,776 euros.

The *Ley 12/2010 de 30 de junio* provides that the Committee issue an opinion regarding the independence of the external auditors before the audit report is drafted. In order to compile this report that the Committee prepared during its March meeting, compliance with the following criteria established by the Account Audit Statute and the Board Rules was analyzed. The Committee:

- Verified that the auditor was not involved in any circumstances, relationships or situations that might compromise its independence.
- Analyzed the fees paid as a percentage of its gross billings and came to the conclusion that the fees paid by Indra did not affect its independence in any way.

Additionally, in accordance with that contained in the Account Audit Statute, the external auditors expressly stated that they had maintained their independent status by means of a letter dated 24 March, 2014.

3. Oversight of the Financial Statement Audit Process

In fulfilling its role of guaranteeing compliance with the audit contract, during fiscal 2014 the Committee ensured that the opinion regarding the annual financial statements and main portions of the audit report were drafted in a clear and accurate manner by supervising the audit process for the financial statements from the planning stage through development and to its conclusion. The Committee evaluated the development and the results of the audit and the auditors' work, thoroughly examining the reports created by the external auditors as they related to:

- The final conclusions regarding the auditors' work on the fiscal 2013 financial statements.
- The final audit report regarding fiscal 2013 consolidated financial statements issued without qualification or reservation.
- The report on recommendations for improvement in administrative procedures and internal control stemming from the fiscal 2013 audit of the annual financial statements
- Planning and preliminary work for the fiscal 2014.
- The preliminary audit report for fiscal 2014 financial statements.

In order to make a proper evaluation of the above mentioned items, the partner at KPMG responsible for the audit met with the Committee five times at meetings held in February, March, April, September and December.

4. Evaluation of Compliance with the Recommendations Arising from the Audit of the Financial Statements

Pursuant to its responsibility for evaluating the response of the management team to the recommendations of the auditor, during fiscal 2014 the Committee reviewed implementation of the recommendations issued after the fiscal 2013 audit of the financial statements and confirmed that the majority had been satisfactorily resolved.

The Committee also analyzed the conclusions drawn from the reciprocal evaluation process between the KPMG team and the Indra team related to their working relationship during the last few years, which reviews have been quite helpful in strengthening internal processes in order to improve coordination between the two teams during the audit.

INTERNAL AUDIT, INTERNAL CONTROL, AND RISK MANAGEMENT

1. Internal Audit

The Committee is responsible for supervising the work of Internal Audit of the Company and reviewing the appointment and substitution of those responsible.

Consequently, during fiscal 2014 the Committee analyzed the activities performed within the framework of the Transformation Plan for Internal Audit, as regards creation of the Annual Audit Plan consistent with new objectives in the area as well as the resources necessary to reach stated goals.

The Committee approved the Annual Internal Audit Plan, which focuses its analysis on review of international subsidiaries. In planning the work of Internal Audit, the current Risk Map was taken into account, which we will see was the subject of review during the fiscal year, such that the Internal Audit Plan was adapted to updates in the Risk Map.

Regarding the scope of the process Audit, of particular importance is provision of continuous monitoring of values for inventory, clients and R & D. The approved plan also provides for ICFR review.

Different types of audits are contained within the plan: (i) Country Audits (review of main processes); (ii) Continuous monitoring of Data Base Files, Inventory and Investment and Debt, (iii) ICFR and (iv) other audits.

This last group includes specific and occasional audits of specific items as determined by the Committee from time to time. During fiscal 2014, these audits focused on the use of corporate media and review of internal procedures for contracting with public entities.

2. Annual Evaluation of Internal Control Over Financial Reporting (ICFR)

The Audit and Compliance Committee is responsible for the effectiveness of internal control within the Company relating to the process of creation and presentation of regulated financial information.

Indra, aware of the interests of the markets and other interested parties, and in compliance with the recommendations published by the CNMV in February, 2010, began to submit itself to a voluntary review process for its ICFR in 2011 with the following primary goals:

1. Guarantee efficiency and security in the processes of preparing financial information processes in order to minimize the possibility of error.
2. Follow new regulatory requirements in internal control and corporate governance matters and quickly adopt best international practices.
3. Position the Company as one of the leaders in internal control and corporate governance matters.

The Committee periodically reviews established procedures in order to evaluate the effectiveness of internal control, specifically:

- Analyze the capability of internal control over established procedures in the Company and its subsidiaries.
- Verify if potential deficiencies exist in internal control procedures and what response capability the Company has.
- Supervise and coordinate significant modifications made to internal controls as they relate to quarterly financial information.
- Review and verify that in the implementation of quarterly closing of financial statements that the same criteria are used when closing the fiscal year.
- Conduct a periodic review of corrective measures taken in response to weaknesses identified in audits.

As a result of this process and in order to improve transparency and the quality of public ICFR information issued by the Company to the markets, Company management publishes annually a description of its ICFR following the sixteen core indicators recommended in the CNMV document.

Additionally, since fiscal 2011 Indra has voluntarily submitted its ICFR to external evaluation, meaning that the Company is closely observing the benchmarks included in the above referenced CNMV document.

During the fiscal year, the head of Internal Audit and Global Risks reported to the Committee regarding the scope of work evaluating ICFR of the Group and regarding the procedures, controls and methods which making up the process which has been uniformly implemented in all of the group. Finally, the Committee received a report on the results obtained from the analysis of the effectiveness of ICFR in which it was concluded that the operation of its controls did not present material deficiencies, resulting in a favourable opinion of Internal Audit regarding ICFR for 2013.

The head of Internal Audit and Global Risks presented the ICFR Plan for 2014 to the Committee for the fourth consecutive year for Group affiliates in Spain; also Brazil, Mexico, Colombia, Italy and Chile.

In its December meeting the Committee received a report on the preliminary conclusions of the ICFR review work for 2014.

3. Risk Management

The Committee is aware of the importance of managing risks that the Company faces in order to do adequate strategic planning and to reach defined business goals, primarily in the area of growing internationalisation.

The first step in properly managing risks is to continually update the Company risk map. To this end, the Committee analyzed the Global Risk Inventory during the fiscal year and received periodic reports regarding its review and evaluation process. The Risk Map resulting from inventory update was reviewed by the Committee. This Risk Map includes key processes for monitoring in such a way as to allow continuous tracking of the factors which could have the greatest negative impact on achievement of business goals and which could affect profits, company reputation, employee wellbeing, environmental protection, and legislative compliance.

The Committee received a report regarding improvements made in the tools used for implementation of the risk management model. Additionally, it reviewed the selection process and design and implementation of Key Risk Indicators; a timetable was established for the distinct phases of the process.

During 2014 the Committee analyzed Indra's management of reputational risk, paying attention to the adequacy of current procedures.

With the goal of understanding and testing the adequacy and completeness of the process for producing financial information and the proper operation of internal control and risk management systems within the Company, the Committee met with various managers during the fiscal year in order to analyze those areas and aspects it considered necessary to review consistent with the new Company Risk Map.

➤ Procurement: Analysis of Risk of Supplier Dependence. Suppliers Quality.

The Committee met with the head of Procurement, who reported to the Committee regarding the level of advancement in implementation of the new procurement model during 2014, especially as it relates to control of risk as it applies to dependence on suppliers.

The Committee reviewed the model and the approval, evaluation and follow up processes, verifying how they fit within the framework of procurement values impacting the three levels of management (planning/strategy, operations, and performance review).

The Committee looked into as well advances made in processes and systems used for management of the supply base.

➤ **Human Resources: Resource Planning and Procedures for Identifying Key Personnel**

The General Manager for Human Resources for the Company met with the Committee in order to report on actions taken in processes for resource and talent management and regarding control systems.

She presented an evaluation of the current organizational model and action plan for guaranteeing that it adapt to Company strategy and maximize efficiency in resource management.

➤ **Integration of Internal Processes and Control and Risk Management in Brazil, Mexico, Colombia and Norway**

The Committee held meetings with each of those responsible for these geographic areas in order to review specific aspects regarding internal control and risk management for markets as well as operations.

➤ **Operational Areas**

Pursuant to that contained in the 2014 Action Plan, the Committee met individually with each of the management team members responsible for Defence, Transportation and Logistics, Energy, Telecommunications and Media, Financial Services, and Public Administration, Health and Election Processes, in order to evaluate improvements implemented in tools, methodology, and operational control procedures.

➤ **Analysis of the Impact Variable Exchange Rates on the Balance Sheet.**

The Committee met with the CFO in order to review conversion criteria applied upon consolidation of balance sheets from group companies using currencies other than the euro.

The Committee analyzed Indra's policies for minimizing the impact of variable exchange rates on the results of operations.

The Committee looked at trends of currencies whose fluctuation affects the Company's business the most as well as the possibility that these currencies might depreciate.

➤ **Asset Assessment Processes (R & D, Inventory, Goodwill, and Clients)**

The CFO reviewed with the Committee the processes and criteria for valuing assets, especially intangibles, applied by the Company.

Said processes and criteria were additionally reviewed by the internal and external auditors at the behest of the Committee.

GOVERNANCE AND COMPLIANCE

1. Supervision of Compliance with the Code of Ethics

The Indra Group has a Code of Ethics and Professional Conduct approved by the Board of Directors and published on the Company intranet (Indraweb) as well as externally, which establishes the principles and values to be applied in business activities by all of the professionals at Indra and its subsidiaries.

Additionally, Indra has available a complaint line known internally as “Canal Directo,” through which any interested person may communicate securely and confidentially, but not anonymously, any irregular, unethical or illegal situation or conduct which in the reporter’s opinion is occurring in the activities of the Company. At the same time, the Canal Directo is also available for answering questions of interpretation or application of the Code of Ethics and Professional Conduct.

With the goal of facilitating the interpretation and application of the Code of Ethics and Professional Conduct, there is a Follow-Up Committee, made up of five members of management who belong to operations and corporate areas as well as the Compliance Unit.

The Compliance Unit is tasked with resolving questions which may arise regarding application and interpretation of the Compliance Program, which contains policies and procedures which embody the values and principles of the Code of Ethics. It also works to prevent such issues from arising.

Since its creation, the Compliance Unit has been charged with analyzing and managing the complaints received and keeping the Follow-Up Committee informed regarding how they are handled.

2. Report of the Compliance Unit

In meeting its obligation contained in Article 19 of the Board Rules to *“...set up and monitor the operation of a procedure that allows employees to notify the Board confidentially of any potential irregularities, particularly of a financial and accounting nature, that may appear within the running of the Company”* the head of the Compliance Unit met with the Committee in order to report on the workings of the Canal Directo, the types of complaints received through various means, and measures taken in those cases opened as a result of said complaints.

ANTICIPATED ACTIVITIES FOR 2015

In accordance with the Action Plan of the Audit and Compliance Committee for 2015, approved by the Committee at the beginning of the current fiscal year, the Committee has planned to meet ten times in regular session during which, in addition to reviewing matters which are of a recurring nature every year, will continue to pay special attention to matters relating to risk management and assets valuation.