
**AUDIT AND COMPLIANCE
COMMITTEE**

Activities Report 2015

Indra

February 2016

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 the requirements of applicable law. The Committee has vigorously undertaken the duties within its competence since its inception, 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 corporate 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 of Indra ("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* ("Financial Auditing Act" or "LAC"), 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 requesting a free copy from the Shareholder Office.

The present Activities Report of the Audit and Compliance Committee of Indra corresponds to fiscal 2015 and was approved at the Committee meeting held 22 February 2016 and will be made available to the Shareholders upon call of the Meeting; first call scheduled for 29 June, 2016 and second call 30 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. Ignacio Santillana

(Independent Director)

Members

Mr. Juan Carlos Aparicio

(Proprietary Director named upon proposal by Sociedad Estatal de Participaciones Industriales - SEPI --)

Mr. Enrique De Leyva

(Independent Director)

Mr. Santos Martínez-Conde

(Proprietary Director named upon proposal by Corporación Financiera Alba, S.A.)

Mr. Alberto Terol

(Independent Director)

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 five external Directors who make up the Committee, three are Independent.

Fiscal 2015 saw the following changes in membership of the Committee:

- The appointment of Mr. Ignacio Santillana as the new Chairman of the Committee in substitution of Mr. Alberto Terol, applying the provisions of the LSC and the Board Rules requiring rotation of the Committee chairmanship every four years.
- Substitution in the month of July of Ms. Isabel Aguilera for Mr. Enrique De Leyva.

A brief professional profile of each of the members of the Committee follows:

Ignacio Santillana

Born in 1948. PhD in Economics (1978) from the University of Indiana and Doctorate in Economics from the Universidad Autónoma de Madrid (1980). Since December, 2012, he has been Chairman of the Board of Grupo Santillana Educación Global, S.L. and a member of the board of Prisa Radio, and Cadena Ser. While at Grupo Prisa he served as COO. 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. He is a member of the board at the Escuela de Finanzas, AFI. In 1974 he was awarded the Juan March scholarship and in 1978 was a Fulbright scholar.

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

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; independent director at International Airlines Group, S.A., and Aktua Soluciones Financieras, S.A; International Senior Advisor to BNP Paribas.

Enrique De Leyva

Born in Sevilla, 1959. Civil Engineering degree from the Universidad Politécnica de Madrid and MBA from Columbia University with a concentration in Finance and Accounting. Currently he is a Founding Partner at Grupo Magnum and Chairman and Chief Executive Officer of several companies within the group (among them, Chairman of Grupo NACE Schools). Additionally, he is a director at Bio Oils Energy, S.A. and a member of the Advisory Board of Abante Asesores y Ambiente Sgr. S.p.A.

His professional career began at Unión Fenosa (1983-1986), then McKinsey & Company, Inc. (1986-2006) where he was CEO of its Spanish affiliate, and Magnum Industrial Partners, S.L., where he has been a founding partner since 2006. He has been Chairman of Grupo Geriatros, and Pretersa-Prenavisa, as well as a director at Centro Médico Teknon and at Iberwind.

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, he is a director at Banca March, S.A., Actividades de Construcción y Servicios, S.A., of Acerinox, S.A. and of Bolsas y Mercados Españoles, 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 numerous listed and non-listed companies in a wide range of industries.

DUTIES AND POWERS

Article 18 of the Board Rules empowers the Audit and Compliance Committee, in addition to those assigned to it by applicable law, with the following competencies:

- a) Ensure that the Board of Directors is able to present financial statements in the auditors' report to the Annual Meeting which do not contain limitations or reservations. In those exceptional cases where a reservation might exist, the chairman of the Audit Committee as well as the auditors will clearly explain to the Shareholders the substance and the scope of said limitations or reservations.
- b) Supervise the Company's internal audit team to ensure that it properly manages internal information and control systems.
- c) As regards internal information and control systems: (i) supervise the process of drafting financial information regarding the Company and if applicable, the group, and ensure that it is complete. Specifically, review all normative requirements, the proper scope of consolidation and the entirety of applicable accounting rules; (ii) ensure that internal audit is independent; propose the selection, appointment, re-election and dismissal of the head of the internal audit service; propose the budget for such service; approve its goals and work plans, ensuring that its activities are focused primarily on material risks to the Company; receive periodic information on its activities; and verify that senior management considers the conclusions and recommendations contained in its reports; and (iii) establish and supervise measures whereby employees can confidentially report, and where possible and appropriate anonymously, any potentially significant irregularities that they detect in the Company, especially those of a financial or accounting nature.

- d) As regards the external auditor: (i) in the event of resignation of the external auditor, examine the circumstances which led to it; (ii) ensure that the compensation paid to the external auditor does not compromise its independence; (iii) propose that the Board file a Report of Material Fact to the *Comisión Nacional del Mercado de Valores* ("Spanish Securities Market Commission" or "CNMV") 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; and (iv) ensure that the Company and the external auditor comply with applicable law regarding delivery of services other than auditing, regarding limits on the concentration of the auditor's work and, in general, rules regarding the independence of the auditors.

During fiscal 2015, the Committee carried out each and every one of the above mentioned powers and duties, including other matters which it considered appropriate for the exercise of its competencies and in the interests of the Company.

ACTIVITIES DURING FISCAL 2015

COMMITTEE MEETINGS

The Committee met 15 times during fiscal 2015.

This means that, considering the time necessary to prepare for meetings and the average amount of time spent at them, each member of the Committee spent about 72 hours (5 members x 15 meetings x 4.8 hours/5) attending to matters within its purview during fiscal 2015. Average physical attendance at Committee meetings was 97.3% and 100% in the case of Independent Directors.

Meetings of the Committee 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 11 of the 15 sessions held by the Board of Directors during fiscal 2015.

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 2015 contained ten scheduled regular meetings along with the agenda for each meeting.

The principal matters discussed and analyzed by the Committee during fiscal 2015, 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 annual financial statements and interim reports to be produced by the Board
- Supervise preparation and presentation of financial information to the Comisión Nacional del Mercado de Valores

EXTERNAL AUDIT

- Oversee audit of the annual financial statements, interim 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 and the Risk Management Policy
- Review activities of Internal Audit and approve the annual Action Plan and budget
- Oversee compliance with recommendations of Internal Audit

COMPLIANCE

- Review and approval of implementation of the Model for Legal Risk Prevention and implementation of the Code of Ethics and the legal risk map
- Supervise the operations of the "Canal Directo" for complaints and analyze open cases
- Review the Compliance Unit's activities and approve its annual Action Plan and budget

REVIEW OF FINANCIAL INFORMATION

Re-examination of financial information during fiscal 2015 required that the Committee hold several extraordinary meetings in order to analyze the criteria applied to one-off adjustments and restatements made to specific sections of the financial statements for fiscal 2014. The Committee also reviewed statements made to the market upon publication of said results, ensuring that the circumstances leading to them were clearly stated. Financial information for the first six months of fiscal 2015

was submitted initially for review by the external auditors, who issued a corresponding limited review report.

Review of the financial information by the Committee was done with the collaboration of the Chairman of the Board, the CEO, the General Manager for Control and the Company's CFO as well as those in charge of projects with the highest degree of risk and country managers for areas whose business has the greatest degree of impact on the Company's results. All criteria used were approved by internal and external auditors of the Company.

1. Review of the Company's Annual Financial Statements

At its meeting held in March, 2015, the Committee reviewed the Management Report and the Individual and Consolidated Annual Financial Statements for fiscal 2014 before their preparation by the Board, giving a favourable opinion.

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 2015, 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 their integrity and regarding review of compliance with legal requirements, proper scope of consolidation and appropriate application of accounting standards, the Committee 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 Company CFO at its regularly scheduled and extraordinary meetings held in February (2), April, July (3), October and November.

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 2015.

After evaluation of the qualitative and economic aspects of the external auditor's work, members of the Committee proposed that the Board re-elect KPMG as external auditor of the Company for the fiscal 2015 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 charged 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 2015 for all items are as follows:

	1000's of Euros
Audit of Annual Financial Statements	1,494
Other Services	204
TOTAL	1,698

The Indra Group contracted other auditing services from other firms whose billing during 2015 was 153 m€.

As required by applicable law, the Committee issued an annual report regarding the independence of the external auditors before the audit report was drafted. In order to compile this report, the Committee reviewed compliance with the following criteria:

- Verified that the auditor was not involved in any circumstance, relationship or situation 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, the external auditors expressly stated that they had maintained their independent status by means of a letter dated 23 March, 2015.

The report regarding the independence of the auditors as well as the letter confirming independence referenced above were made available to the Shareholders upon call of the Annual Shareholders' Meeting, consistent with the provisions of Recommendation 6 of the Code of Good Governance for Listed Companies.

3. Oversight of the Financial Statement Audit Process

In fulfilling its role of guaranteeing compliance with the audit contract, during fiscal 2015 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 progress 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 2014 financial statements and in particular the one-off adjustments made.
- The final audit report regarding fiscal 2014 consolidated financial statements issued without qualification or reservation.
- The report on recommendations for improvement in administrative procedures and internal control stemming from the fiscal 2014 audit of the annual financial statements, and in light of the one-off changes made, special attention was paid to matters related to the early detection of risk.
- Planning and preliminary work for the audit of annual financial statements for fiscal 2015.
- The limited review report for the first half of fiscal 2015.
- The preliminary audit report for fiscal 2015 financial statements.

In order to make a proper evaluation of the above mentioned items, the partners at KPMG responsible for the audit met with the Committee 11 times.

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 2015 the Committee reviewed implementation of the recommendations issued after the fiscal 2014 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.

Additionally, changes in the Company's financial results required the adoption of means to improve organization, processes and information and control systems whose implementation was reviewed by the Committee.

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.

During fiscal 2015 the Committee proposed to the Board that Internal Audit report to it, which proposal was approved. This resulted in a review of objectives and criteria for evaluating performance which from now on will be done by the Committee.

The Committee received reports during its several meetings regarding various aspects of its authority and supervised the work plan for the Internal Audit Department and approved its budget, the resources to be made available in order for the Department to do its work, as well as its Annual Audit Plan.

Internal Audit worked intensively given the Company's circumstances, being obligated to adapt its Work Plan to the task of correcting weaknesses and improving control and early detection of risk.

The primary aspects of the Work Plan are the following:

- Review of 91 subsidiaries located in 38 countries which due to their significant impact on results it was deemed appropriate to monitor. In particular, an exhaustive review of the Brazilian subsidiaries and the measures to be taken by the new management team named during 2015 with the goal of improving project management. The Committee also reviewed plans for risk mitigation proposed for those subsidiaries.
- Project audit and continuous supervision of recuperation of inventories, Discretionary Participation Funds, investments and any other values which involve subjective judgment.
- Review of corrections resulting from detected auditing discrepancies.
- Review of ICFR.
- Other audits: Random and spot audits regarding areas to be determined by the Committee from time to time (audits regarding the bidding process, project audits, etc.).

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 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 financial information.
- Review and verify that in the implementation of closing of financial statements that proper criteria are used.
- 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 for 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 making up the process which has been uniformly implemented the group as a whole. 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 2015.

The head of Internal Audit and Global Risks presented the ICFR Plan for 2015.

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.

Given the results obtained in fiscal 2014 and upon reorganization of upper management of the Company which took place during fiscal 2015, the Committee met

with the new Head of Control who presented his diagnosis of the situation regarding risk control in bidding and a proposed action plan. The Committee requested that the Head of Control coordinate with Internal Audit to revise follow up processes and structure for risk at the time of considering bid proposals as well as during realization of projects.

During fiscal 2015 the Committee has placed special emphasis in the need to evaluate the risk profile of the company and to continuously update the risk map.

The Committee received a report regarding improvements made in the tools used for implementation of the risk management model and reviewed the selection process and design and implementation of Key Risk Indicators.

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 Company Risk Map.

➤ **Integration of Internal Processes and Control and Risk Management in Brazil and Latin America**

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 2015 Action Plan, the Committee met individually with the management team members responsible for Infrastructure, IT, Financial Services, Public Administration, and Health in order to evaluate improvements implemented in tools, methodology, and control procedures in operations, project risk management and follow up of research and development. The Committee analyzed the pipeline for different geographical markets and the main initiatives put into place for supervision of investments where the Committee's key role in Product stood out.

The Committee reviewed problem projects, focusing especially on those whose results gave rise to revision of the financial statements of the Company

➤ **Accounting Criteria (IFRS): Recognition of Income, DPF, Inventory, Clients, and Intangible Assets.**

The CFO and the Director of Administration reviewed with the Committee the processes and criteria for valuing assets, especially intangibles, applied by the Company and made a detailed analysis of the current accounting criteria used. Afterwards, the Committee received a report regarding changes in those matters and the process started to adapt criteria for revenue recognition to IFRS 15 which will take effect in 2018.

The Committee reviewed existing authorization and control processes in order to reduce to a minimum subjectivity in values assigned to revenue recognition.

➤ **Internal Systems and Projects: Data Protection and Cybersecurity**

The Committee met with the heads of Corporate Resources and Information Systems of the Company, who gave a report regarding risk management in the areas of information security, privacy and data protection, and cybersecurity. The Committee reviewed the current risk map, the methodology used and actions anticipated in these matters.

➤ **Savings and Efficiency Plans.**

The Committee made a detailed analysis of the risks and impact arising from the collective redundancy agreements reached in Spain and in Latin America with employee representatives and which appears among the initiatives presented during fiscal 2015 as part of the 2014-2018 Strategic Plan.

➤ **Tax Risks**

The Committee analyzed the principal tax risks and the management policy related to them followed by the Company together with the primary outside advisor for these matters.

The Committee reviewed the current tax advice model for the Company and for its international subsidiaries.

GOVERNANCE AND COMPLIANCE

1. Model for Prevention of Legal Risks

In fiscal 2015, the Committee implemented a review of the model for prevention of legal risks for the Company in order to bring it into compliance, as soon as possible, with new provisions appearing in the most recent amendment to the Criminal Cod. This review was performed by the compliance Unit with the support and advice of a consulting firm and an outside law firm, which signed off on the results.

Updating of the model meant, among other things, the design of a legal risks map, within which legal risks inherent to the Company's operations were identified; updating of the Code of Ethics and Legal Compliance, which includes the Company's Professional Conduct Code and the complaint ("Canal Directo"); and drafting of the Manual for Prevention of Legal Risks, within which the updated model is described.

These three documents were approved by the Board of Directors of the Company on 22 December, 2015.

2. Supervision of the Operation of the Prevention Model and the Canal Directo

The Compliance Unit, pursuant to delegation by the Committee, is the body charged with carrying out its decisions and ensuring compliance with rules contained in the model. To these ends, since 30 April 2015 it has reported directly and exclusively to the Committee and performs the following tasks:

- Promote a culture of prevention and ensure distribution of the model's precepts
- Analyze legislative changes and developments which might affect the model
- Request information regarding changes in legal risks and preventative measures taken by the Company
- Propose verification of the model and updates it considers appropriate
- Manage communications received through the Canal Directo
- Propose work plans regarding supervision of the model

As an executive body charged with supervision and control, the Compliance Unit keeps the Committee informed about its activities. For this reason, the head of the Compliance Unit attended all of the regularly scheduled meetings of the Committee.

ANTICIPATED ACTIVITIES FOR 2016

In accordance with the Action Plan of the Audit and Compliance Committee for 2016, 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, bid and project management, and application criteria for measuring revenue recognition, DPF, inventory, clients, and intangibles.