



indra

2011 ANNUAL REPORT SUMMARY

YES TO CHALLENGES



The full 2011 Annual Report is available at www.informeanual2011.indracompany.com

Growth in an
uncertain world.

**THAT'S A REAL
CHALLENGE.**





REVENUE 2011

2,688 M€

+5.0%

TARGET 2012

+6.5%



PROFESSIONALS

31,077

+14%



EBIT

267.8 M€

10% over revenues

TARGET 2012 8%-9% over revenues



R&D INVESTMENT

189 M€

+7% over revenues

	2007	2008	2009	2010	Objective 2011	Actual 2011	Objective 2012	Commentary
Economic performance (in millions of euros)								
Trading	2,334.2	2,579.3	2,697.4	2,882.0	> 2010 > Sales 2011	2,975.8	> Sales 2012	Trading rose by 3% (+2% if the impact of acquisitions is removed), which is 11% more than the previous year's sales.
Sales	2,167.6	2,379.6	2,513.2	2,557.0	+ 2% compared to 2010	2,688.5	+ 6,5% - 7,5% compared to 2010	Sales increased by 5%, which was slightly higher than the forecast reported in November. This figure includes the effect of the integration of the Brazilian company Politec and the Italian company Galileo. If these acquisitions were not taken into account, the growth rate would have been 3%, one percentage point higher than the objective set at the start of the year.
<i>Spain</i>	68%	66%	64%	61%		57%		
<i>Europe</i>	16%	17%	18%	17%		17%		
<i>Latin America</i>	9%	10%	11%	15%		18%		
<i>The USA and Canada</i>	3%	2%	1%	1%		1%		
<i>The Asia Pacific region and Africa</i>	4%	5%	6%	6%		7%		
Order book	2,241.8	2,428.3	2,578.9	2,899.2		3,230.9		
Net cash position/ deficit	(150.3)	(148.7)	(134.6)	(274.9)		(513.6)		
Operating result (EBIT)	223.5	270.5	285.4	251.9	≥10.5% s/ventas	267.8	8%-9%	The EBIT margin for the year was 10%, which was in line with the company's forecast reported in the Performance Report for the third quarter of 2011. Without taking the year's acquisitions into account, the margin would have been 10.5%, which was also in line with the objective set at the start of the year.
Attributable income	147.8	182.4	195.6	188.5		181.0		
Social performance								
Investment in R&D&I (in millions of euros)	136	152	175	184		189		
Average total n° of employees	22,055	24,415	25,256	27,325		31,077		
Percentage of highly qualified professionals	77	76	83	85		82	>80%	
Ratio of male to female employees	64/36	64/36	64/36	65/35		64/36		
Environmental performance								
Direct CO ² emissions (tonnes)	1,263	1,443	1,381	2,012		1,204		A progressive replacement program for diesel boilers is underway, which contributes to a reduction in direct emissions,

(1) Target announced at release of 2011 year-end results

(2) Scope: Indra Sistemas, Indra Espacio, Indra Software Labs, Indra Sistemas de Comunicaciones Seguras, Inmize, IP Sistemas, I3 Televisión, Indra BMB and Indra Sistemas de Seguridad.

Innovation and
assurance.
Pioneering and
preservation.

**THAT'S A REAL
CHALLENGE.**

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Letter from the Chairman

Dear Shareholder,

In these complex and changeable times, the future of organizations depends on their capacity to adapt to the circumstances by taking on the challenges and acting with intelligence and agility to maintain levels of efficiency in an environment that is subject to constant change. At Indra, this is exactly what we are doing. As a result, once again last year, we were able to achieve the objectives that we set for ourselves, maintaining our profile of growth and profitability in a year which, like 2010, was more difficult than was first expected.

In 2011, we continued to lay firm foundations in order to face the challenges of the future in uncertain macroeconomic times, particularly in Spain, against the backdrop of a technological sector that is undergoing transformations. Our international trading approached 50% of total sales and we remained committed to investment in solutions in order to take advantage of the opportunities presented by more dynamic sectors, based on technological innovation, as well as improving our software and service production structure to make it more efficient and more global. This solid foundation provides a base for a project that, from its very beginnings, was designed to be ambitious and beneficial to all of our stakeholders: clients, professionals, shareholders, partners, suppliers and the most innovative sectors of society.

The global economy is undergoing continual change, with emerging markets becoming more significant on the international stage. These changes also affect Indra. As a result, we will continue with our commitment to exploit the business development opportunities that



emerge in Latin American and Asian markets, where we implemented important initiatives over the last year, as well as the growth potential in Africa and the Middle East. The company is also focused on the domestic opportunities that arise in the Spanish market which, while less common over the next few years, will continue to be of key importance to Indra and its leading international clients, and crucial for achieving the necessary level of excellence in the company's competency centres, pioneering solutions and export capacity.

The changes occurring in the economy are generating new demand for smart solutions. This demand will continue to be robust and will enable areas of growth in almost all regions, in fields such as mobility and intelligent infrastructure management, smart cities, digital healthcare, security, energy efficiency and analytics. In addition, as the current cycle of investment in infrastructure progresses, the implementation of smart systems will continue along the same lines in emerging markets.

By the same token, Indra is equally influenced by the need for greater efficiency, which is the driving force behind the need for the industrialization of services, as well as the business potential that the development of Cloud Computing offers. In the same way, the current tendency for companies to concentrate the number of suppliers that they use presents opportunities for those suppliers that have more proven experience and that have the capacity to integrate multiple technologies and offer global coverage.

Indra is uniquely well positioned to face these new challenges. The company's order book, the projects it already has underway, its position with solid clients and its growing presence in markets with high growth potential has enabled us to set objectives for growth and improved profitability for the next three years, maintaining the highest levels in our industry.

Our strategy is based on our capacity to take advantage of the axes of growth that our sector offers: geography, intelligence and efficiency.

The acquisition of Politec in Brazil has helped us to become a strong competitor in Latin America. Indra has the strongest presence in this market of any European company and we are firmly committed to establishing ourselves in other regions with high growth potential. Analysis of the structure of our competitors' ranges of products and services also allows us to confirm that Indra is the European company that offers the largest proportion of high added value to our clients (67%). The solution sector is less vulnerable to the dynamics of price and profit pressure that has affected the service sector so significantly. The greater importance of solutions in Indra is partly the reason for the differential in profitability levels compared to the average for the sector. Therefore, Indra remains an efficient company and we are implementing determined initiatives to ensure that levels of profitability are maintained, as well as reinforcing our solid financial structure to be able to develop our business strategy in a sustainable way.

As I mentioned above, we are all part of an ambitious project that benefits all of our stakeholders, including all of our clients, professionals and shareholders, as well as society as a whole. Our commitment to these stakeholders is demonstrated by the evolution of our results, the objectives we reach, our responsible and sustainable growth and, of course, the creation of long-term value with an attractive return for those who trust us with their resources.

Finally, it gives me great satisfaction to announce that this Annual Report 2011 presents details of the company's management of intangible and non-financial assets for the approval of the General Shareholders' Meeting, on a voluntary basis, as a result of the growing importance given to this area of management in a company's value. Indra continues to be a pioneer of best practices with respect to transparency in the rendering of its accounts and corporate governance. One demonstration of this commitment to transparency is that this Report forms part of the pilot program of the International Integrated Reporting Council (IIRC).

The accounts that are presented in this Report have been prepared in compliance with the G3 Guidelines of the Global Reporting Initiative at the A+ application level, as well as the AA1000 APS (2008) Accountability Standard, including our activity related to the principles set out in the Global Pact to which we are committed. All of these factors ensure a balanced and reasonable presentation of our economic, environmental and social performance, all of which has been verified externally.

Javier Monzón
Chairman

Letter from the Chief Executive Officer

Dear Shareholder,

Despite the deteriorating macroeconomic conditions being even worse than forecast, Indra has achieved all of the objectives that it set for 2011 at the start of the year.

Total sales revenue grew by 5% to reach €2.689 billion, which is slightly higher than predicted. This figure takes account of the impact of the incorporation of the Brazilian company Politec and the Italian company Galyleo. Without taking these acquisitions into account, the growth rate would have been 3%, which was one percentage point above the objective announced at the start of the year.

Traded contracts also rose by 3%, making them 11% higher than total sales for the year.

The operating result (EBIT) reached a total of €268 million, which represents a 6% increase compared to the previous year and resulted in an operating profit of 10%, which was 1.2 percentage points less than the recurring operating profit (without taking unusual costs into account) for 2010. This difference is not only due to the reduction in the contribution margin from the Solutions and Services sectors, but also the effect of consolidating the company's acquisitions, which recorded a contribution profit level below Indra's. If this effect is removed from the calculation, the operating profit would have been 10.5%, which was in line with the objective announced at the start of the year.



Attributable income reached €181 million, which represented a drop of 4% from the previous year.

Net working capital was equivalent to 98 days of annualized sales. In this case, acquisitions had a positive impact, with the total being 100 days, if this effect was ignored. This level was below the target of 108 days announced in November due to certain payments being made that were expected the following year.

The international market recorded a double digit growth rate before the contribution of the acquisitions was taken into account, which, when included, increased the overall growth rate to 17%. All of the geographical regions recorded positive organic growth rates, with the most noteworthy being around 20% in Latin America and the Asia Pacific region, as well as in the Middle East and Africa. Europe reported a stable year. International trading made a very positive contribution towards the growth rate of 9%, representing 47% of total contracts. In the national market, sales fell by 3% compared to the previous year, as they were affected by the weak domestic macroeconomic conditions which worsened in the second half of the year.

The Services sector recorded growth of 20% (12% without taking account of the impact of acquisitions), while the Solutions sector decreased slightly (-1%). In developed markets, demand for solutions was lower than in developing economies, among which the services that enhance efficiency were in particularly high demand.

It should be highlighted that in almost all of the company's markets, positive trends were reported for the year: Telecom & Media (+24%; +22% without acquisitions), Energy & Industry (+12%; +7% without acquisitions), Public Administrations & Healthcare (+9%; +4% without acquisitions), Transport &

Traffic (+8%), and Financial Services (+5%; +1% without acquisitions). The market for Security & Defence (-14%) recorded a negative trend for the year, despite showing a slight improvement in the last quarter, as expected.

During 2011, Indra continued to develop initiatives in order to maintain its profile of growth and high profitability.

Our presence in emerging and high potential markets was increased through the acquisition of Politec in Brazil, as well as the opening of subsidiaries in countries in the Asia Pacific region. As a matter of interest, sales in international markets represented almost half of the company's overall sales.

In addition in 2011, Indra carried out the planned initiatives for the development and adaptation of its range of products and services to meet the requirements of international markets in which the company is developing its presence, as well as responding to the new needs of large current clients. The technological investments that Indra made have enabled the company to maintain a highly competitive product and service range with the potential for future growth.

Furthermore, our clients' increasing demand for efficiency has encouraged us to continue evolving our range of services with an overhaul of the delivery model for application management and outsourcing services, as well as improvements to our range of BPO services and the investments that the company has made in order to become a market leader of Cloud Computing in Spain and Latin America.

Indra continued to gain ground within the clients and local markets in which the company operates, taking advantage of the trend for larger clients and their main markets to consolidate their portfolio of suppliers to include only

companies of a larger size and service capacity that have a global presence. Despite the significant current difficulties to make informed predictions due to the uncertainty and complexity of the general economic situation, Indra's order book and the company's position with extremely solid clients, as well as its increasing development in high growth markets, give the company sufficient visibility to be able to set objectives for 2012 that are similar to those established in previous years. The company is fully confident that it will achieve these targets, as it has always done, even in years that presented greater difficulties than those we have faced in recent years.

The sharpness and speed of the economic slowdown in some of the company's markets, particularly in Spain, has led to a negative impact in the very short term, which the company is now facing. However, the initiatives already implemented and those currently underway will bear fruit within a slightly longer timeframe. As a result, the forecasts included in the Report include predictions for the period until 2014, in order to be able to determine and assess the impact, costs and results of this set of initiatives. Taking all of the above points into account, Indra plans to achieve the following objectives in 2012 and the following two years:

- Growth in sales for 2012 of between 6.5% and 7.5%, with positive performance without taking the impact of the acquisitions of Politec and Galyleo in account, with growth declining to single figures in the Spanish market and an increasing rate in international markets. Over the following two years, we foresee a progressive recovery in the domestic market and sustained high growth rates internationally. As a result, the overall growth rate will be positive both next year and the year after.
- The ratio of contracts to sales will be above 1x each year and, consequently, the order book will strengthen year after year.

- Recurring EBIT margin in 2012 of between 8% and 9%, recovering gradually to levels around 10% in 2014.
- Maintaining levels of net working capital equivalent to levels of between 100 and 110 days, being towards the lower end of this range by the end of the period.
- Reduction in the volume of net tangible and intangible investments, reaching a level between €65 million and €75 million per year.

The company's performance with respect to profitability will be most strongly influenced by Brazil and the positive effect of current and planned initiatives to enhance efficiency in production processes, with organizational measures and streamlining of resources, which will result in an unusual cost of around 1% and 0.5% of total sales in 2012 and 2013, respectively.

In order to achieve all of these objectives, we must be able to continue to meet the demands of our clients, which presents us with the challenge of continually improving the way in which we operate and the way in which our standards of intelligence and efficiency improve.

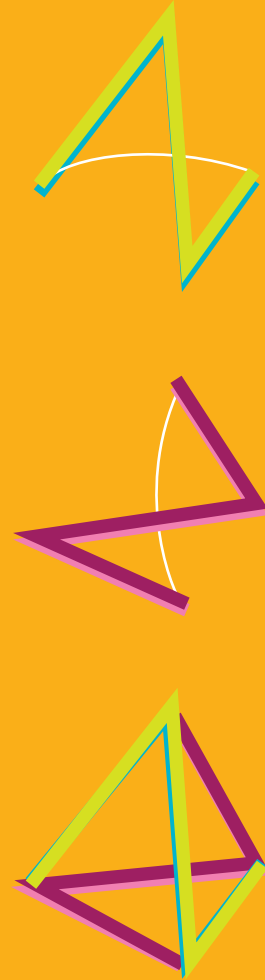
Moreover, it is crucial that we continue to focus on recruiting, retaining and managing our talent, taking full advantage of the diversity of our professionals in order to maintain a motivated team that enables all parts of the company to follow the same path, with a common project: value creation.

For this reason, I would like to take this opportunity to thank all of our professionals publicly for their dedication and effort throughout the year.

Javier de Andrés
Chief Executive Officer

INTEGRATE MORE THAN
5,000 PROFESSIONALS
IN A YEAR.

**THAT'S A REAL
CHALLENGE.**



01

Business model

TECHNOLOGY, TALENT AND CUSTOMERS

About Indra

Business model

Innovation

Global company

Sustainability



1.1 BUSINESS MODEL ABOUT INDRA

Indra is Spain's number one information technology multinational and one of the leaders in Europe and Latin America. It provides technological solutions and services for a range of sectors including Transport and Traffic, Energy and Industry, Public Administration and Healthcare, Financial Services, Security and Defence, Telecom and Media.

In 2011, the company's sales revenue reached 2,557 million euros of which its international activity represented 44%. It boasts a team of 35,000 professionals worldwide and has clients in over 110 countries.

It is the second biggest company in the sector in Europe in terms of investment in R&D, with over 500 million euros invested over the last three years.

SALES

2.688 M€

PROFESSIONALS

35.000

INTERNATIONAL

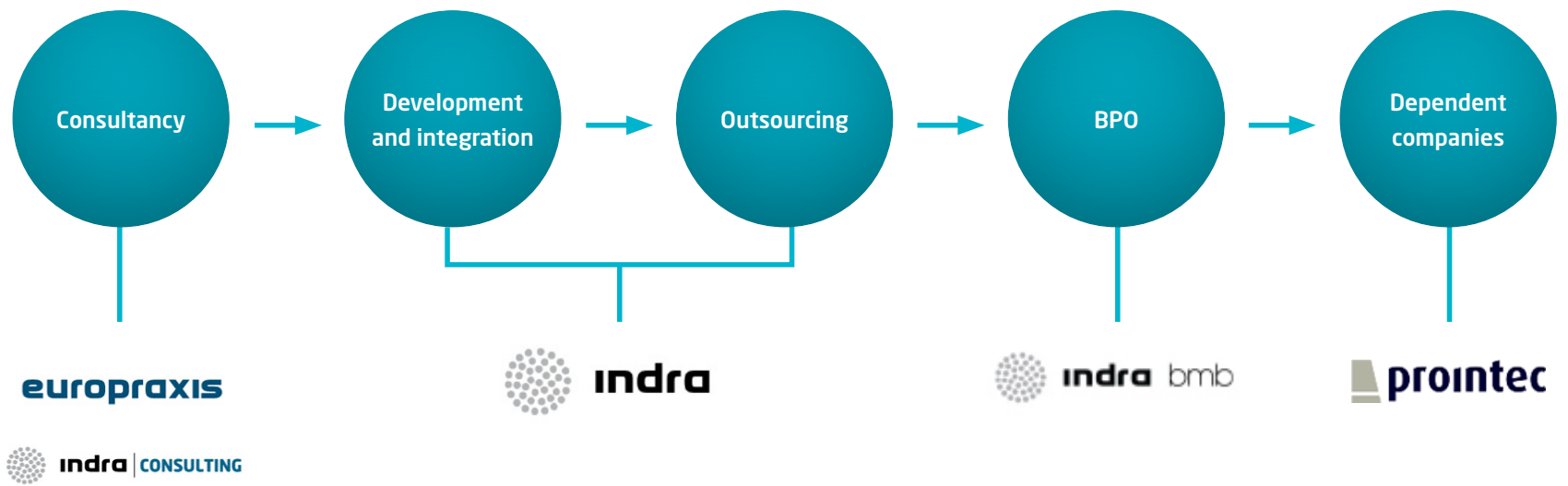
43%

CUSTOMERS

118

COUNTRIES

Indra brands



1.2 BUSINESS MODEL

BUSINESS MODEL

Innovation is the foundation of Indra's business model, the key to its sustainability as a company and the crucial factor that differentiates the solutions and services it provides.

Innovation



Clients

Indra's business model is based on building first-rate socio-technological relationships with its clients. In other words, Indra strives not only to be a mere service provider, but rather to be a key ally in its clients' innovation and, in this way, contribute decisively towards achieving their business objectives. It is the demanding nature of this type of client, resulting from their own competitive experiences, that drives us to develop innovative solutions with high added value that fulfil their needs completely.

As a result, Indra is the socio-technological partner of choice for the largest Spanish companies with a global presence, as well as a growing number of companies in international markets. In fact, many of our solutions have been developed working side by side with our clients to provide effective responses to their actual needs.

Indra is built on the talent to innovate, using technology to meet the challenges that our clients face.



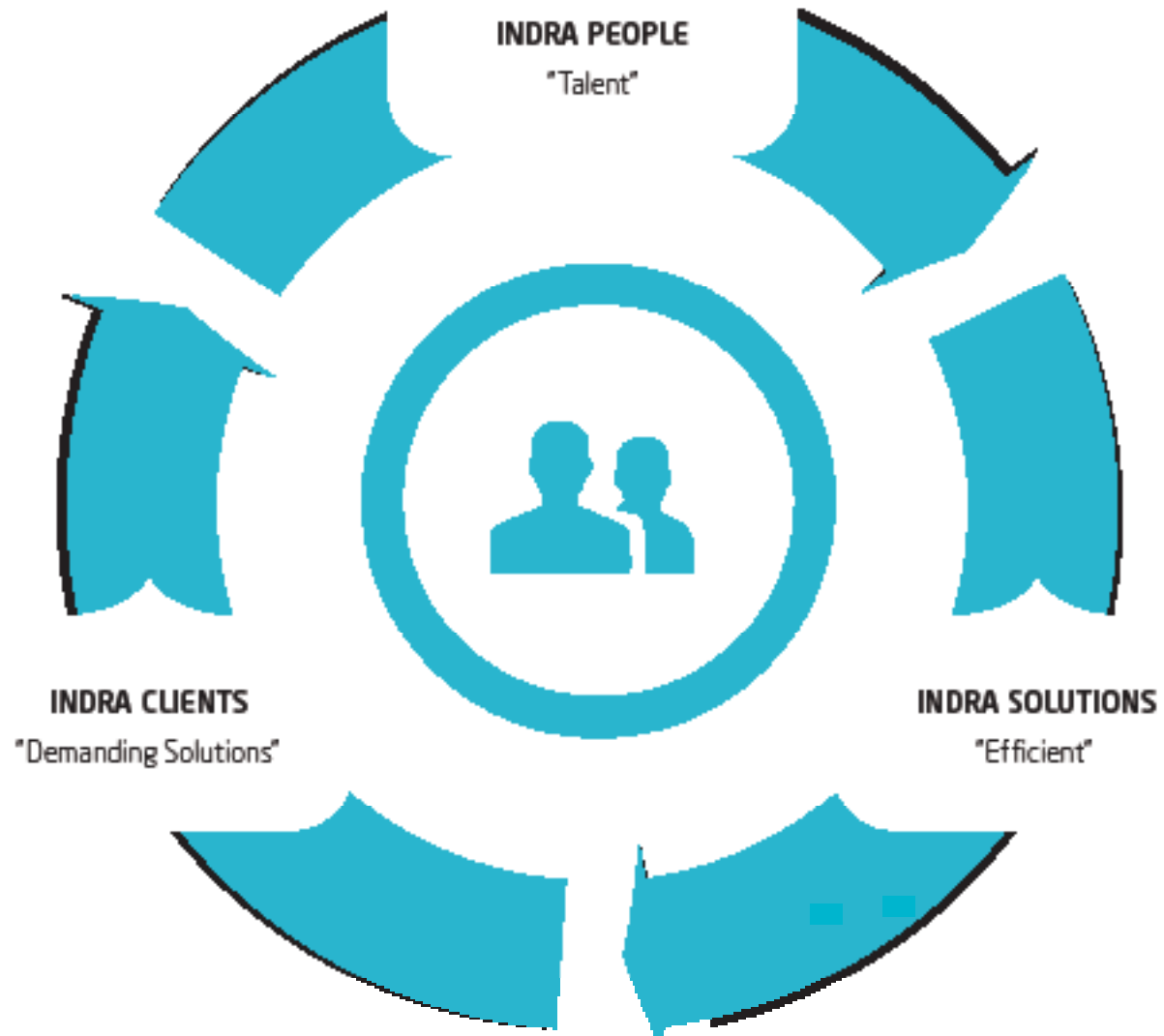
In-house technology and solutions

from its very beginnings, Indra had been strongly committed to developing its own technologies and solutions, providing the innovation for the range of solutions and services it offers, covering the entire value chain of the sector, from consultancy, development and integration to outsourcing. Our commitment to in-house technology and solutions is what sets Indra apart and enables it to compete under the best conditions and to break into new markets. Indra boasts a range of in-house solutions in all of the varied sectors that it operates in (Transport and Traffic, Energy and Industry, Public Administration and Healthcare, Financial Services, Security and Defence, Telecom and Media). It is this diversity that enables Indra to take advantage of synergies that arise between the sectors and to exploit cross-applications of the capabilities developed in each of the sectors in other fields. All this is possible thanks to the impressive efforts in innovation.

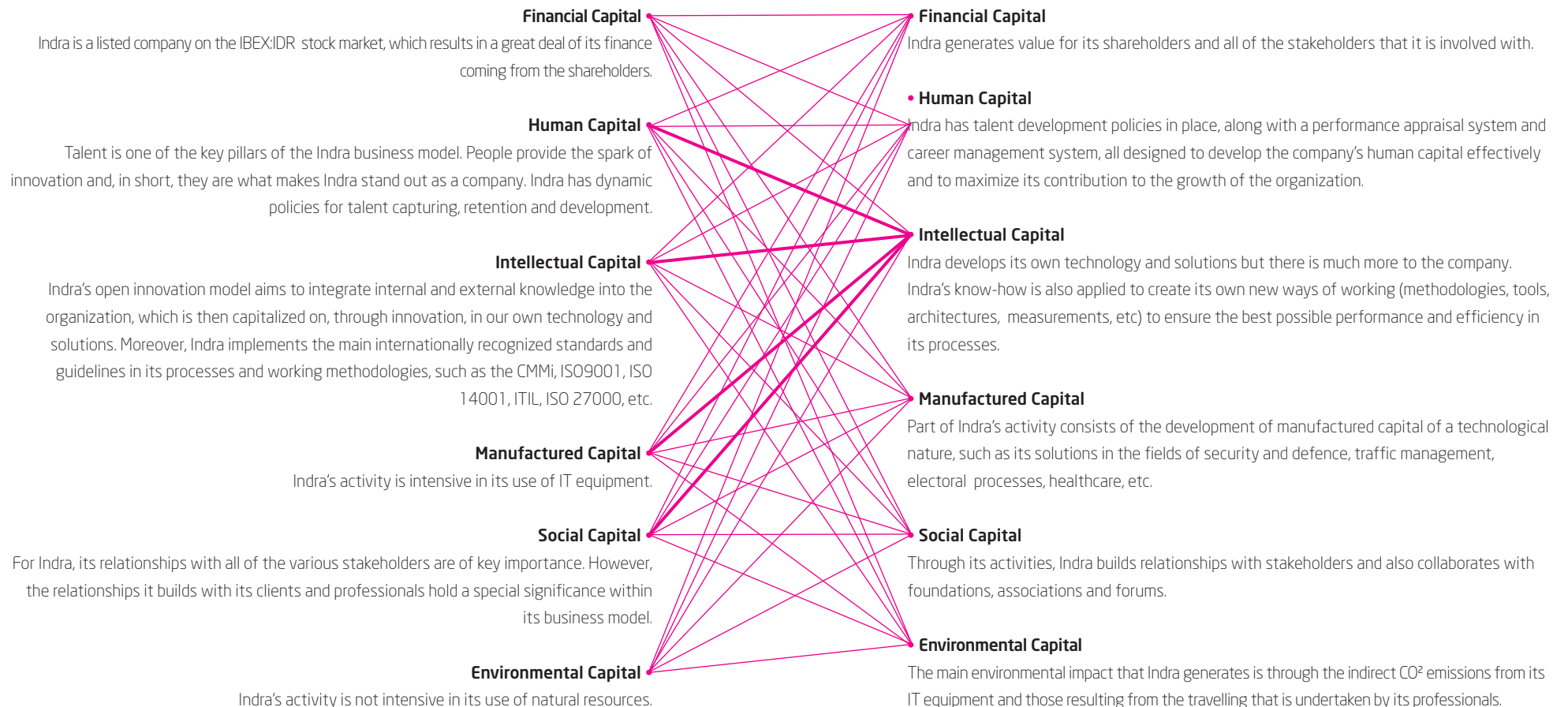


Talent

we are now operating in an increasingly global economy in which it is highly likely that the only lasting competitive advantage that companies can secure is in the talent of its professionals. In a world that is constantly becoming more technological, we must never forget that the capacity for innovation comes only from people. It is people who create, learn, teach and drive new ways of working and thinking. Therefore, the management of our human capital is crucial to Indra and the capturing, development and retention of talent is a strategic priority.



6 CAPITALS MODEL*



*Based on the International Integrated Reporting Committee (IIRC) model

1.3 BUSINESS MODEL INNOVATION

R&D&I MANAGEMENT: OPEN TO KNOWLEDGE

Innovation is a key factor in international leadership and development. As a company, Indra strives to be at the forefront in these fields, which requires not only a well differentiated product and service range with high added value, but also continual improvement of our project and process management capacities. As a result, innovation is the foundation of Indra's strategy, which is reflected in the quality of the solutions and services that are developed by the company's professionals and the internal development of the organization.

The most innovative companies take full advantage of the available talent, both within and outside the organization, which requires the creation of a global multidisciplinary collaborative network. Indra collaborates with companies, universities and research institutes around the world. The company boasts an advanced set of R&D&I instruments which, together with the product and service generation mechanism that our Networks of Excellence provide, enable the company to respond to our clients' actual current needs and, at the same time, allow us to anticipate the future needs that they may have and to remain at the forefront of technological developments.

As a result, Indra has distanced itself from classical models of innovation management and has created its own model of open innovation, in which collaboration and knowledge generation are not limited by the company's borders, but rather are open to input from clients, technological allies, universities, research institutes and even society in general.

This innovation model includes the following main features:

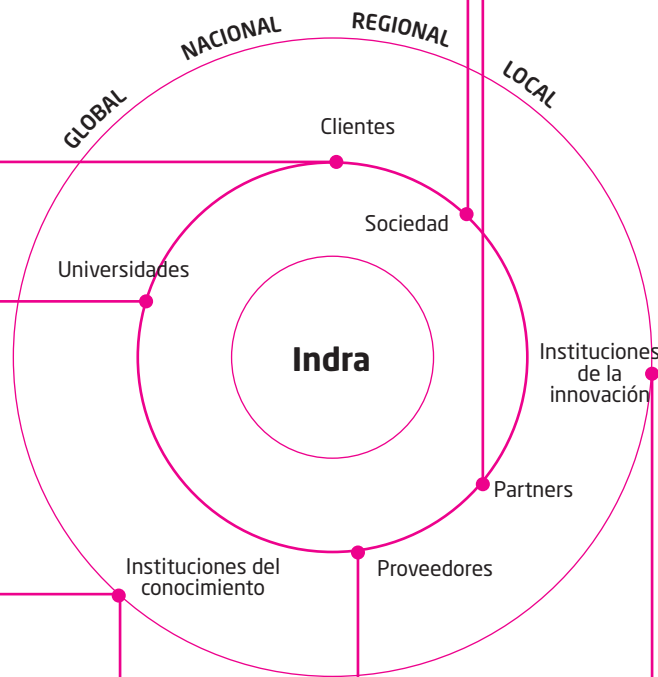
- Decentralized with the participation of the whole organization.
- Open and networked.
- Aligned with the business strategy.

The allocation of significant resources to research, development and innovation, as well as our constant involvement in international R&D consortiums, has been the cornerstone of Indra's growth and development, which has enabled the company to achieve its current position as a technological leader.

The following factors are critical in this model:

- Attracting funding and generating external interest.
- Fluid communication that facilitates the project teams' institutional relations.
- Constant monitoring of the channelling of information as an early indication signal in relation to opportunities with new technologies and emerging markets.
- Continual improvement of methods used in the management of innovation projects.

In 2011, there was a significant boost in Indra's participation in international R&D&I funding programs.



Indra's Presence on the Main Technological Platforms

Technological Platforms are tools for public and private cooperation in the fields of science and technology, which bring together a diverse range of organizations, including companies (both large and SMEs) and Research Organizations (Technological Centres, Universities and Public Research Bodies), all of which are involved in a particular sector. These platforms play a crucial role in promoting greater growth and employment based on innovation in the related sector. In addition, the platforms have a strong influence on the key issues and priorities in their particular sectors, as they participate in the drafting of the Strategic Research Agenda, as well as helping to build relationships with agents in other countries in order to enhance cooperation on R&D projects.

Indra is actively involved in a number of different Spanish and European platforms, which enable the company to play a role in the decision-making process and to interact with the various parties involved in R&D&I Programs. In 2011, the key developments have taken place on the following platforms:

Main platforms	Description and Indra's involvement
Artemis	Indra is a member of the Executive Steering Board of ARTEMIS-IA (European Industry Association for Embedded Systems). The main activities have included the modification of the Strategic Agenda of ARTEMIS, as well as participation in and leadership of proposals.
es.internet	Indra is the Vice President of the Spanish es.Internet platform. The company is involved in Strategic Agenda Management and also heads the Smart Grids working group.
FUTURED - Spanish Electricity Grid Platform	Indra is a member of the Board of Governors and one of the driving forces behind the platform.
HISPAROB - Spanish Technological Platform for Robotics	Indra is the platform coordinator.
PROMETEO -Spanish Technological Platform for Systems with Embedded Intelligence	Indra is a member of the Board of Directors.
PTC - Technological Platform for Roads	Indra is a member of the Management Board and has taken part in the following groups: <ul style="list-style-type: none"> • ITS and Mobility • Road Safety • Transport and Intermodality
PTME - Spanish Maritime Technological Platform	Indra takes part in the FP10 working group - Surveillance.
SECPHo - Southern European Cluster in Photonics and Optics	Indra is a founding member and on the Executive Board of Directors.

In addition, Indra is an active member on the following technological platforms:

Platforms	Description
Emov	Spanish Technological Platform for Wireless Communication.
Net!Works (formerly eMobility)	Net!Works European Technology Platform.
eNEM	Spanish Technological Platform for Network Audiovisual Technologies.
ESEC	Spanish Technological Platform for Security and Trust Technologies.
PESI	Spanish Technological Platform for Industrial Security.
PTFE	Technological Platform for Railways.
PTE-EE	Spanish Technological Platform for Energy Efficiency.
eISI	Spanish Technological Platform for Satellite Communications
eVIA	Spanish Technological Platform for Healthcare, Welfare and Social Cohesion Technologies.
INES	Spanish Technological Platform for Software and Services.
Connect-EU	Connect-EU.
ISI	Integral Satcom Initiative.

Involvement in such platforms enables Indra to offer its clients a unique strategic overview of innovative services and also gives the company the chance to build important alliances with the main European manufacturers of mobile and sensor technologies and the key research institutes, universities and SMEs.

R&D&I Projects carried out in 2011:

Innovation is the foundation of Indra's business and the key to the differentiation of the solutions and services that the company develops, which offer our clients high added value. Innovation enables us to develop the incorporation of the latest technologies to our product and service range and to implement the most advanced management criteria.

In 2011, over 100 publicly financed projects were carried out, including new initiatives and the continuation of projects started in previous years.

Some of the key projects that took place in 2011 are as follows:

Project	Title
ADAM	Development of automation for independent mobility.
APLACA	Cloud Platform.
BASYLIS	A mobile, independent and affordable system to increase safety in large unpredictable environments.
BROADPRO	Broadband technologies for professional applications.
CIUDAD2020	Moving towards a new model of sustainable intelligent cities.
CRISYS	Critical response in security and safety emergencies (Aftermath Crisis Management - phase 1).
DALÍ	Devices for Assisted Living.
EC-SAFEMOBIL	Assessment and control for secure wireless high mobility cooperative industrial systems.
ENERFICIENCY	User-led energy efficiency management
GENTECH	Developing inhibition techniques.
GEPRODIST	Distributed project management and software development.
IMAN	Global management system for an organization's R&D&I.
NEMO&CODED	Monitoring, diagnosis and control of electricity distribution grids.
PRICE-GDI	Smart Grids Project in the Henares Corridor [Distributed generation management].
SACO	Advanced simulator for organized cyber defence.
SAGAZ	An open GIS-based system for the predication of natural disasters.
SECURE ID	Creation of a secure environment for e-Administration services and applications that enables user access via with an electronic ID card.
SESAME	Securing the European electricity supply against malicious and accidental threats.
SHERLOC	A hybrid remote stress and personal localization system for both internal and external use.
THEROS	New technologies for the intelligent management of wind turbines.

Indra also continued to make progress on the platforms that it has been involved in for several years:

Project	Title
3EHOUSES	Energy efficient e-houses.
ACSI	Artifact-Centric Service Interoperation,
APESAO	Tracking and stabilization of E/O systems.
AVRIL	Development of a new high-speed train with high occupation and a low floor chassis.
CONSIGNOS	Automatic sign language converter and player.
DAGAN	Samples of high power gallium nitride amplifiers.
GEOLAND 2	Working towards an operational GMES land monitoring core services.
GSARSED	GALILEO SAR Early Service Demonstration.
HVDC	Development of an electricity distribution and control system. For high tension loads.
I-SMART SOFTWARE FACTORY	I-Smart Software Factory
PARTICIPA	A portal for citizen participation in public administrations.
PELGRIN	Protection of electrical grid infrastructures.
PRINCE	An industrial product for experience quality management.
SAFER	Services and applications for emergency response.
SAN	A survivable ad-hoc network for 4G and beyond.
SEABILLA	Sea Border Surveillance.
SIBAR	A biometric fast access system for border control.
SOCIAL MEDIA	Social media methodologies and technologies.
SORECYM-NRBQ	Solutions for nuclear and biochemical attack response in the civil and military sectors.
SPECTRA	Spectrum and energy efficiency through multiband cognitive radio.
TACTIC	Touch interface for deaf and blind people.

In 2011, Indra's Software Labs renewed the certification of its SIGDi R&D&I Management System in line with the UNE 166002: 2006 Standard.

As a framework for its innovation activities, Indra Software Labs have implemented the R&D&I Management System in compliance with the UNE 166002 Standard since June 2010.

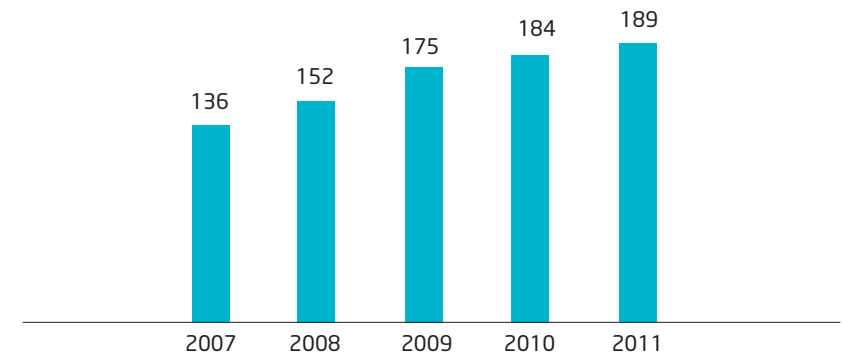
In 2011, Indra's Software Labs were involved in 27 national and international R&D projects, taking the role of coordinator on many of them. The majority of these projects were focused on research related to the following technologies:

- Touch sensitive surfaces: Hardware and Software
- Artificial Intelligence: Bayesian networks and other behaviour simulation and prediction systems.
- Advanced Interfaces: Augmented Reality, Object Tracking and Recognition, Active Environments, Sensor Environments and Multimodal Interaction Interfaces.
- Communication Middleware: ZeroC ICE, DDS.
- Mobile devices: Google Android and iOS.
- Semantic Web.
- Electronic ID cards.
- Localization and Positioning Technologies.
- SaaS and Cloud Computing.
- Geographical Information Systems.

LEADERS IN INNOVATION

Since 2009, Indra has made significant R&D investments, equivalent to 7% of the company's sales revenue. In 2011 in particular, investment in R&D totalled €189 million, which represented an increase of 3% compared to the previous year and was equivalent to 7% of total sales.

Evoution of the investment in R+D 2006-2010¹



¹ Indra Sistemas, Indra Espacio, Indra Software Labs, Inmize, Indra Sistemas de Comunicaciones Seguras, IP Sistemas, Indra BMB, I3TV e Indra Sistemas de Seguridad

SOCIAL SUSTAINABILITY

Intelligent Environments with Accessible Technology for the Workplace (the Aztec Project)

The aim of the Aztec Project is to research and develop new technologies in order to create an intelligent work environment, which provides integral support for the needs of people with visual, auditory or motor disabilities in an office environment and thereby facilitate their integration in the workplace. The developed solution will gather information about the user in order to adapt advanced services of localization, mobility, communication, training and interaction based on the person's disability, using a variety of different devices in the process. The objective is to integrate intelligence into the workplace environment by putting technology at the service of people, in this case people with disabilities, thereby facilitating their professional and daily lives.

To this end, the Aztec system firstly proposes mechanisms for gathering information about the person, their behaviour and the context that they operate in. This data is gathered in a transparent and comprehensive manner, using non-intrusive sensors, which do not interfere with the person's normal practices. The resulting information enables the dynamic adaptation of different services to the person's needs and characteristics.

The project involves multimodal interaction services with various devices (desktop computers, mobile phones, televisions, etc.), signalling services, fast writing, keypads, voice recognition and synthesis as well as the development of adapted peripherals to facilitate the activity of people with disabilities in an office environment. In addition, there are plans in place for the development of tools and services that facilitate communication, localization, identification and training for people with disabilities, as well as the virtualization of their workplace.

ECONOMIC AND SOCIAL SUSTAINABILITY

Advanced Simulator for Organized Cyber Defence (SACO)

The objective of the SACO Project is to develop an advanced simulator for training security forces and organizations, the armed forces and, in general, any civil or military body involved in cyber defence activities at both a national and international level. The project facilitates knowledge and skills acquisition in the fields of prevention, defence and recovery after cyber attacks, within a cooperative framework.

Within the project, various technologies will be used and developed for the construction of the simulator, such as virtualization technologies, forensic analysis tools for virtualized environments, complex graphic modelling and visualization techniques, automatic vulnerability analysers and evaluators in compliance with SCAP (Security Content Automation Protocol) as well as many others.

ECONOMIC AND SOCIAL SUSTAINABILITY

NEtworked MOnitoring & COntrol Diagnostic for Electrical Distribution (NEMO&CODED)

Indra will coordinate a consortium of ten partners for the NEMO&CODED Project, which will focus on applications for electricity distribution, renewable energies and data centres.

The main goal of the project will be to identify, specify and develop elements that facilitate the implementation of dynamic energy efficiency services (efficiency contract) in a distributed structure for low voltage electricity installations in industrial and commercial areas and IT servers.

With respect to the telemanagement platform, a unique solution is expected to be developed that will form a key component of the smart grids of the future.



1.4 BUSINESS MODEL GLOBAL COMPANY

From the very start, Indra has been a company with strong international ambitions that have led it to make great efforts in terms of the development of in-house solutions with a high added value and the expansion of sales capacity. Today, Indra boasts a solid global position and a diversified international structure that combines presence in highly developed economies and in countries undergoing a huge process of development. This balance enables the company to face the current economic climate more effectively, as our growth in regions such as Latin America and Asia-Pacific is helping us to compensate for the downturn in the Spanish market.

Based firmly on strong organic growth and the competitiveness of its solutions and services, Indra must continue to strive to become a truly global company, both in terms of its commercial processes (contracting and sales) and production (development, operation and delivery of projects, as well as service provision), and also with regard to our most difficult task and biggest challenge, namely talent management and knowing how to attract the best professionals wherever they may be, retain them and convince them to develop their professional career with Indra.

COMMERCIAL PRESENCE IN OVER 110 COUNTRIES

Indra runs projects in over 118 countries and 43% of its sales revenue comes from international markets. Latin America currently represents the largest of these markets in terms of overall revenue (18% of the total) with a particularly strong presence in Brazil, thanks in part to the recent integration of the company Politec.

Indra has the capacity to continue growing in international markets and this is exactly where it intends to focus its efforts. Indra's target markets include both highly developed economies and others currently in a process of strong development, as these are the markets that present the highest demand for highly advanced technological solutions and services, such as those that Indra provides. In specific, we are referring to Europe, Latin America, the United States of America and Asia Pacific.

The challenge that Indra now faces and a great growth opportunity for the company in the medium term, is to become a global player in the main markets on the world stage and to do so in a recurring and sustained manner, not only for occasional projects that may in some cases be recurring, but rather as a permanent player competing in the main markets around the world.

This also forms part of our responsibility as leading technological partners for many of our clients who demand a supplier that can accompany them throughout their process of internationalization and offer them support anywhere in the world.

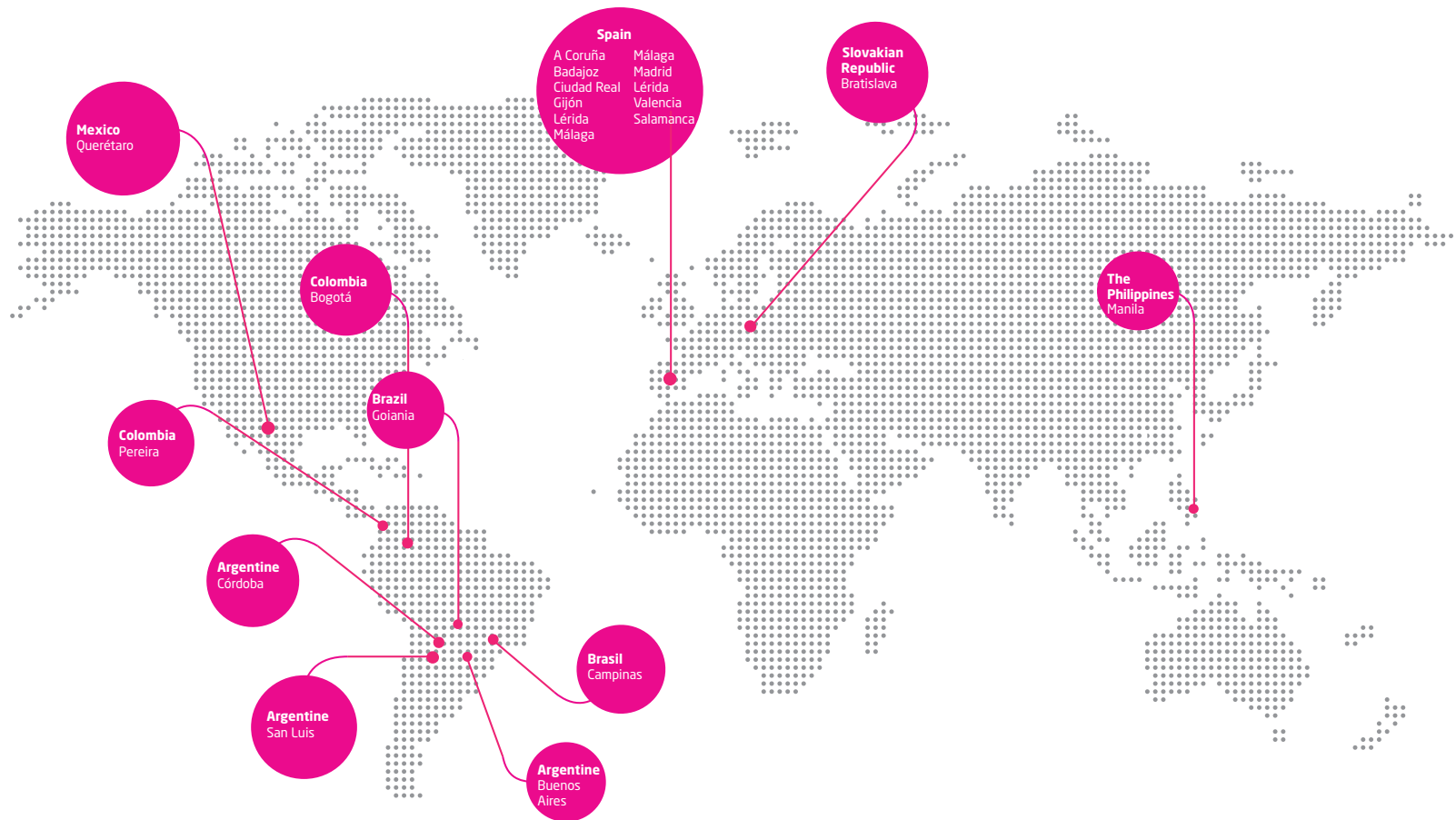
Our emphasis on solutions and ever greater capacity to develop our product and service range is what allows us faster and more effective access, in terms of gaining results quickly, when entering new international markets. The balanced and diversified structure of its product range enables Indra to implement an internationalization process, as a result of which it develops solutions in each location for those needs that exist in the markets with the highest potential.

GLOBAL DEVELOPMENT AND DELIVERY CAPACITY

The IT service sector is based on a key component of local service and resources that are in constant contact with the clients, which ensures a better understanding of the client's needs, a better level of customer service and better cultural alignment. At the same time, the introduction of efficiency initiatives in development requires the concentration and specialization of activities, which inevitably leads to delivery activities becoming increasingly separated, even geographically, from the development process.

In Indra's case, the company boasts a team of professionals in more than 40 countries that ensure delivery and client management capacity in the regions that they operate, while on the other hand, Indra's development capacity is concentrated in 20 centres located in 11 different countries.

This means that Indra implements consolidation and concentration processes of its development activities in work centres specialized in certain technologies or fields of knowledge, that are able to take advantage of the economies of scales that arise and enhance the efficiency of production.



As well as specializing in production, the Global Development Centres contribute to the deepening of our technological knowledge base and thereby enable us to access specific units of innovation that are completely focused on the development of our range of products and services. In other words, our Software Labs work as advanced laboratories that provide cutting-edge technology to develop tailored solutions for our clients.

Throughout 2011, our Global Development Centres Network continued to grow, reaching a total of more than 7,600 professionals, which give us a total capacity in excess of 13 million hours, working on the technology that is in the highest demand in the market.

In addition, at the start of 2012, Indra opened its twenty first Software Lab in its network of centres, located in the Columbian city of Pereira.

Continual improvement in the quality of development

The Global Development Centres implement a strategy of continual improvement in their software development processes, with the aim of reducing production and delivery time, lowering costs and increasing quality. This strategy includes a range of initiatives of industrializing production, code reuse, utilization of delocalized resources, etc.

In 2011 in particular, Indra strengthened its application of the CMMi model as a launch pad for quality in its development activities. The Multisite Certification that we were awarded last year guarantees that the whole Global Development Centre Network operates as a single Virtual Centre that shares a production model, methodology and tools. This allows us to minimize the obstacles encountered when working in centres in different locations and time zones and with cultural differences.

In addition, the company secured an important achievement in obtaining the CMMi maximum Level of Maturity (Level 5) qualification for the Software Engineering Unit. By implementing Level 5, Indra achieves greater stability and productivity in its developments and takes a significant step forward towards quantitative management, which is much more objective and results in greater satisfaction for our professionals and clients, as our satisfaction surveys indicate.

Indra's effort and determination in order to achieve Level 5 has been recognized with a distinction from the Spanish Quality Agency (AEC) in its CSTIC Awards for Quality 2011. The AEC awarded Indra's Software Labs a prize in the category of "Business improvement based on the use of ITC". This accolade is the result of Indra's commitment to quality, innovation and continual improvement which, founded on quantitative management, enables us to define processes, monitor them and predict their behaviour.

Achieving this level also demonstrates that Indra has effective procedures in place for project management and training its professionals, as well as having engineering techniques that ensure the quality of its software solutions and services. It is forecast that, in the short and medium term, other areas of Indra that are currently in the process of adjustment, will also achieve this high level qualification.

One of the fundamental factors that underlies our entire model and which has enabled us to make such progress is the Mind tool suite. Based on the ORIGIN R&D project (that takes its name from the Spanish acronym for 'Intelligent and Innovative Global Organizations'), which we worked on in 2010, Indra has developed and implemented its own in-house tool suite that enables an integrated approach to the entire management and technical cycle of operations. The Mind Suite, has two key objectives:

- Improving the management of production capacity in a global company, by enabling an organization's software factories that are distributed around the world to operate as a single Virtual Centre, both in terms of development activities and from the viewpoint of an organizational culture.
- Improving productivity by incorporating technology that facilitates improvements in reuse, traceability and knowledge management, and integrating analytical and predictive models for the behaviour of projects and organizations.

Last but not least, Indra Software Labs maintained the certification of its R&D&i management system (SIGDi) in compliance with the UNE 166002:2006 standard that it was awarded in 2010 and which reflects the systemization of its innovation activities.

HUMAN RESOURCES

The development of our talent capturing, retention and development capabilities in the different areas in which Indra operates, has been, without doubt, one of the keys to the internationalization of IT service activities. As mentioned above, IT service activities are founded to a great degree on a local service component that demands a human resource team in various locations. Today, Indra boasts a team of over 14,500 professionals outside of Spain, which has grown by over 75% over the last year. As a result, a significant part of the work in the field of talent management is focused on the globalization of the main Human Resource policies.



A solid culture of project management

Indra is keenly aware of the importance of achieving excellence in project management as it is the key to remaining competitive in an increasingly global market. With this in mind, Indra created the Corporate Project

Management Office in 2003 and developed its own in-house management methodologies and systems, in line with the PMBOK Guide and Standards published by the Project Management Institute (PMI).

In order to achieve its objective of building the best team of professionals, the company is firmly committed to training in this area. Since 2005, Indra has run annual programs for its professionals to attain PMP certification (Project Management Professional).

In 2007, Indra received recognition as being among the world's top 25 companies for its excellence, good practices and innovation in project management. This accolade came from the Magazine 'PM Network', which is the leader in its sector and is published by the PMI.

In 2009, Indra joined the PMI EMEA Corporate Networking Group and, in January 2011, the company became a member of the PMI Global Executive Council, a select group of companies whose project management practices set a global standard.

The company currently collaborates with the PMI in numerous capacities, such as its participation in the committees that draft and assess the PMI standards. Indra is also involved in drafting articles to be published in magazines and books, as well as in the sharing and disseminating of Indra's project management success stories.

During 2011, the following improvements and innovations in project management took place:

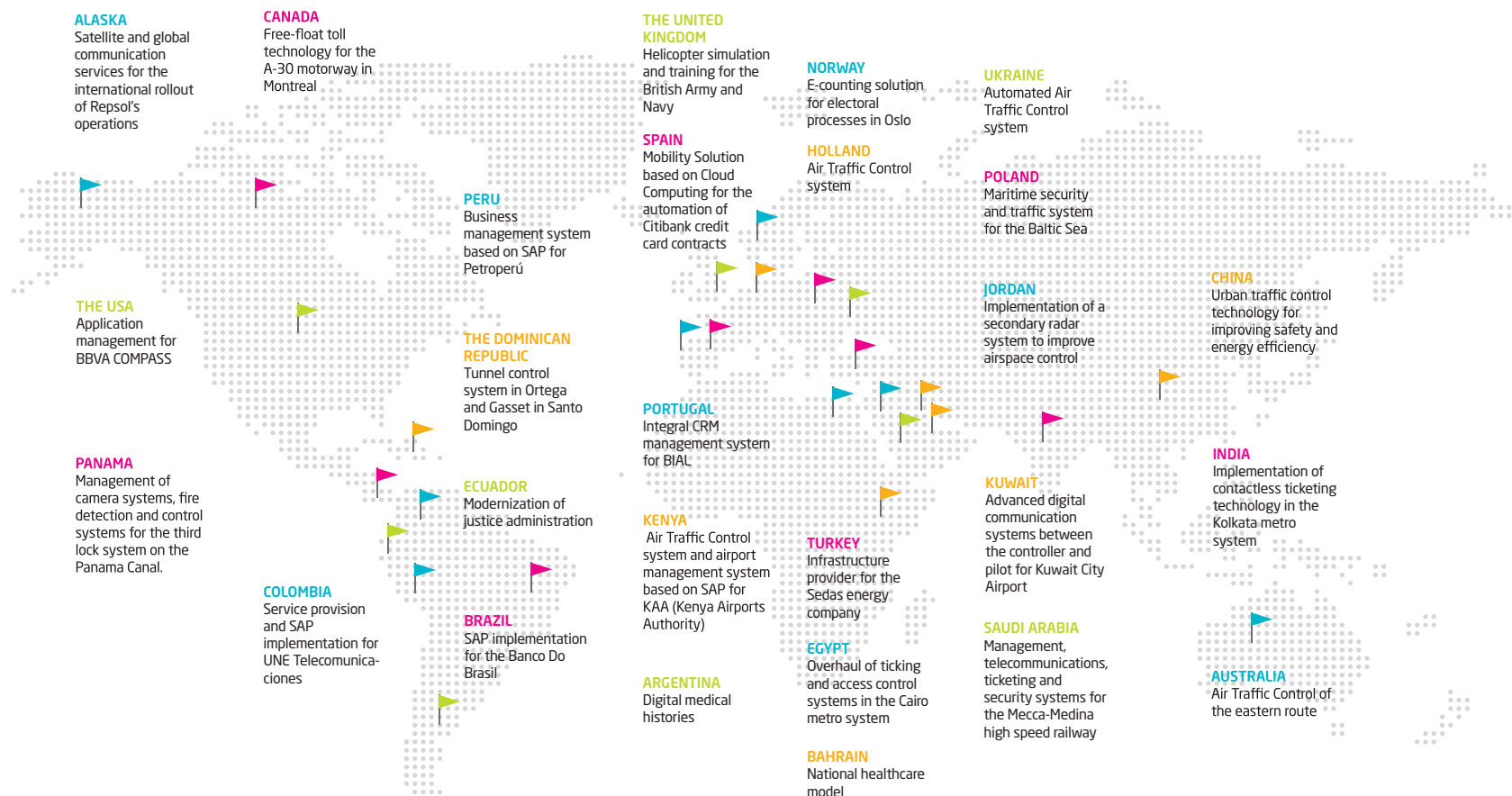
- Improvements in Management Methodology and Systems (MIGP): Indra incorporated new criteria and regulations for developing projects into its project management methodology. Based on these improvements, the company determined the requirements that enable the development of new tools.
- Strengthening the Knowledge Management of our professionals: Indra defined the training content and schedule for project management and rolled out its online training program for project planning, monitoring and improvement. This allows more flexible and wider access to the content and, as a result, facilitates the globalization of its application.

- An increase in the number of project management certifications and programs among our professionals: There was a 44% increase in PMP Certifications awarded by the PMI, increasing the 2010 total of 259 certified professionals to 372 at the end of 2011. In addition, Indra was the first ever company in Spain to be awarded the Program Management Professional (PgMP) certification, which recognizes experience, competency and skill in running multiple related projects in which resources are dedicated to achieving a strategic objective for the organization.
- Improved Risk Management: Indra consolidated and expanded the use of 'Qlik View', its performance indicator and balanced scorecard tool, to cover 70% of its projects overall. This tool enhances the visibility of risks in a project.

The following innovations are the main initiatives planned for the coming year:

- Overhaul of the project management framework methodology (MIGP and MIDAS) and the integration of systems engineering aspects in order to strengthen good management criteria in the fields of production and business in which Indra is a market leader.
- Building relationships with international forums that determine the best practices in the fields of engineering and software and systems. The aim of this initiative is to be at the forefront of the latest and most innovative developments in the field.
- Incorporation of new tools into Management Systems to enhance the overall management of the production development of solutions and services, in line with the strategy set out by the company.
- Creation and development of new areas of training: Multi-project management, which will give guidelines for effective resource management; Multinational project management, which sets recommended practices for company management at a global level.
- Approaching our target of 500 PMP certified professionals, which involves an ambitious training program.

MAIN PROJECTS IN 2011



	USA and Canada	Latam	Europe	Africa, Asia and Oceania
% revenues	1%	18%	73%	7%
Growth	+26%	+30%	-1%	+18%
% Workforce	0.3%	35%	63%	2%

1.5 BUSINESS MODEL SUSTAINABILITY

The capacity for innovation is the cornerstone of our Corporate Responsibility and sustainability. As a result, our focus on sustainability is firmly rooted in our vision of Corporate Responsibility which, after a process of consultation in 2004 with the involvement of the company's professionals, was defined in the following way:

“To be an innovative and knowledge-driven company in all our relationships with internal and external stakeholders (shareholders, employees, clients, etc.), with the institutions that help it to grow and develop, and with the communities in which we operate”.

INTEGRATED AND DECENTRALIZED MANAGEMENT

For us, Corporate Responsibility, as a means of ensuring our sustainability, must be integrated throughout the organization and aligned with our activity and targets. As a result, we have established a responsibility management system in Indra that is decentralized across the different management areas and incorporated throughout the organization.

The Nomination, Compensation and Corporate Governance Committee, which reports directly to the Board of Directors, is responsible for analysing Indra's Corporate Responsibility policies, regulations, procedures and practices. In addition, one of the functions of the Board of Administration itself is to approve the company's general Corporate Responsibility policies*.

In line with the requirements set out in the Global Reporting Initiative's Sustainability Reporting Guidelines (version G3.1), at Indra we state our management approaches explicitly in terms of our financial performance, environmental management, labour practices and work ethic, human rights and our impact on the community and society as a whole.

*For further information, consult the 'Governance Model' chapter of this Report.

MANAGEMENT APPROACHES

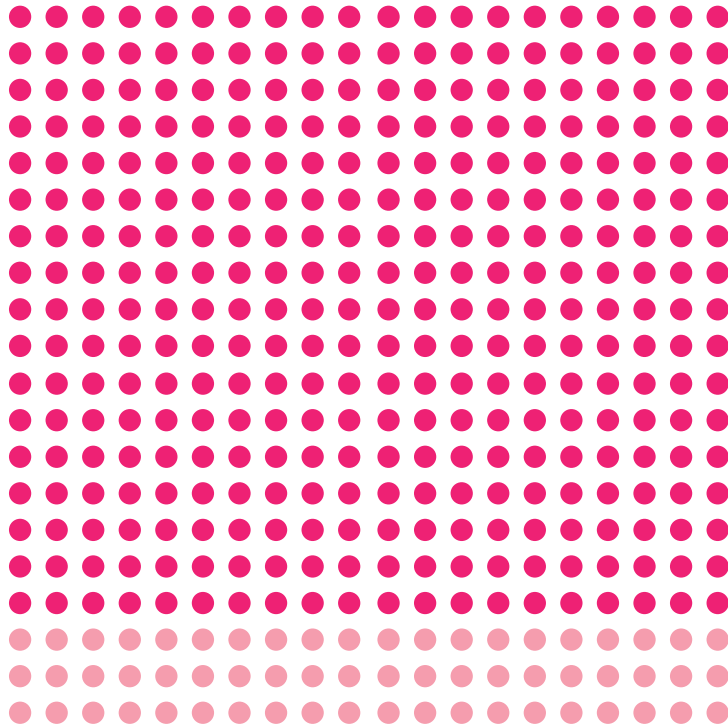
Financial Performance	Environmental Management	Labour Practices and Work Ethic	Human Rights	Community and Society
<p>Economic sustainability and profitability.</p> <p>Wealth creation for society.</p> <p>Financial management and transparency.</p> <p>Creation of local, knowledge-intensive employment.</p> <p>Building partnerships with knowledge providers and institutions for value creation.</p>	<p>Commitment to innovation for environmental sustainability.</p> <p>Minimizing impact of processes and systems.</p> <p>Progressive certification for all work centres.</p> <p>Reduction of consumption of energy and raw materials</p>	<p>Individuals as the driving force behind innovation.</p> <p>Talent capturing, development and retention.</p> <p>Diversity as a springboard for innovation.</p> <p>Code of Ethics and Professional Conduct</p>	<p>Endorsement of the Global Compact since 2004.</p> <p>Commitment to the Universal Declaration of Human Rights, the ILO Declaration and OECD Guidelines.</p> <p>Free market principles.</p> <p>Respect for the legal system in force in each country.</p>	<p>Innovation in technological solutions and services to contribute towards improving quality of life.</p> <p>Knowledge institutions as a strategic audience.</p>

Table: Summary of management approaches. For further information, go to: <http://www.indracompany.com/Sustainability-e-innovacion/>

Since 2007, we have been redefining these approaches through a process of consultation and participation with all the people responsible internally for managing relations with each group of stakeholders. This process has resulted in the update of our Corporate Responsibility Master Plan.

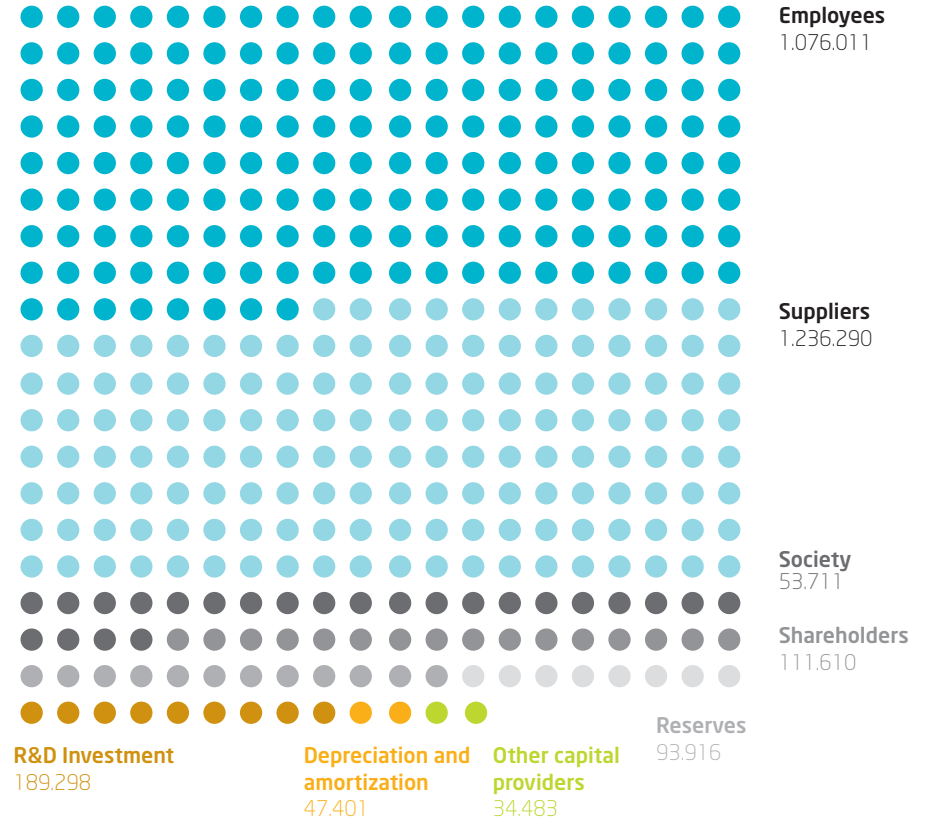
Economic value generated

Customers
2.688.495



Other net income
154.225

Economic value distributed and retained



Employees
1.076.011

Suppliers
1.236.290

Society
53.711

Shareholders
111.610

Reserves
93.916

R&D Investment
189.298

Depreciation and amortization
47.401

Other capital providers
34.483

(Amounts are in thousands of Euros)

The impacts of our activity

	Economic impact	Social impact	Environmental impact
	Our Businesses		
Transport and Traffic	<ul style="list-style-type: none"> Technology brings greater efficiency to our transport routes and it reduces administration costs. 	<ul style="list-style-type: none"> Mobility of people is a key aspect of sustainability Our accessible ticketing solutions confer mobility to people with disabilities. 	<ul style="list-style-type: none"> Efficiency in our transport routes translates into a reduction of our environmental impact with lower fuel consumption and CO2 emissions.
Energy and Industry	<ul style="list-style-type: none"> We provide solutions to energy and industrial companies which help them to become more efficient. 	<ul style="list-style-type: none"> We offer maintenance outsourcing and technological platform support to industrial and consumer goods companies so they can optimize their response to customer claims and enquiries. 	<ul style="list-style-type: none"> The greatest energy efficiency provided by our solutions is geared towards preserving natural resources. Our environmental solutions manage the protection of ecosystems.
Public Administration and Health	<ul style="list-style-type: none"> We provide solutions and services which help public administration to become more efficient. 	<ul style="list-style-type: none"> We provide solutions to those areas of high social impact such as electoral processes, health, employment, education, dependency, etc. We bring public administration closer to the people. 	<ul style="list-style-type: none"> Our Electronic Administration solutions cut paper usage and people's need to travel thanks to computerized processes.
Financial Services	<ul style="list-style-type: none"> We provide solutions and services which help financial services companies to become more efficient. 	<ul style="list-style-type: none"> We collaborate with social projects: rural employment support, Latin American microloans 	
Security and Defence	<ul style="list-style-type: none"> Our simulation services and products constitutes an important reduction of costs as well as an increase in security. 	<ul style="list-style-type: none"> We offer technology to provide security to citizens and infrastructures. Indra complies with Spanish legislation concerning defence material exports. 	<ul style="list-style-type: none"> Our space technology activities provide a huge variety of solutions and R&D projects which contribute to improving the environment.
Telecom and Media	<ul style="list-style-type: none"> We provide solutions and services which help telecommunication and media companies to become more efficient. 	<ul style="list-style-type: none"> Our DTTV services facilitate people's access to public administration and interactive audiovisual content. 	

Economic impact

Social impact

Environmental impact

Our Stakeholders

Shareholders

- We generate economic value for our shareholders.
 - Our business strategies are geared towards sustainability and long term benefits in order to maintain value growth.

- We constitute a socially responsible and environmentally friendly investment.

Employees

- We generate employment in the communities in which we operate.
 - We promote the hiring of local professionals.
 - Our policies for recruiting, retaining and developing talent are of key importance to our company.
 - We view diversity as a driving force behind innovation.

- We have employees in countries where human rights are not enshrined by law.
 - The highly-qualified nature of our professionals means that there is a low risk of violation of their human rights, but all the same, the company strives to minimize it.

- Worker commutes and business travel generate CO2 emissions
 - Indra follows a Mobility Policy aimed at maximizing efficiency in all travel.

Clients

- Our technology helps our clients to become more competitive and to achieve greater productivity.
 - We strive to maximize the value of our solutions and services, namely by substantial investments in R&D.

- IT Security is paramount for the sustainability of our activities.
- Some of our business activities are aimed at public administration clients in countries where there is a risk of corruption and bribery.
 - We constantly apply the best practices and certifications regarding IT Security
 - Our company has a Code of Ethics and Professional Conduct as well as a Compliance Program aimed at eliminating the risk of corruption.

- We create solutions in those areas that are beneficial for the environment: green building, energy efficiency, traffic management, electric cars, etc.

Suppliers

- Purchasing from local suppliers boosts economic development.
 - We favour local suppliers in all purchasing processes.

- Hiring suppliers generates indirect employment. Our value chain generates social impact.
 - We ask our suppliers to adhere to basic ethical principles.

- Our value chain generates environmental impact.
 - Indra includes environmental criteria in the pre-selection processes and in the assessment of suppliers.

	Economic impact	Social impact	Environmental impact
Partners	<ul style="list-style-type: none"> • Collaboration with our Partners is a key aspect of open innovation models. <ul style="list-style-type: none"> ➤ We follow a well defined policy of alliances. 		
Environment	<ul style="list-style-type: none"> • Technology has important potential for the improvement and preservation of the environment. <ul style="list-style-type: none"> ➤ Our company develops solutions and services with a high environmental value for our clients as well as for society in general. Indra is aware of the fact that improving the environment constitutes a business opportunity and so we develop solutions and services with this need in mind. 		<ul style="list-style-type: none"> • We consume high amounts of energy due to the extensive use of computer equipment, which translates into high indirect CO2 emission levels. <ul style="list-style-type: none"> ➤ Indra strives to minimize energy consumption and waste generation by means of various initiatives.
Knowledge Institutions	<ul style="list-style-type: none"> • Having the support of the business sector is essential for knowledge institutions. <ul style="list-style-type: none"> ➤ We support knowledge institutions by means of Collaboration Agreements and University Chairs. 		<ul style="list-style-type: none"> • We consume high amounts of energy due to the extensive use of computer equipment, which translates into high indirect CO2 emission levels. <ul style="list-style-type: none"> ➤ Indra strives to minimize energy consumption and waste generation by means of various initiatives.
Society	<ul style="list-style-type: none"> • Technology and innovation contribute to the social and economic development of a country. • Taxes related to business activities contribute to the economic sustainability of those communities in which we operate. <ul style="list-style-type: none"> ➤ We have a solution plan for sustainability that includes all our products and services that are of social and environmental value. ➤ Our Accessible Technologies Chairs are aimed at reducing the digital divide of people with disabilities. ➤ Our presence in countries considered tax havens is solely for commercial purposes. 	<ul style="list-style-type: none"> • Technology and innovation contribute to the social and economic development of a country. <ul style="list-style-type: none"> ➤ We have a solution plan for sustainability that includes all our products and services that are of social and environmental value ➤ Our Accessible Technologies Chairs are aimed at reducing the digital divide affecting people with disabilities. 	

MAIN SUSTAINABILITY RECOGNITIONS

Summary of the external assessments of Indra's corporate responsibility

	Indexes	Comments
Dow Jones sustainability indexes Member 2011/2012	Dow Jones Sustainability World Index. Dow Jones Sustainability Index STOXX	Members since 2006. Leaders of the 'Computer Services and Internet' Subsector in 2007, 2008 and 2010.
VIGEO	Aspi Eurozone	Members since 2008.
OEKOM	Global Challenges Index	Members since 2010. B Prime Rating.
STOXX	STOXX Global ESG Leaders	Members since 2011.

Summary of reputation monitors

	Monitor	Comments
MERCO	Spanish Corporation Reputation Monitor (MERCO)	Merco COMPANIES: Position 27 (24 in 2010) Merco LEADERS: Position 44 (28 in 2010) Merco PEOPLE: Position 32 (47 in 2010)

Summary of awards and accolades

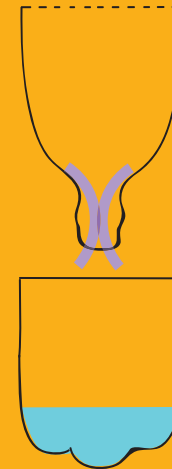
	Awards and Accolades	Comments
WORLD'S MOST ETHICAL COMPANIES RANKING	Among the world's 110 most ethical companies.	Awarded by the Ethisphere Institute.
SAM	Silver Class	Awarded by the SAM Sustainability Yearbook.

Summary of assessments by corporate responsibility observers

	Points and rank	Main conclusions
<p>THE CORPORATE SOCIAL RESPONSIBILITY OBSERVATORY (Observatorio de la Responsabilidad Social Corporativa)</p>	<p>2011: 7th position. 1.77 points out of 4 2010: 9th position. 1.66 points</p>	<p>The report recognized improvements in the Corporate Responsibility content of Indra's Annual Report, mainly with regards to the impact of the company's activities. However, it was critical of our Report's disproportionate focus on positive aspects.</p> <p>Among the potential areas for improvement, the report highlights:</p> <ul style="list-style-type: none"> • Impacts of our activity that have not been considered. • More information for each country. • Better integration of the relevant financial indicators in the Annual Report. <p>The present report gathers information about certain developments aimed at improving these areas.</p>
<p>THE BUSINESS SOCIAL RESPONSIBILITY OBSERVATORY (Observatorio de la Responsabilidad Social Empresarial)</p>	<p>2011: 3rd position. 66 points out of 100 2010: 3rd position. 61 points out of 100</p>	<p>The areas in which Indra received the highest ratings include:</p> <ul style="list-style-type: none"> • General efforts in investment and R&D and promotion of sustainable use of natural resources. • Environmental Management Systems. • CSR Management System. <p>The main areas for improvement, on the other hand, included:</p> <ul style="list-style-type: none"> • Equal opportunities and the elimination of all forms of discrimination. • Salaries and social benefits, economic participation and equity. • Responsible behaviour in all countries and contributions towards reaching the development targets set by international institutions.

BUILDING A SUSTAINABLE
PROJECT BASED ON
CONTINUOUS INNOVATION.

**THAT'S A REAL
CHALLENGE.**



02

Governance Model Excellence and sustainability

**Governance
Bodies**

**Role of the Board
of Directors and its
Committees**

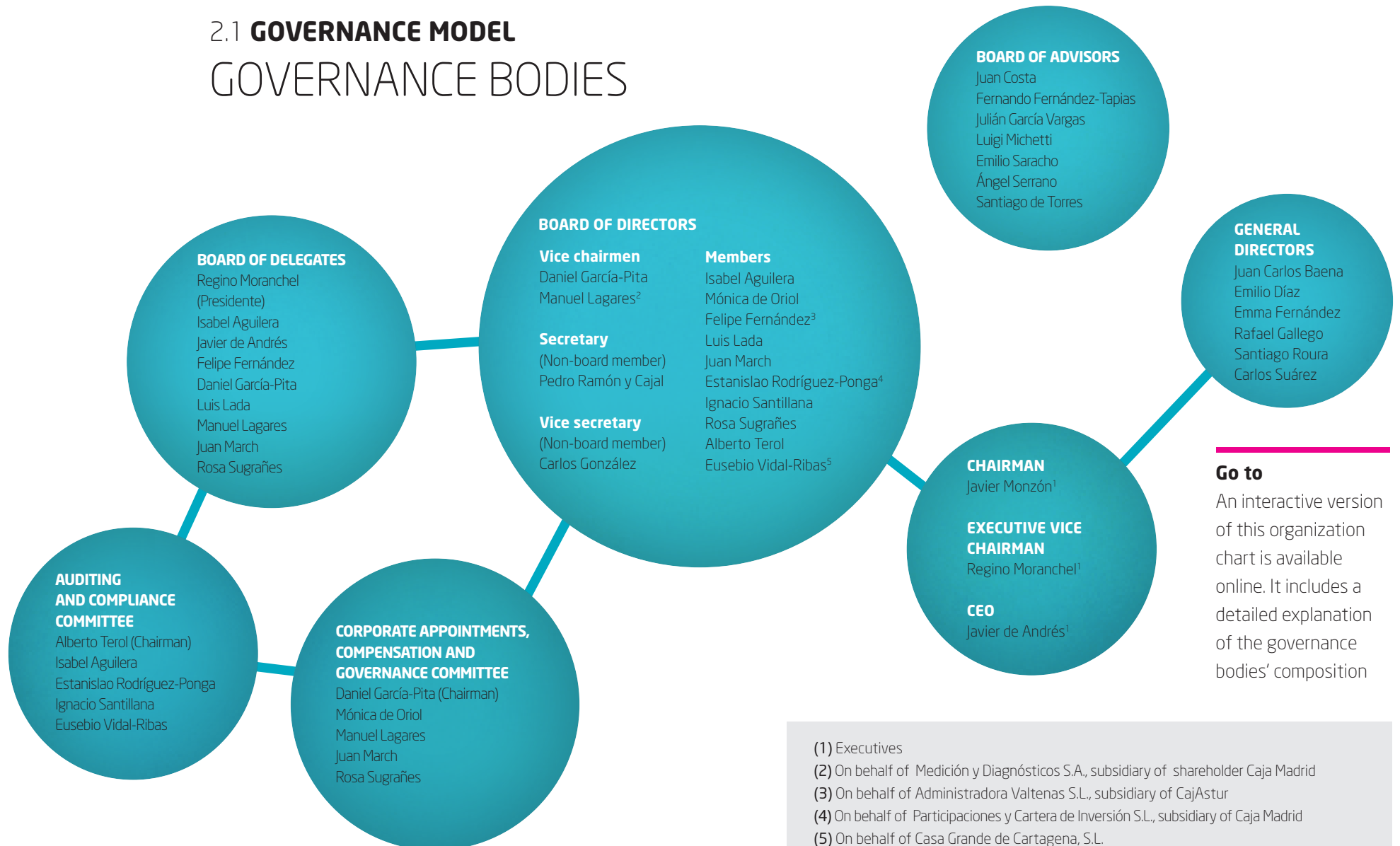
**Remuneration
Model for the
Board of Directors**

**Internal Control
and Auditing**

Our Commitments

2.1 GOVERNANCE MODEL

GOVERNANCE BODIES



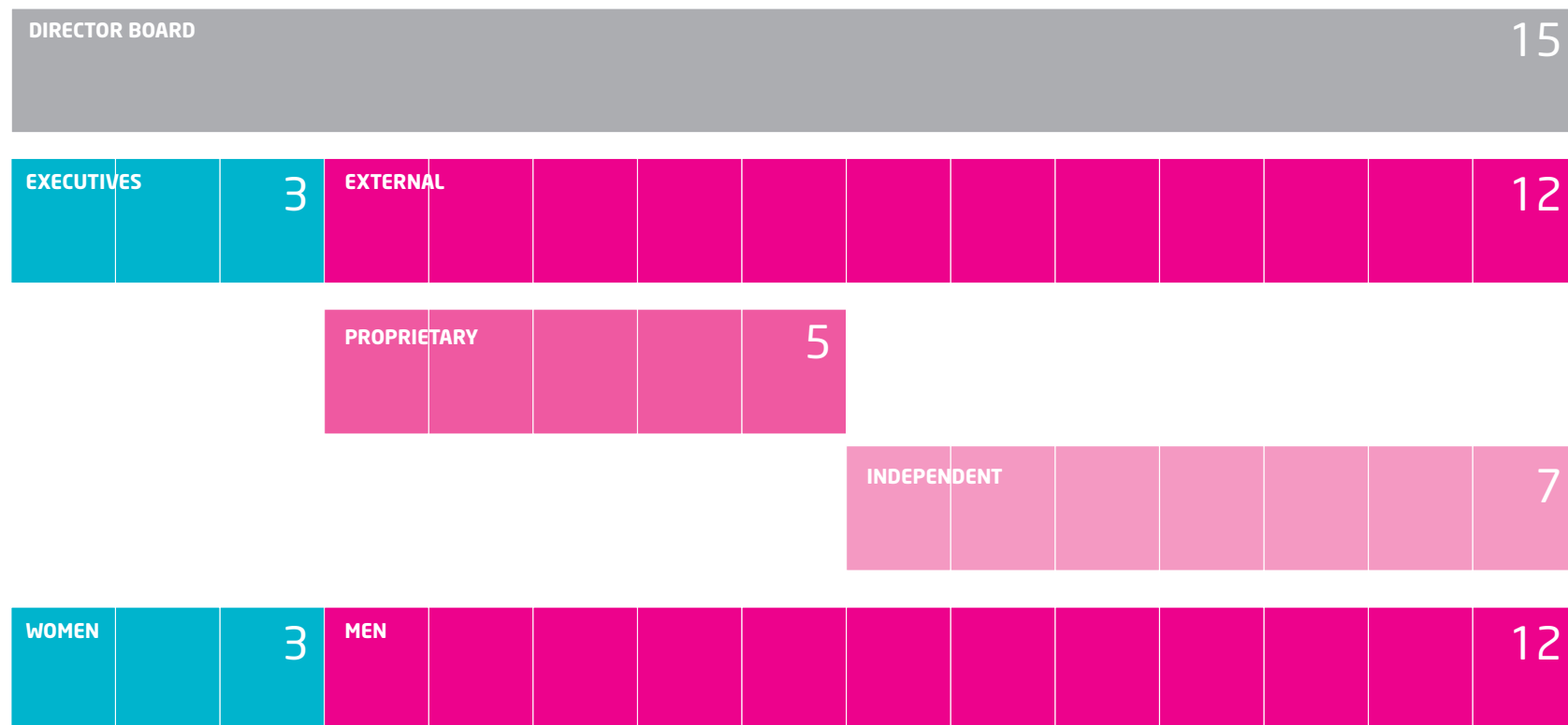
Go to

An interactive version of this organization chart is available online. It includes a detailed explanation of the governance bodies' composition

- (1) Executives
- (2) On behalf of Medición y Diagnósticos S.A., subsidiary of shareholder Caja Madrid
- (3) On behalf of Administradora Valtenas S.L., subsidiary of CajAstur
- (4) On behalf of Participaciones y Cartera de Inversión S.L., subsidiary of Caja Madrid
- (5) On behalf of Casa Grande de Cartagena, S.L.

Composition of the Governance Bodies on the 31st December 2011

DIRECTORS' BOARD COMPOSITION



Shareholding and the capital stock

Indra's capital stock totals €32,826,507.80 made up of 164,132,539 common shares with a nominal value of €0.20 (20 euro cents) each. There are no provisions in the company's statutes or by-laws, nor in the Delegates' or Board's Charters nor any regulation established by the company, that limit the acquisition of a significant share of the company's stock, exercising the corresponding share voting rights (each share has a corresponding voting right) or the appointment or dismissal of directors by the General Shareholders' Meeting.

The statutory obligation that required the title of at least one hundred shares in order to be entitled to attend the General Shareholders' Meeting was eliminated in 2011, meaning that any shareholder may now attend the said meeting.

All of the shares are listed on Spain's four stock markets; Madrid, Barcelona, Valencia and Bilbao. The common stock has been listed on the market without interruption since 23rd March 1999. The exchange codes on Reuters and Bloomberg are IDC.MC and IDR SM, respectively.

Indra has been listed on the selective IBEX 35 Index since 1st July 1999. It is also traded on some of the main international exchanges such as the FTSE eTX, Dow Jones Global Index and the MSCI. In addition, in 2006, Indra stock started to be listed on the Dow Jones Sustainability World Index (DJSWI) and Dow Jones STOXX Sustainability Index (DJSI STOXX), which select companies that make the greatest efforts to incorporate sustainability criteria to their operations, chosen from among the largest companies in the world and also specifically in Europe.

SHAREHOLDER STRUCTURE

The company does not keep a register of shareholders, which means that it is only possible to establish the composition of the company's shareholding from the information that the shareholders declare directly or that they make public in compliance with the current regulation on significant shareholders (under which it is compulsory to declare all holdings that are in excess of 3% of the company's capital stock), and based on the information provided by Iberclear. All of this information is compiled by the company for the General Shareholders' Meeting.



2.2 GOVERNANCE MODEL

ROLE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

MISSION OF THE BOARD OF DIRECTORS

Without prejudice to the powers of the General Shareholders' Meeting, the Board of Directors is the company's highest ranking administrative body.

The Board focuses its activities on the general function of supervision, monitoring the executive bodies and the Management Team that are responsible for the everyday running of the company, and ensuring that they act in line with the approved strategies and following the set targets.

The Board may not delegate any powers which it is required by law or statute to perform itself. Additionally, the Board may not delegate other powers necessary for the proper performance of its general supervision, such as the approval of:

- a) General Company strategies and, where appropriate, specific strategic plans, including annual budgets and targets.
- b) General risk management policy and the creation of control and information systems adapted to this policy.
- c) General policy regarding financing and treasury share and dividend policy.
- d) The overall corporate structure which the Company shall use in order to accomplish its work.

e) Operations involving the acquisition and disposal of Company assets and their equivalent corporate transactions, for amounts over 30 million euros.

f) Related-party transactions, as defined by law and the provisions set forth in these Regulations.

g) The creation or acquisition of shares in special purpose entities or entities based in countries or regions considered as tax havens, including any other similar transactions that may reduce the transparency of the group.

h) Company policy on information and communication with shareholders, markets and general public opinion, in particular:

- i) The formulation and approval of information published annually by the Company, along with the Annual Accounts subject to approval by the General Shareholders' Meeting.
- ii) The approval of financial information the Company has to publish periodically in accordance with the current legislation.
- i) Directors' remuneration proposals and the determination of the resulting amounts in accordance with the Company's bylaws and the relative General Shareholders' Meeting resolutions.

j) The appointment, terms and conditions of contract, particularly including indemnity clauses, remuneration, dismissal and control of Senior Management.

k) General Corporate Responsibility policies.

l) Policies regarding Corporate Governance and the rules governing the internal operations of the Board and its Committees, including any evaluation of the quality and efficiency of its functions and activities.

m) Any other aspect specifically set forth in the Board's Charter.

Rules of organization and operation, and responsibilities of the Committees of the Board

In accordance with article 17 of the Board's Charter, for anything not set forth in this Charter, the Committees will regulate their functioning and will appoint a Chairman from among their members. Committee secretary roles will be filled by the Secretary or Vice Secretary of the Board.

The Committees will be called to meet by their Chairman, and they must do so at the request of the Chairman of the Board, the Vice Chairman of the Board or half plus one of the Committee members.

The Committees must keep the Board informed of the matters discussed and the resolutions adopted at the meetings. To this end, the Chairman of each Committee must report on the proceedings of the first meeting of the Board after the corresponding Committee meeting. With the exception of the Board of Delegates, all decisions made by the Committees must take into consideration any proposed resolutions or reports for the Board.

The constitution of each Committee will be considered valid with the majority of its members present either in person or in representation. Resolutions must be adopted by majority vote. If voting should be tied, the chairman will have the deciding vote.

The Committees must draw up an annual Action Plan and an ordinary meeting schedule, taking into account that other meetings of an extraordinary nature may be held. They must also draw up an activity report. The Board must be informed of all such documents.

The Committee meetings must be attended by any member of the Company Management Team or staff whose presence is requested by the Chairman of the corresponding Committee, and must cooperate and provide access to information that may be available to them. Committees may also request the attendance at their meetings of external auditors responsible for the Company accounts. In order to carry out their functions correctly, the Committees may request consultancy from external professionals.

THE BOARD OF DELEGATES

The Board of Delegates is composed of nine members (article 18 of the Board's Charter provides that the number of Directors be determined in each case by the Board, with a minimum of four and a maximum of nine).

The qualitative composition of the Board of Delegates must reasonably reflect the composition of the Board with an established appointment of roles between the different categories of Directors.

The appointment of members of the Board of Delegates and the permanent delegation of powers therein by the Board must receive the vote of at least two thirds of the Board members. Said powers may include all powers of the Board except for those that are non-delegable according to the law, the bylaws and article 5 of the Board's Charter.

As previously mentioned (see 'Mission of the Board of Directors'), article 5 of the Board's Charter establishes that the Board may not delegate any powers which it is required by law or statute to perform itself, or any other powers necessary for the proper performance of its general supervision.

If made necessary by the importance of the case, at the judgement of the Chairman or one third of the Members of the Board of Delegates, resolutions adopted by the Committee in exercising its delegated powers will be subject to the ratification of the entire Board. This will also apply for any matters the Board should send to the Board of Delegates for examination, who will hold the final decision in regard thereto. In any other case, the resolutions adopted by the Board of Delegates will be valid and binding without the need for further ratification by the entire Board.

AUDIT AND COMPLIANCE COMMITTEE

The Audit Committee is composed of 5 members (article 31 of the Company's Bylaws establishes that the Audit Committee will be composed exclusively of external Directors, with a minimum of three and a maximum of five). Three of the members must be independent Directors.

The Chairman of the Committee must be an independent Director, who must be replaced at least every four years and may be re-elected after a period of one year following the moment they left office. The Chairman must be appointed taking special account of their knowledge, aptitude and experience in the matters relating to the functions of the Committee.

In the absence of the Chairman, meetings will be chaired by an independent Director named by the Committee and, in their default, by any Director named by the Committee.

The responsibilities and functions of the Audit and Compliance Committee are listed in article 31 of the Corporate Bylaws:

- a) Report to the General Shareholders' Meeting on those matters posed by shareholders at said Meeting which fall within the scope of the Committee's competences.
- b) Oversee the effectiveness of the internal control system of the Company, internal audit, and risk management, as well as discuss with the external auditors any significant weakness in the internal control system detected during the audit.

c) Supervise the creation and presentation of regulated financial information.

d) Submit to the Board of Directors for its consideration at the General Shareholders' Meeting, proposals for the appointment of the external auditor as well as terms of engagement, the scope of the professional mandate and, if appropriate, the revocation or non-renewal their contract.

e) Liaise directly with the external auditors and evaluate the progress and results of their work, paying special attention to those issues that may jeopardize the auditors' independence and any other issues related with the development process of the financial audit, as well as any other communications set forth in the applicable law regarding financial audits and in audit standards. In all instances, the Committee shall receive written confirmation from the external auditors each and every year that they are independent of the Company and any directly or indirectly related entities, as well as reports of additional services rendered by the auditors to said entities or by persons or entities related to the auditors in accordance with the law regarding auditing.

f) Issue an annual report, prior to the issue of each account's audit report, in which the Committee expresses an opinion regarding the independence of the external auditors before the auditors' report is published. This report shall cover the rendering of services referenced in the previous paragraph.

In addition to the functions it is assigned by Company's Bylaws, the Board's Charter assigns the following functions to the Audit and Compliance Committee:

a) Serve as a channel of communication between the Board and external auditors, from whom it will receive regular information on the audit plan and the results from the implementation thereof. It must also evaluate the Management Team's responses to external auditor findings and will arbitrate in the event of any discrepancies in relation to the principles and criteria applicable to the preparation of financial accounts. The Committee should encourage the auditors of the head company of the group to assume the responsibility of the auditors from all the companies therein.

b) Inform the Board, prior to its adoption of the corresponding decisions, of the creation or acquisition of holding companies or companies based in tax havens, and of any other transaction or operation that may reduce the transparency of the Company.

c) Check news circulars for admission of stocks to trading.

d) Inform the Board, prior to its adoption of the corresponding decisions, of any financial information that, due to its listed status, must be published by the Company periodically. The Committee must ensure all quarterly and six-monthly accounts are drawn up following the same accounting criteria as the annual accounts.

e) Establish measures for preserving the independence of external auditors and, to that effect:

i) Notify the Board of any change of auditor as a significant event, accompanied by a declaration of the existence of disputes with the departing auditor and, where appropriate, describing their content.

ii) Ensure that both the Company and auditors respect the current legislation regarding the provision of services other than auditing, in accordance with the provisions of article 43 of these Regulations.

iii) In the event of resignation of external auditors, examine the circumstances that may have caused it.

f) Monitor the fulfilment of the audit contract, ensuring that the forecast for the annual accounts and the main content of the audit report are drawn up clearly and precisely.

g) Maintain the independence and efficacy of the internal auditing function; propose the selection, appointment, re-election and removal of the internal auditing manager; propose a budget for the service; receive regular information on its activities; and check that Senior Management takes the conclusions and findings of its reports into account.

h) 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.

i) Take into consideration any suggestions on Committee-related matters brought forward by Company shareholders, Directors and Senior Management.

j) Exercise all other functions attributed to it by these Regulations or by the Board of Directors.

In compliance with the amendments introduced by the Law 12/2010 of 30th June in the Audit Law and the Securities Market Law, the Shareholders' General Meeting of 2011 approved the amendment of the Company's Bylaws and the Board's Charter to adapt the competences of the Audit Committee to the new changes introduced by these regulations.

NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination, Compensation and Corporate Governance Committee is composed of five members (article 20 of the Board's Charter establishes that this Committee must be made up exclusively of external Directors, with a minimum of three). Of the five members of this Committee, the majority (3) must be independent Directors.

The Committee Chairman must be an independent Director. In the absence of the Chairman, meetings will be chaired by an independent Director appointed by the Committee. In any case, the Chairman of the Board, if executive, or the Chief Executive Officer must be consulted and called to meetings of the Committee concerning matters relating to Senior Management other than themselves.

Without prejudice to any other duties assigned by the Board or the present Regulations, the Nomination, Compensation and Corporate Governance Committee must perform the following functions:

a) Report on the composition of the Board of Directors, the professional profiles necessary for the Board and its member selection criteria. The Committee must ensure its selection criteria follow criteria that promote general diversity in the composition of the Board.

b) Evaluate the suitability of the knowledge, aptitudes and experience of the persons put forward to form part of the Board and the different Committees in relation to the profiles required, as well as the satisfaction of requirements depending on the nature of the Director involved. The Committee must consider any suggestions for candidates to cover Board vacancies put forward by the other members of the Board.

c) Submit to the Board, prior to the re-election of Directors, a report on their previous performance in the role.

d) Check, on an annual basis, that the characteristics of each Director's appointment are retained, which should be mentioned in the Annual Report on Corporate Governance.

e) Submit reports to the Board on the process of succession of the Chairman and Chief Executive Office, and monitor Senior Management succession plans.

f) Report proposals for appointments or removals of the Secretary and Vice Secretary of the Board.

g) Report on proposals for appointment or removal of members of the Board of Advisors. Bring proposals for internal rules governing the workings of the Board of Advisors.

h) Put forward proposals to the Board, within the deadlines specified in the Bylaws and by agreements made at the General Shareholders' Meeting, on the system, components and quantity of the Directors' remuneration. It must also report on the remuneration of the Secretary, if such role should not be filled by a Director.

i) Inform the Board of proposals for appointments and removals of Senior Management and report, prior to approval by the Board, their terms of payment and the terms and conditions of their work contracts with the Company, including indemnity clauses for eventual severance.

j) Submit a report to the Board on the annual evaluation of the performance of Senior Management, including the Chairman, if executive.

k) Before final drafting by the Board, present an annual report on remuneration policy to be submitted to the General Shareholders' Meeting, in accordance with the provisions of article 29 of these Regulations, as well as any information made public by the Company relating to remuneration.

l) Submit a report to the Board on the annual evaluation of the Chairman of the Board.

m) Notify the Board in advance of any transactions connected to Directors, significant shareholders or shareholders with representation on the Board, Senior Management, or any person associated with them, which must be subject to the approval of the Board.

n) The periodic review of policies, rules, procedures and practices of the Company's Corporate Governance and Corporate Responsibility, and their degree of compliance with standards, recommendations and national and international best practices in these areas.

o) Annually evaluate the efficiency of and compliance with the Company's rules and procedures of Corporate Governance and revise all related information in advance, which the Board must then approve and include in its annual public report.

p) Submit any changes to the Board that it considers necessary to Company rules on Corporate Governance, indicating the reasons for such changes.

q) Prior to its approval, submit any information to the Board that is to be made public by the Company in relation to matters concerning the Committee.

r) Take into consideration any suggestions on Committee-related matters brought forward by Company shareholders, Directors and Senior Management.

For more information on Indra's Government Bodies and their functions, see <http://www.indracompany.com/accionistas/organos-de-gobierno>

2.3 GOVERNANCE MODEL

REMUNERATION MODEL FOR THE BOARD OF DIRECTORS

Process for establishing remuneration for the members of the Board of Directors

The process for establishing remuneration for members of the Board of Directors starts with a proposal by the Nomination, Compensation and Corporate Governance Committee, (within the limits established by the Company's Bylaws and the General Shareholders' Meeting), to the Board about the system, components and amount of remuneration of the Directors, using external consultancy, if it is considered necessary. The Board, after analysing the proposal of the Committee, will send the terms and conditions to the General Shareholders' Meeting for approval. Once it has been approved, the Board will distribute among its members the overall maximum remuneration fixed by the Meeting, in accordance with the criteria approved by the Board, which the General Shareholders' Meeting has detailed information about.

Upon completion of the three year period for which the compensation plan had been established, and after receiving a report from the Nomination, Compensation and Corporate Governance Committee, in 2011, the Board of Directors carried out a new analysis of the good corporate governance criteria which currently predominate in the area of compensation, as well as those which are most common in companies comparable to Indra. For proper assembly of those criteria, it relied on advice from the independent firms of experts in this matter Egon Zehnder and PwC

After this analysis, it was concluded that nowadays the preferences of investors and shareholders, as well as recommendations in this field, generally advise against compensation plans which incorporate components tied to profits and stock value for Directors other than Executive Managers, in order to break the link between remuneration of the Board and short term management.

For that reason, and after receiving a report from the Nomination, Compensation and Corporate Governance Committee, the Board considered it appropriate that the new compensation plan eliminate profit sharing and base compensation upon a fixed amount determined by the duties discharged by each Director, and that all compensation be paid in cash.

As a result, in 2011 the Board adopted several agreements relating to remuneration of the members of the Board. Firstly, it approved the modification of article 27 of the Bylaws in order to eliminate profit sharing as remuneration, and secondly, it established that the maximum annual amount for all compensation to the Board will not exceed €2,400,000. The said amount is to remain effective indefinitely, until a new resolution at the General Shareholders' Meeting.

The maximum annual amount of €2,400,000 approved by the Meeting is the equivalent of multiplying the maximum number of Directors provided for in the Bylaws (16) by the referenced amount of €150,000, the average annual compensation per Director.

Subject to the fixed amount of €2,400,000 approved by the General Shareholders' Meeting, the Board of Directors determined that the amount is to be distributed in the following manner: €100,000 for membership to the Board; €30,000 for membership of the Board of Delegates; €50,000 for membership to the Audit and Compliance Committee; and €30,000 for membership on the Nomination, Compensation and Corporate Governance Committee. The Chairs of each committee will receive 1.5 times the indicated amounts.

These amounts establish an average annual remuneration per Director of approximately €150,000, against the €140,000 provided in the previous period (2008-2010), which represents an annual increase of 2.3% on the average remuneration per Director since 2008.

Without prejudice to the fact that all Board compensation be paid entirely in cash, all of the Directors have formalized their commitment to dedicate a significant portion of their compensation (one-third of gross compensation, which amounts to about 50% of net pay for a natural person Director) to the purchase of Indra shares, with the commitment to maintain ownership of them until the end of their term in office. This decision was announced to the National Securities Market Commission by filing a Notice of Relevant Fact dated 28th July 2011, and it was implemented accordingly in all matters concerning remuneration throughout 2011.

Receipt of the compensation described above and as provided for in the Bylaws is consistent with and independent of the salary received by Executive Directors by virtue of their employment relationships with the Company.

The relevant clause in the Company Bylaws, article 27, states that Directors receive fixed compensation which may not exceed in total the maximum amount set at the Shareholders' Annual Meeting. It is up to the Board to decide, subject to that limit, the amounts to be received by each Director as well as the bases for and dates of payment.

This article provides that, independent of the above mentioned compensation, the General Shareholders' Meeting may agree to deliver shares, share options, or any other compensation tied to Company share value to Directors in accordance with current applicable laws.

Finally, it is the Company's intention that the remuneration provided for in prior paragraphs is compatible with, and independent of any salaries, retributions, indemnities, pensions or compensation of any kind established, in general or in particular, for those members of the Board of Directors who have an employment relationship with the Company, whether typical or special in the case of senior management, or for the rendering of services, when such is compatible with their status as members of the Board of Directors.

For more information, Indra publishes an Annual Report on Remuneration Policy, available at the following address:

<http://www.indracompany.com/accionistas/informe-anual-sobre-politica-retributiva>

2.4 GOVERNANCE MODEL

INTERNAL CONTROL AND AUDITING

Since 1999, Indra has had an Audit and Compliance Committee whose functions include, among others, supervising the efficiency of the internal control system of the Company, internal auditing and risk management systems, as well as discussing with external auditors any significant weaknesses identified in the internal control system during the auditing process.

In the chapter 'Functions of the Board and its Committees', there is a description of the functions of the Board. For more information see: <http://www.indracompany.com/accionistas/organos-de-gobierno>

For more detailed information on the activities of the Audit and Compliance Committee throughout the year, please refer to the Annual Report of the same committee, available at: <http://www.indracompany.com/accionistas/memoria-anual-de-la-comision-de-auditoria>

Internal audit

Indra has an Internal Audit function which reports to the Audit and Compliance Committee. It reviews the different processes of the company, be they operational or corporate, in order to ensure that the controls it has in place to eliminate the risks inherent to the company are sufficient and effective.

The Committee is responsible for supervising the functioning of the Internal Audit process of the Company, and for reviewing the appointment and replacement of those in charge of said Audit.

The Internal Audit reports to the Committee regarding the degree of implementation of those recommendations made as a result of previous reviews, as well as those recommendations still awaiting implementation and their expected time frames.

As part of this supervisory work, during 2011, the Committee reviewed the Annual Internal Audit Report for the fiscal year 2010 and periodically evaluated the actions carried out and reports issued by the Internal Audit Department on the review of the various organizational areas and management and control processes of the Company, for which purpose the Internal Audit Director appeared before the Committee on three occasions during 2011.

The Committee also approved the Annual Internal Audit Plan for 2011 and the proposal for its implementation presented by the person in charge of this function in order to adapt to the requirements of the Internal Control System for Financial Information (SCIIF). It also analysed the adaptation of the Internal Audit Manual to include the functions of the new Risk Management Department.

Regarding work done during 2011, particularly important projects included the evaluation of the controls related to the SCIIF, review of project management processes and review of international affiliates.

Internal control and risk management systems

Another responsibility of the Internal Audit Committee is to stay informed of financial information and verifying the suitability and accuracy in the processing of this information, as well as in the proper functioning of the internal control and risk management systems of the Company.

Within the context of these tasks, the Committee meets with those in charge of the various functional areas of the Company in order to be informed of the status and workings of these areas, as well as to oversee the functioning of the information and control processes. At these meetings, in addition to being informed about the above matters, the Committee engages in active supervision, making recommendations to improve the internal control and risk management processes and systems developed by these areas.

Global Risk Management

In 2010, a new Global Risk Management Department was created. This new department has the following responsibilities:

1. Evaluate risk detection within the organization.
2. Define actions to be taken in order to manage risks.
3. Report on risk levels to which the Company is exposed and the impact of said risk on the Company.
4. Supervise indicators, controls and parameters of risk.

The main objective of this Department during the fiscal year 2011 was the review of the control systems for financial information in order to comply with the recommendations established by the National Securities Market Commission in the Expert Group Report about internal control of financial information (SCIIF) in listed companies.

The Commission approved the design, implementation and supervision procedures of the Internal Control System for Financial Information (SCIIF) which are part of the analysed model, and which are reviewed by an external auditor by voluntary request of the Company.

Additionally, the Committee evaluated the Risk Map update presented this year, paying special attention to those risks which, were they to materialize, would have the greatest impact on the company.

Moreover, the Committee analysed the updated Risk Map that had been presented during the financial year, paying particular attention to the risks which, if the threat were to occur, would have the greatest impact on the organization. The Action Plan was also approved for the risks with the greatest potential impact and probability with a medium level of management.

Insurance Management

Indra has a General Insurance Plan which synthesizes the various modes of insurance policies taken out (equity/operational, civil liability, transport and goods, and policies covering employees), coverage provided, premiums charged and policy limits, applicable preventive measures, the loss indices for each modality, and management of insurance internationally. In 2011, some preventative actions were of special significance, such as security audits, which involved most of the company departments, and the installation of devices for the prompt detection of accidents.

Corporate Control

The Department of Corporate Control introduced several improvements in the control systems in 2011, with following being particularly significant:

- Adaptation of the control systems to improve support to the international activities of the company, by means of establishing usage ratios which facilitate monitoring by country and region.
- Incorporation of new functionalities to the 'Gestiona' management tool for operation control in order to facilitate multi-company and intercompany control, as well as project management, which produce very useful data. Visa and authorization processes were unified and improvements were made to the monitoring and control of working capital.
- Standardization of corporate systems usage in international subsidiaries. A specific 'Gestiona' module was created for smaller subsidiaries that do not warrant the investment required.

Project Management

As described in more detail in the 'Clients' chapter of the present Annual Report, Indra has its own Project Management Methodology (MIPG) which, among other functions, allows for the management of those risks associated with operations.

In 2011, efforts were concentrated around three main areas: making improvements to Indra's Project Management Methodology (MIPG); reinforcing training programs, with special emphasis on Project Management Professional certifications (PMP); and making improvements to risk management by consolidating and extending the use of the corporate tool of indicators and dashboards.

Indra's incorporation to the Executive Council of the Project Management Institute is also of special importance.

The Code of Ethics and Professional Conduct and the Legal Compliance Unit

After the implementation of the new Code of Ethics and Professional Conduct in 2010 in all the various companies that form part of the Indra group, the company undertook various training initiatives in 2011 to ensure that all of the group's professionals were aware of and committed to the Code. These initiatives included a module on the Code of Ethics and Professional Conduct provided as part of the welcome orientation for new professionals that join the company, and the development of an online training module entitled 'Indra. Who we are, our values, our brand and our workplace culture', which includes a section focusing solely on the Code.

In addition, as a demonstration of Indra's commitment to rigorous compliance with the Code and after an exhaustive analysis of the company's risks and monitoring needs, a new body was created within the organization, known as the Legal Compliance Unit, which is headed by the Chief Compliance Officer. This Unit is an independent area within Indra's governing bodies, which is separate from the Legal Services department. The mission of the Legal Compliance Unit is to develop a set of measures and procedures in order to prevent, monitor and detect unacceptable behaviour and legal risks within all of the group's companies and to report regularly to the Audit and Compliance Committee.

One of the Legal Compliance Unit's first tasks was to draft and publish the Compliance Program, which sets out the policies and procedures that have been developed based on the Code of Ethics and Professional Conduct.

In 2012, the Legal Compliance Unit plans to launch a specific training plan regarding the Legal Compliance Program and the Code of Ethics and Professional Conduct, which will be aimed at all the company's professionals.

Incidents related to the Code of Ethics and Professional Conduct registered in 2011

Incidents	Resolution
Workplace harassment	
• 1 case in Mexico	• Dismissal of the accused manager
Fraud	
• 1 case in Romania	• Dismissal of the professionals involved
Information security	
• 102 infringements of minor importance related to network connections with viruses	• No action taken
• 2 incidents of software cracking	• Acquisition of licences
• 1 incident of non-authorized access to computer equipment	• Dismissal of the professional
• 1 incident of intentional deletion of information	• Dismissal of the professional
• 1 incident of misappropriation of username and password	• Official warning to the professional

The Audit and Compliance Committee was informed of the incidents relating to the Code of Ethics and Professional Conduct registered in 2011 and the measures taken for their resolution.

Information Security

Indra has its own Information Security Management System (SGSI) which manages and minimizes the risks related to IT security, confidentiality and information privacy.

In the 'Clients' chapter of the present Annual Report all the new implementations made by the SGSI are thoroughly described, including the extension of the scope of ISO 27001 certifications (Information Security Management System) and ISO 20000 (IT Management System); the creation of a global security committee for all of Indra's companies; the performance of a security analysis on the almost 500 platform projects connected to Indra's network; the creation of a new profile called LISO (Local Information Security Officer); and the implementation of a Data Protection Audit in 15 of its companies.

Opening businesses in tax havens

In compliance with the mission set out in article 19 c) of the Board Rules, the Committee has reviewed and delivered reports to the Board arguing in favour of opening a branch in Bahrain, a territory considered a tax haven by the government of Spain, so long as its opening is connected with the execution of projects within the ordinary course of Indra's business and without motive of obtaining tax advantages and without the effect of diminishing corporate transparency within Indra.

3.5 GOVERNANCE MODEL OUR COMMITMENTS

Due to the fact that Indra is exposed to various risks related to its activities and the demand for information about its principles of action from various stakeholders, Indra has made regular public statements about its position regarding various risks and business activities. To name a few: the risk of corruption and bribery, its presence in tax havens, lobbying policies, the defence of human rights, relationships with public administrations, and climate change.

In some cases, these principle statements have been followed up by adherence to certain initiatives, as was the case with Global Compact (<http://www.indracompany.com/en/sostenibilidad-e-innovacion/global-compact>) or to the Women's Empowerment Principles in 2011.

Generally speaking, the company applies those commitments it has embraced in public, internally, by means of its Code of Ethics and Professional Conduct and its new Compliance Program.

The Code of Ethics and Professional Conduct is based on a series of principles that stem from its corporate values, and should be applied to the work, use of resources and daily performance of all of Indra's employees.

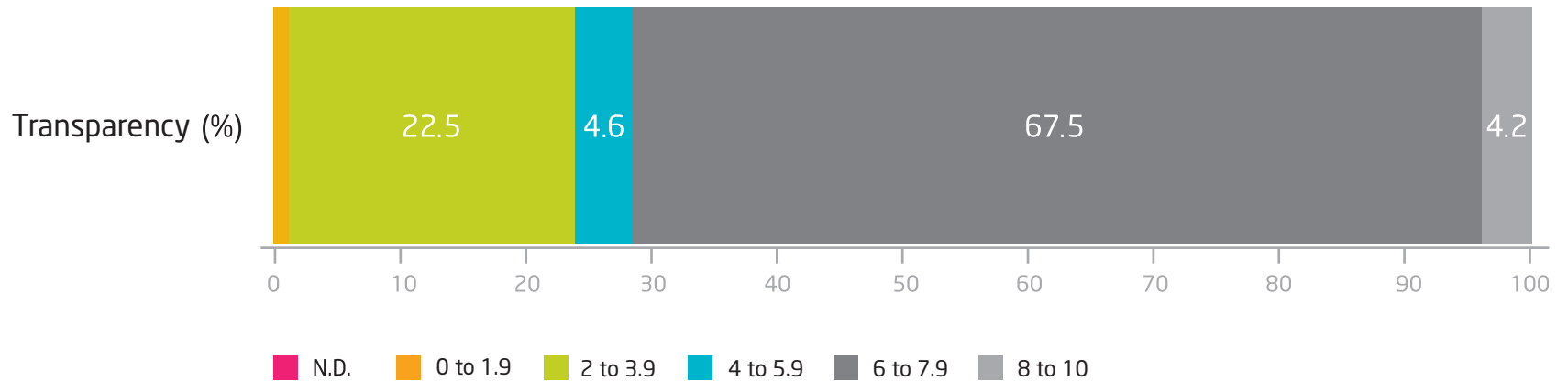
The guidelines are aimed at all the company's employees, all of whom must comply with them fully, regardless of the country, category, condition or company to which they belong. (<http://www.indracompany.com/en/sostenibilidad-e-innovacion/code-of-ethics>).

Below there is a description of the main commitments the company has publicly embraced in its various management areas.

Managing the risk of corruption at Indra

Indra has operations in 118 countries around the world, which means that the company operates in places with highly different levels of transparency.

Specifically, during 2011, more than 70% of our sales stemmed from countries with a high level of transparency (higher than 6 over 10 according to the International Transparency Index), whereas the rest of our sales took place in countries in which there is a relative risk of corruption. This percentage has slightly decreased compared to that of 2010 due to Indra's higher exposure to emerging markets as a result of our strategy of targeting markets with high growth potential.



Graph: Distribution of Indra's sales by degree of transparency of the purchasing countries.

Source: International Transparency, Corruption Perception Index 2011. <http://cpi.transparency.org/cpi2011/results/>

Own development.

However, Indra believes that its business activities should be law-abiding and comply with free market and fair competition principles, and should also be conducted in an ethical and transparent fashion.

The company extends this commitment to all its professionals through its Code of Ethics and Professional Conduct, which explicitly refuses in point 3 "to participate in any acts of bribery when dealing with authorities and/or government employees or to offer or grant to senior management, employees or external collaborators benefits or advantages of any nature that are outside the realm of lawful market practice or which could be construed as being aimed at inappropriately influencing the normal progress of the business, administrative or professional relationships that Indra takes part in."

Indra carries out various training activities annually and all its professionals have access to the Direct Channel as a tool to communicate any questions that may arise while they perform their job, which serve the purpose of involving all its professionals in the fight against corruption.

Moreover, Indra operates a total transparency policy regarding any corruption incidents related to the Code of Ethics and Professional Conduct of the company. As mentioned in the chapter 'Audit and Internal Control' of the Code of Ethics and Professional Conduct, Indra did not register any incident related to corruption or bribery in 2011. The company registered one incident related to fraud, which, after appropriate investigations and verifications were carried out, was resolved with the dismissal of the professionals involved.

Additionally, Indra has an Internal Audit Function which reports to the Audit and Compliance Committee, a committee from the Board of Directors. This committee reviews the different procedures of the company to ensure that the controls it has in place to eliminate the risks inherent to the company are sufficient and effective.

Relations with governments

Indra believes that its business activities should be law-abiding and comply with free market and fair competition principles, and should also be conducted in an ethical and transparent fashion.

As a company that operates at a global level, Indra is aware of the importance of doing business independently from governments and other political powers, be they national, regional or local. Indra's presence in its operating markets is governed and guided by respect for national legislation and by cordial relationships with the various public institutions and governments, at all times within the framework of its transparency and ethics principles.

Given the scope of IT services and solutions that Indra offers, its customer base includes various public institutions and administrations. In this context, the fight against bribery and corruption becomes a primary commitment. This is the only way to effectively combat situations which can impede a truly free market and cause instability, inequality and insecurity, preventing economic and social development to the detriment of the least privileged.

Indra is committed to combating bribery and facilitation payments and indeed to any form of active or passive corruption. To this end, Indra declares that it does not contribute to any political parties whatsoever and discloses publicly, as part of its policy on transparency and public accountability, all contributions made to non-profit entities.

Indra and lobby groups

In a number of markets, lobbies are recognized and regulated and constitute a legitimate sphere of action with respect to legislative and administrative authorities and are governed by transparency and public disclosure rules. Companies, as well as associations or organizations with commercial interests of one kind or another, such as non-profit organizations, hire professionals to lobby government or parliament, reporting to them on specific technical aspects that involve legislative reform in one direction or another, depending on the entities they represent. Lobbying is entirely legal in these markets, and is always in the public domain (it is known who each professional lobbyist works for and how much they earn). It is carefully regulated as a legitimate business activity which companies and other organizations are entitled to conduct to uphold their interests and as agents on the political stage.

Against this backdrop, Indra states that it carries out no actions aimed at changing government policy. Indra's relationships with the authorities are exclusively business or administratively driven and at all times comply strictly with prevailing law.

Specifically, Indra's US subsidiaries have commercial relations with law firms as this is the procedure followed in this country to obtain information and manage contracts, subsidies and aid.

Contributions are made in compliance with prevailing legislation and in keeping with the company's public statement on lobbies. Information is available under registration at: <https://lda.congress.gov/lc/home.aspx>

Sales policy for defence technologies

Indra is committed to a responsible trade of defence technologies which contribute towards stability, security and peace. Sales of defence technologies by Indra in international markets adhere to the 'Regulations for the control of external trade in defence materials, other materials and dual-use items and technologies' of Spanish legislation, which establishes authorization procedures for all defence material exports. Royal Decree 2061/2008 clearly states the following as a reason to deny an export permit: "The existence of reasonable grounds that the defence materials, other materials or dual-use technologies may be used in actions which may disturb peace, stability or security at a global or regional level, or may affect Spain's international commitments."

<http://www.boe.es/boe/dias/2009/01/07/pdfs/BOE-A-2009-254.pdf>

Indra's presence in tax havens during 2011

As explained in the declaration 'Indra and Tax Havens', published for the first time by the company in the 2008 Annual Report, and available on the corporate website, Indra's operations in countries considered to be tax havens are in no way tax-driven, but rather reflect its international business development, and must always be approved by the Audit and Compliance Committee and by the Board of Directors.

Specifically, in 2011, Indra had a significant presence or carried out projects in the following countries which are considered to be tax havens, according to either the most recent list published by the OECD¹, or by the Tax Justice Network² organization.

- Philippines: Indra has a work centre in the Philippines with more than 600 employees, which is part of the company's Software Labs network and provides support for Indra operations worldwide. Indra also develops important projects in the country, such as the management of the commercial service of the water company, Maynilad, or the modernization of the Justice Administration. Indra's commitment to the local Philippines community is shown through many different social action projects. For more information, see <http://www.indracompany.com/pais/filipinas>
- Panama: our presence in Panama consists of a work centre with more than 180 employees who, as part of the Software Labs network, are supporting Indra's worldwide operations. In addition, Indra is engaged in important projects in Panama, such as the modernization of the information management systems of the Panama Maritime Authority (PMA).
For more information, see <http://www.indracompany.com/pais/panama>

- Uruguay: Indra has a work centre with around 80 professionals, who provide support for the projects that the company undertakes in this country, especially for clients in the energy and insurance sectors.

Additionally, in 2011, Indra had temporary operations in countries or territories such as Andorra, Aruba, Bahrain, Belize, Bermuda, Cyprus, Dubai, Gibraltar, Ireland, Lebanon, Luxemburg, Monaco, the Netherlands, Singapore and Switzerland, which are also considered to be tax havens according to the aforementioned institutions.

As mentioned in the chapter 'Audit and Internal Control' of this Annual Report, in 2011 the Audit and Compliance Committee revised a favourable report for the creation of an office in Bahrain (a country which Spain considers to be a tax haven) and made it available to the Board, in which it explained that this office was to be involved in the implementation of projects which would fall within the normal activities of Indra. It was not intended to seek tax benefits and it would not affect the transparency of Indra's businesses.

Altogether, Indra's sales in 2011 in places considered to be tax havens represented 2% of the company's total sales.

¹ <http://www.oecd.org/dataoecd/50/0/43606256.pdf>

² http://www.taxjustice.net/cms/front_content.php?idcat=2

Human rights at indra

Indra actively manages the various aspects of work-related human rights that affect its operations and the relationship it has with its employees.

- Child labour and forced labour: Despite the fact that, due to the nature of its operations, which require highly skilled professionals, Indra has a low risk of being party to a situation involving child labour or forced labour as a signatory of the Global Compact, it openly states its opposition to any form of these exploitative situations. However, Indra still takes measures to ensure this is indeed the case: it verifies the age of each worker at the time of hire, keeps information systems up-to-date with the particulars of each employee and monitors the work days of each employee, etc. For illustrative purposes, this Annual Report contains a diagram showing the age pyramid of Indra's professionals.

In addition, Indra holds its suppliers to this commitment under the Framework Principles for Relations with Suppliers and the forthcoming Supplier Code of Ethics.

- Freedom of association and collective bargaining: As part of its commitments under the Global Compact, Indra respects the right of its workers to join trade unions and to bargain collectively. In addition, Indra's Code of Ethics and Professional Conduct establishes equal opportunities, respect for others and freedom from all forms of discrimination, especially due to union membership, as basic principles of conduct at the company.

The 'Labour Relations' section of the 'Employees' chapter of this Annual Report describes the model used for relations with trade unions in Spain.

The working conditions for Indra's professionals are based on existing industry-based or collective bargaining agreements in the respective countries where we have significant operations. As such, more than 90% of Indra's staff is protected under a collective bargaining agreement.

Indra is present in countries where freedom of association is limited or persecuted. Nevertheless, our actions in these countries are governed by the same general principles of respect for the right to join trade unions and to bargain collectively.

- Equality and freedom from discrimination: In addition to our accession to the Global Compact, Indra has put various policies and initiatives into practice to ensure equality among its professionals and freedom from discrimination. The Code of Ethics and Professional Conduct states Indra's respect for diversity, people and a discrimination-free environment and fosters these principles among its professionals. This code is supported by other policies, such as the Equality Plan, the Diversity Policy, the Unacceptable Behaviour Protocol, etc.
- Promotion and job security: Indra represents a source of job creation in the communities where it operates and its commitment to creating and keeping positions is demonstrated by the constant growth of its workforce over the past few years. In the 2007-2011 period, for example, Indra's workforce grew at a compound annual rate of 12%.

- Occupational health and safety of Indra's professionals, as well as those who work for us.
- Under the 'Workplace Risk Prevention' section of the 'Employees' chapter of this Annual Report, a full description of Indra's activities in the area of occupational health and safety in 2011 is provided.
- Salaries, benefits and working hours: Since 2005, we have had equality and work-life balance policies in place, which take on different forms in each of the countries where we operate.
- The 'Employees' chapter of this Annual Report contains information on the activities of the equality and work-life balance programs in 2011.
- Training: Talent development is a fundamental element of a company like ours, which is staffed by knowledge professionals. As such, in this context, we attach great importance to the training of our professionals.

The chapter 'Employees' of this Annual Report contains information and indicators on Indra's performance in this area in 2011.

Indra's position on climate change

Indra recognizes that it has been scientifically proven that human activity, mainly through the burning of fossil fuels, has a negative impact on the environment, contributing to what is known as the greenhouse effect as it produces carbon, methane and nitrous oxide emissions.

Climate change and atmospheric pollution can alter the natural, social and environmental systems which support not only life on the planet, but also economic growth on a global scale and consequently, development and well-being.

Indra has a duty to minimize its environmental impact by establishing policies and specific objectives to reduce greenhouse-effect gas emissions and consequently has undertaken the following actions:

- To measure and control the level of greenhouse gas emissions in the boilers of their environmentally certified centres by periodic combustion analysis.
- To incorporate energy efficiency measures, green IT and responsible employee mobility, and in general, to incorporate any measure that translates into a reduction in the energy consumption of the company, its employees and its value chain.
- To make public the company's objectives, actions and progress on greenhouse gas emissions.

The chapter 'Environment' of this Annual Report has information about specific actions carried out in 2011.

Digital divide

As a global company operating worldwide in the information technologies industry, Indra considers it highly important to state its position on the digital divide, as well as its actions, as this is an area where it can make a decisive contribution as a company.

What is the digital divide?

The term digital divide refers to the difficulties or limitations on access to new information and communication technologies such as internet, mobile phones and other devices.

The same term is also used to refer to the differences between groups of people according to their ability to use these technologies effectively, due to differing levels of technological literacy and capability.

Finally, the digital divide concept is sometimes used to indicate differences between those groups with access to quality digital content and those who do not.

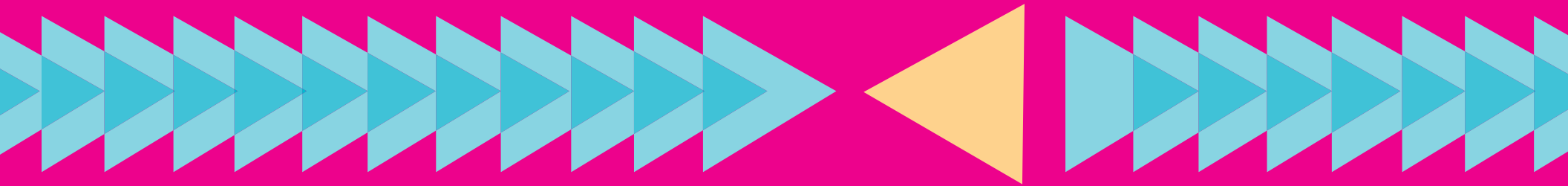
Although the digital divide usually originates in differences which precede access to technologies, the approach taken by companies and organizations working in this area is essential in helping to narrow the gap.

Reasons for our involvement in minimizing the divide

As a global company, Indra operates on markets where the digital divide is very varied in scope and significance. Our objective is to try and minimize it. Precisely because our services and solutions are developed in the area of the new technologies, emphasis must be placed on their social value. Consequently, one of our objectives is to promote greater equality in relation to the use of these technologies and to promote quality contents which will help to enhance quality of life for everyone.

STANDING OUT IN A
WORLD WITHOUT LIMITS.

**THAT'S A REAL
CHALLENGE.**



03

Market Situation and Strategy

Market Situation

Strategy

3.1 MARKET SITUATION AND STRATEGY

MARKET SITUATION

Main macro-economic and sectoral trends

- Complex economic and sectoral environment
- Pressure on prices
- Greater global competition
- Weakness in the developed economies, especially in the second half of the year
- Niches of opportunity with demand for intelligent solutions in advanced economies
- Strong growth of emerging markets
- Early cycle investments in infrastructure, healthcare and security
- Accelerated adoption of intelligent systems
- Sustained strong demand for services
- Growth in the adoption of delivery models based on Cloud Computing
- Strong demand for services (outsourcing and BPO)
- Concentration of suppliers
- Increasing importance of integration capacities

Asymmetry in the development of the crisis: a harsh environment with opportunities

Each country and region is showing a distinct pattern of economic recovery. Global economic growth is concentrated primarily in certain economies in the Asia Pacific region, Latin America and the Middle East. Meanwhile, recovery from the crisis is proceeding slowly and haltingly in more advanced economies, even more slowly than previously forecast.

Apart from the differences in growth related to location, there are pockets of opportunity associated with a more intelligent and efficient use of technology.

This trend, which we noted a few years ago, increased in 2011, and it is our belief that it will continue to grow in the coming years. In order to achieve a more intelligent use of technology, the company is maintaining its investments aimed at improving the capacity of infrastructures to respond to environment changes. In addition, there is an increase in the resources allocated to the analysis of all of the data generated by these infrastructures with greater precision, with a view to taking advantage of business opportunities arising from this information. Moreover, companies and institutions continue in their quest for efficiency, driven by an increasingly demanding environment. Therefore the trend of exploiting the potential of virtualization technology has been consolidated, as well as that of concentrating resources on truly differentiating tasks by outsourcing systems and processes whenever possible.

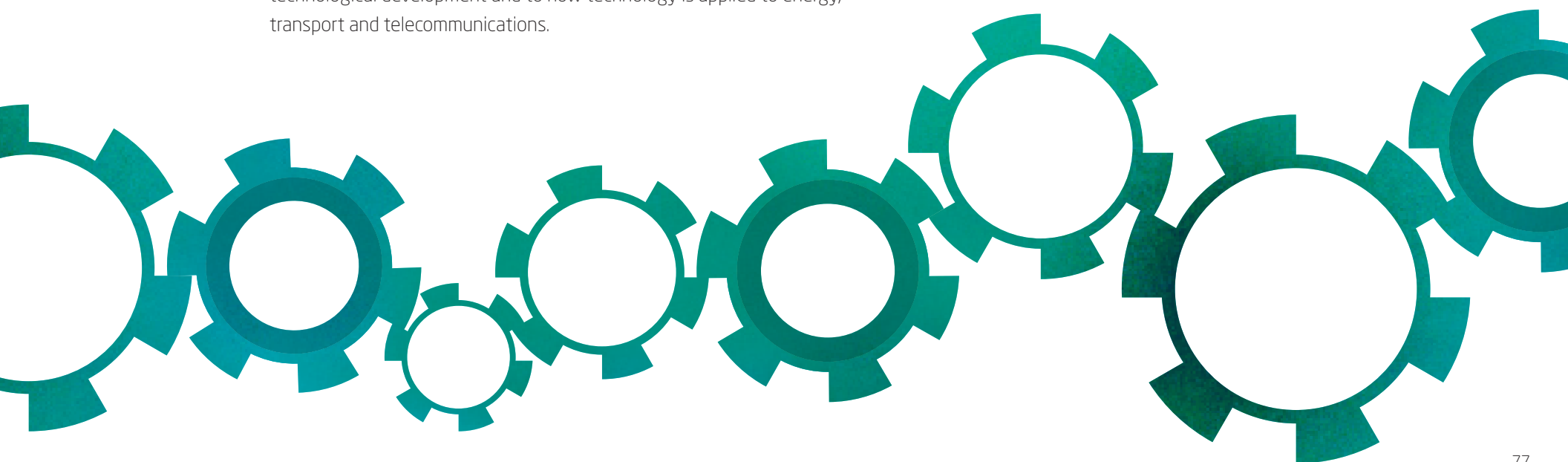
Technology as a response for sustainable growth

Recovery from the economic crisis leaves us with the challenge of ensuring that our future growth trend is more sustainable. It seems clear that we must accept the decline of the current economic growth model, based on over-exploiting resources – that is, on increasing productivity by using the cheapest resources and capitalizing on economies of scale. We live in a world in which resources are limited and we are becoming increasingly aware of this. We cannot aspire to continue to grow by exerting ever-increasing pressure on resources, especially if we bear in mind the rising living standards and consumption patterns guaranteed to filter through to Latin America and Asia in coming years.

Therefore, we must learn to manage our resources in a more rational manner and lay the groundwork for a more sustainable growth model. In this regard, history has taught us that economic progress is always tied to technological development and to how technology is applied to energy, transport and telecommunications.

As mentioned earlier, we have an opportunity to tap into the potential offered by information and communication technologies (ICTs) to enhance infrastructure's usefulness radically by rendering it intelligent. This means that by deploying sensors, communications and distributed data processing capacity, we can help our customers to achieve real-time monitoring and automatic reconfiguration of their systems, enabling them to adapt to changes in the environment safely and efficiently.

Some of the major changes that technology is likely to spur are already on the horizon: clean energy based on renewable sources; more efficient transport systems that shorten distances and lessen environmental impacts; safer cities; home healthcare; new ways of interacting with government agencies, etc.



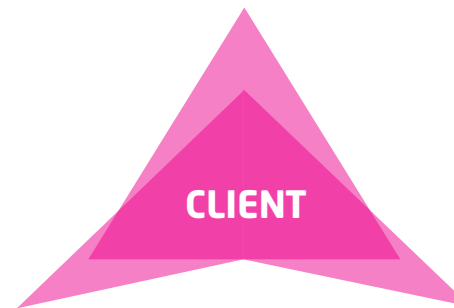
3.2 MARKET SITUATION AND STRATEGY STRATEGY

Indra maintains the axes of growth that have configured its strategy for the past two years.

This strategy is represented by three axes of growth, with the client being at the centre. We are constantly innovative in our solutions and services as a result of the high demands of our leading clients, thus offering great added value and high competitiveness in all our products. Our goal is to continue to have an impact on our relationships with clients, gaining a greater share in their technology investments or adding new clients to our base.

The first axis of growth is 'region'. This axis of growth is based on the assumption that technology investments have a high pro-cyclical component, that is to say, that they are strongly related to the economic growth rate. For this reason, it is essential to achieve a favourable positioning in those regions experiencing positive economic growth. Moreover, as clients are also developing strategies to increase their exposure in key regions, and they expect their technology providers to offer global support for their operations, it is very important to develop capacities in different regions.

REGION



INTELLIGENCE

The second axis of growth is 'intelligence', which refers to the capacity of the client to make the best decisions at every level. For that to happen it is necessary to introduce 'elements of intelligence' in all levels of client decision making, including their own infrastructures (connected devices which generate massive amounts of information and which must be able to adapt to changing environments autonomously), processes and operations, information analysis, and consultancy services to complement our range of technological products and services.

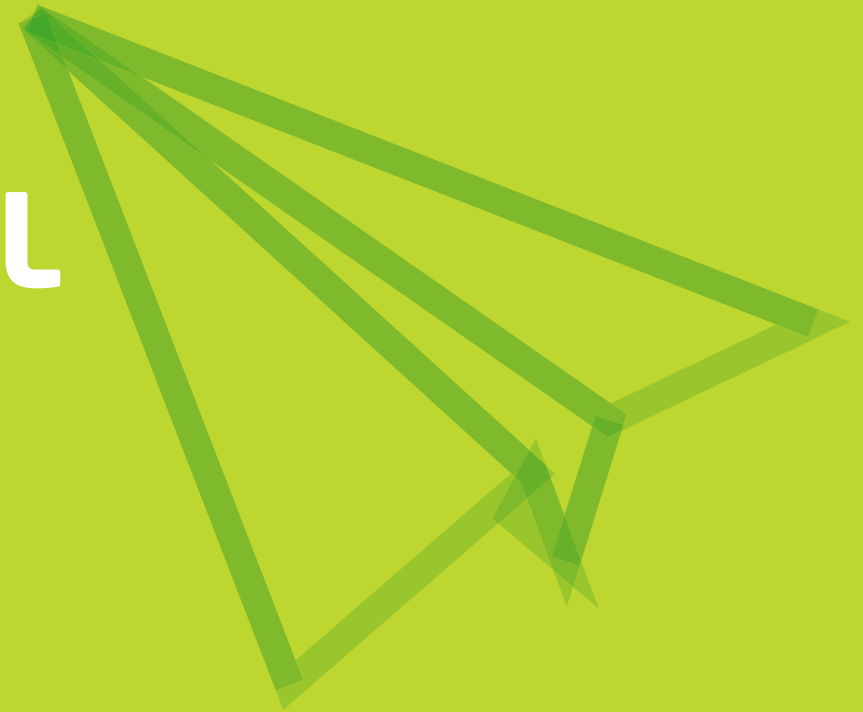
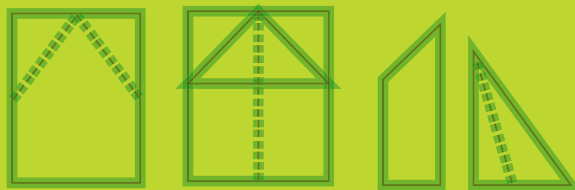
EFFICIENCY

The third axis of growth is 'efficiency' and it focuses on the application of a technology management and delivery models that make resource optimization possible. In particular, we are referring to current trends towards industrial models of IT and application management outsourcing, Business Process Outsourcing, and virtual and the flexible IT platform commonly known as Cloud Computing.

Strategy axis	Client	Region	Intelligence	Efficiency
Achievements 2011	<p>Indra recorded significant achievements with some key clients and it added new key accounts:</p> <ul style="list-style-type: none"> • New contracts with Telefónica in Brazil. • Incorporation of Petrobras and the Bank of Brazil to its client portfolio. • Start of business activity with Enel in Italy. 	<p>Emerging markets:</p> <ul style="list-style-type: none"> • Strong organic growth. • Acquisition of Politec in Brazil. A company of more than 5,000 professionals, which is strongly positioned in energy, financial service and public administration markets. • Opening of subsidiaries in Asia and the Middle East: Turkey, Malaysia and Indonesia. • Mecca-Medina high-speed railway contract, the biggest in the history of Indra. <p>Developed markets:</p> <ul style="list-style-type: none"> • Acquisition of Galileo in Italy. A company with more than 400 professionals with favourable positioning in telecom, public administration and energy markets. 	<ul style="list-style-type: none"> • Indra has strengthened its range of products and services in the fields of intelligent systems (energy, transport and traffic, security and defence) and information systems (financial services, e-government, Cloud Computing, Analytics). • Indra has created a competence centre for Analytics in order to maximize and capitalize on experience in this field. 	<p>Indra has re-designed its services endeavours in order to offer a more efficient platform to its clients:</p> <ul style="list-style-type: none"> • Improvement of delivery platforms for outsourcing and application management. • Reviewing of BPO products and services. • Decisive steps towards becoming a leading market competitor in Cloud Computing services in Spain and Latin America.
Strategy 2012	<p>Indra has first-rate clients. The new product and service range should lead to an increase in current client share, as well as an increase in key accounts.</p>	<p>Indra has become a strong competitor in Latin America. Indra is one of the European companies with greater exposure to emerging markets. Our strategy must ensure that Indra establishes itself as a leading company in Latin America with improved profitability. Indra also strives to become a key player in Asia Pacific markets. Our experience in this region lies in transport and traffic markets but Indra is developing solid business in other vertical markets.</p>	<ul style="list-style-type: none"> • Indra forecasts strong niches of growth in Transport and Traffic, Healthcare and Analytics, in all regions. • The cycle of investment in infrastructure currently taking place in emerging countries will be followed by the deployment of intelligent systems. 	<ul style="list-style-type: none"> • Our services will continue to make progress towards industrialization. • Continued trends towards Cloud Computing.

MAKING THE DIFFICULT
LOOKS EASY

**THAT'S A REAL
CHALLENGE.**



04

Performance and Future REAL-TIME

**The Year's
Achievements**

Our Businesses

Our Stakeholders



4.1 **ACHIEVEMENTS**

THE YEAR'S ACHIEVEMENTS

JANUARY

Control centres for the Civil Aviation Administration of China (CAAC)

FEBRUARY

Seven new simulators for training security forces and troops in preparation for peace missions.

MARCH

Pioneering solutions to bring Cloud Computing closer to companies.

APRIL

Indra signed up to the Women's Empowerment Principles.

MAY

Development of a 3D virtual interpreter of sign language.

JUNE

Modernization of Petroperú's business management system.

JULY

Assistance information system in the Casa Hospital San Juan de Dios (Argentina)

AUGUST

Indra strengthened its presence in Italy with the integration of the company Galileo, and also in Brazil with the integration of Politec.

SEPTEMBER

Indra developed the single Emergency Coordination and Control Centre in Buenos Aires.

OCTOBER

International R&D&I project to develop an interactive online television channel (Senior Channel).

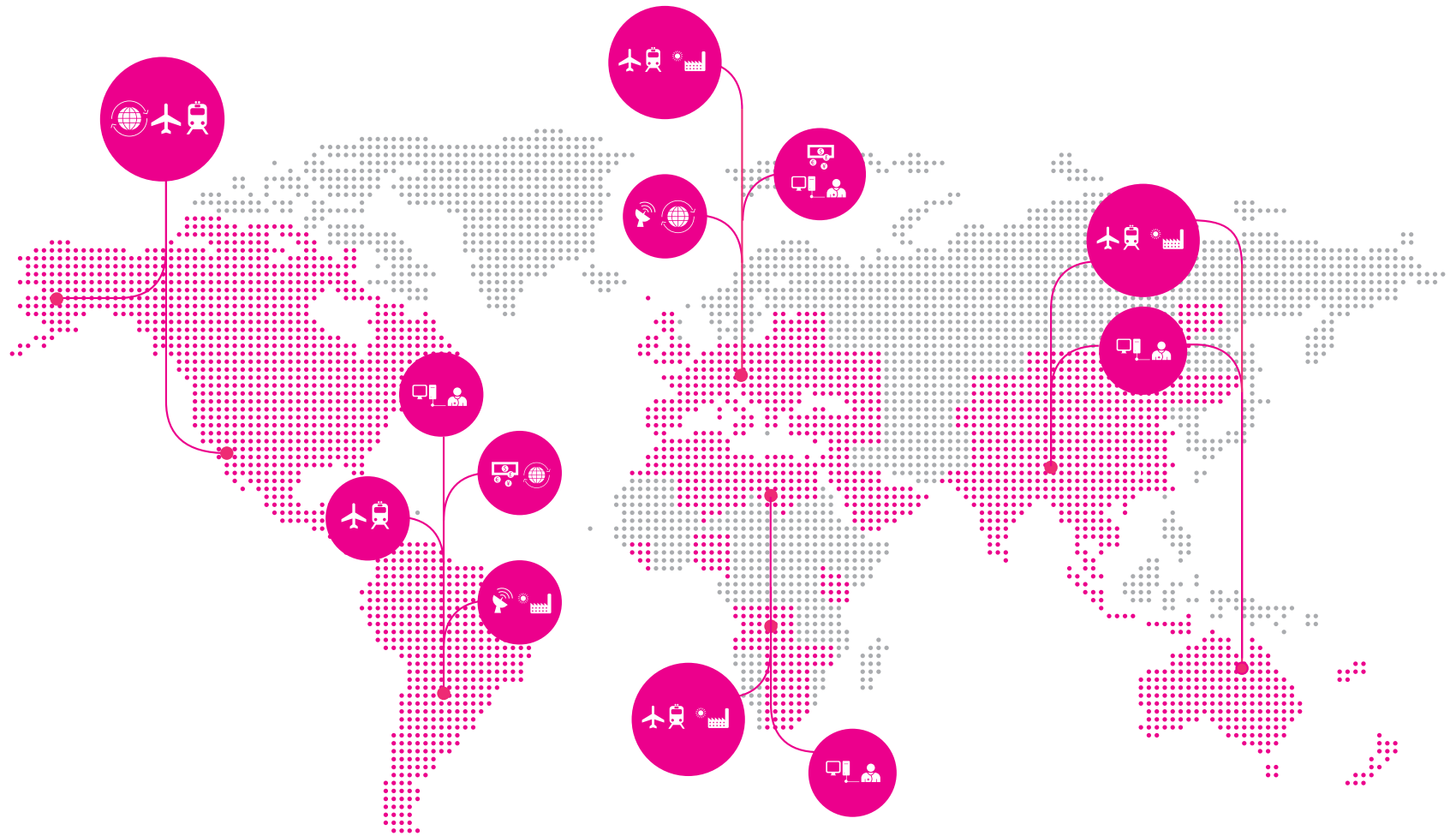
NOVEMBER

Indra implemented its pioneering technology in the Mecca-Medina high speed railway.

DECEMBER

Development of the complete ground control segment of the PAZ Earth observation satellite.

4.2 PERFORMANCE AND FUTURE OUR BUSINESS



4.2.1 SOLUTIONS AND SERVICES

SOLUTIONS +THINK + BUILD

Intelligence

SERVICES +OPERATE

Efficiency

Sales Revenue (M€)
Growth (%)

1.811
-1%

878
+20%

**Products and
Services**

Consultancy
Technological Solutions

IT Outsourcing
BPO

Trends

Reduced investment budgets in developed economies.
Shift towards technology-intensive Smart Computing solutions to automate processes and decisions, increase speed of responses to business events and reduce running and opportunity costs.

Growth in outsourcing as a tool for optimizing costs and making them more flexible.
Service provision model based on Cloud Computing.

Development and modernization of infrastructures in emerging markets.
New sales and pricing model based on Cloud Solutions.
Exponential growth in mobility for the generation and consumption of information.

Strategy

Technological alliances with partners who are market leaders: SAP, Oracle, IBM, Microsoft, SAS, Microstrategy, Kodak and EMC.
Development of products in the end-to-end differential solutions market: fiscal administration, tax management, training management, healthcare analytics, B2B solutions.
Focus on ERP, Business Analytics and ECM aimed at the automation and intelligent management of processes, as well as Cloud and Mobility Solutions.

Technological alliances with partners who are market leaders: Cisco, NEC, Netapp, BMC, etc.
Development of new services through Cloud Computing and Mobility models.
Development of global delivery capacities.
Verticalization of service provision and functional specialization.
Industrialization and continual improvement.

Achievements 2011

Integración de Politec y Visiant Galyleo

Global Partner of SAP
SAP's primary technological partner in Spain and in the top three main partners in Brazil.
Channel Partner Award 2010 from Kodak's EAMER Document Imaging.
Launch of end-to-end solutions: Fiscal administration (SIGEFI), Digitization and Automation (CloudScanning), Analytical Services and Technologies (Think Smart Prospect), Airline Analytics (AirBIS), Financial Service Analytics (Hermes), first SaaS solutions (netPlus, ISOCloud and SAP Carbon Impact).
Development of Consultancy Services and Cloud Application Migration Services.

Development of capacities through Software as a Service (SaaS) models:
New Data Processing Centre (DPC) and launch of Flex-IT.
Strengthening alliances in IMaaS and DaaS.
Development of services on the BPO Platform.

More information on our solutions and services at: <http://www.indracompany.com/soluciones-y-servicios>

Intelligence and efficiency

As we have been stating for years now, each year brings with it a tougher environment for companies to operate in, a consequence of the need to keep ahead of traditional competitors and new rivals from emerging markets. Faced with this increasing competition, there are only two possible responses: greater differentiation of your services, delivery and business models or achieving ever larger cost reductions and focusing on increasing process efficiency through truly distinctive tasks.

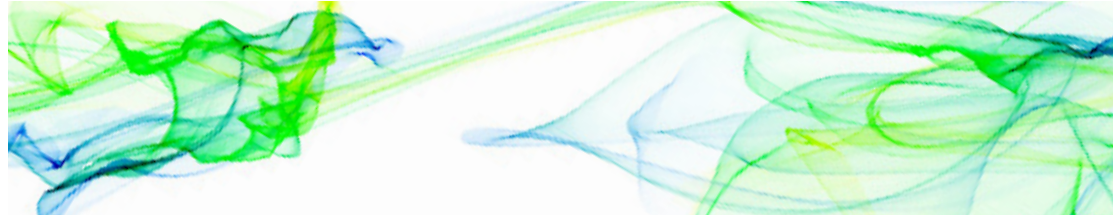
Intelligence and efficiency, the key challenges that our clients face, are the objectives on which our strategy is based with respect to our solution and service activities.

Indra's In-Cloud services

A good example of Indra's strategy to respond to market demands with intelligence and efficiency can be seen in the rollout of their In-Cloud services, which bring together all of the company's solution and service potential to facilitate the process of transformation that Cloud Computing implies for companies. Indra has strived to develop an integrated and differentiated range of products and services that provide answers to our clients' concerns:

- End-to-end services: from consultancy, through migration and implementation, to the operation of solutions.
- Specialized by sector through specific SaaS solutions.
- Commitment to services and ensuring traceability of our clients' information.
- Integration of standards and open architecture.
- Potential to add third-party services to marketplace models.
- Modulation through different levels of service catalogue and Cloud adoption models (public, private, etc.).
- Firmly rooted in Indra's security, business analytics and mobility capacity.

SOLUTIONS



Enhancing our clients' knowledge to transform their businesses

Indra is significantly strengthening its consulting capacities as part of its strategy in order to gain a wider knowledge of their clients' businesses and thereby to be able to add more value to their solutions and services.

In 2011, two achievements that deserve a particular mention in this respect are the acquisition of Mensor, the consultancy company that specializes in the healthcare sector and health sciences, and the launch of the new business unit Indra Consulting at the start of 2012.

This initiative is a response to growing demand from companies for services focused on increasing efficiency, expanding the intelligent use of technologies and establishing their presence in increasingly global markets. Indra Consulting accompanies their clients throughout the development of their business, through the company's transformation and their client management. This new unit also aims to become a strategic ally for its clients, providing comprehensive consultancy services to help them to identify the best approach to adopting Cloud models and accompanying them along this journey.

ERP, Business Analytics, ECM, SaaS and Mobility Solutions. Solutions that provide greater intelligence and efficiency for our clients' businesses.

In response to the need for intelligence and efficiency in our clients' business processes, Indra has made a strategic commitment to the range of solutions offered by Enterprise Resource Planning (ERP), Business Analytics, Enterprise Content Management and Cloud Computing.

One of the company's most noteworthy ERP achievements is SAP's recognition of Indra as a Global Partner, as it is now the company's top service partner in Spain and amongst the top three in Brazil. In the latter of these countries, the integration of the Brazilian company Politec has resulted in Indra incorporating a team of 2,000 professionals specializing in SAP. Apart from the obvious benefits in terms of the services we can offer, our recognition as the Global Partner of SAP increases Indra's potential to establish relationships with new clients and to break into new markets where SAP is considered the de facto standard in ERP solutions.

Thanks in part to this fact, throughout 2011, Indra was able to carry out important ERP projects at an international level, such as its entry into the Turkish market with a project for the energy distribution company Sedas. Other key projects were the consolidation of its position in ENEL in Italy, Spain and Latin America, Peru's largest ever SAP implementation in Petroperú, and the company's entry into the Kenyan market with a solution that was an integrated combination of Indra technology and SAP solutions for the Kenya Airports Authority (KAA). Last but not least, Indra was also involved in the large construction project for the high speed railway line from Medina to Mecca as well as the railway traffic management technology and other solutions, based on ERP solutions from SAP.

As well as the alliance with SAP, another achievement in the field of ERP that deserves a particular mention is the expansion of the SIGEFI solution to new clients in Spain, such as FCC. This highlights Indra's strategy of capitalizing on knowledge acquired through the development of solutions for one client (Repsol YPF in this case) by later applying the knowledge for other clients. This product strategy provides Indra with better conditions for commercialization and, therefore, encourages growth, as the client perceives a greater guarantee of the solution's efficacy in terms of security and performance, based on the proven record gained from previous experience.

Within the specific sector of sustainability solutions, Indra has also made great efforts to develop ERP solutions that, in 2011, resulted with the launch of ISOCloud solutions, for the certification of companies in terms of quality (ISO 9001) and environmental impact (ISO 14001) through a model based on Cloud Computing. Another important initiative in this field was the SAP Carbon Impact project in which Indra won a contract with Gas Natural to provide carbon footprint measurement services to its clients. This project

helped to enhance Indra's potential for commercialization. These types of agreements, through which Indra's clients open their commercial network to the company, are of key importance to Indra. In fact, during 2011, the same model has been applied in various other cases, such as the electronic billing solution for the Portuguese Airports Authority (ANA).

Although Business Analytics is the newest field of solutions on the market, strong growth is forecast over the next few years. This field involves systems with the capacity to analyse and generate models from massive quantities of information, both structured and unstructured, from internal, external and internet databases. These tools have huge application potential in practically all sectors. In 2010, we pioneered the development of a new geomarketing and micromarketing solution for all markets, known as Prospect. This solution has evolved to become the tool of choice for big data management, for both structured and unstructured data, as well as its research and analysis in order to enable the development of analytical models that provide answers to business problems in a very wide range of fields, such as solutions for sales optimization, competitive positioning, demand forecasting, predicting trends and maintenance requirements, fraud management, etc. In 2011, Indra went on to carry out the effective implementation of this solution in various financial organizations, insurance companies, public administration bodies and retailers. The company also launched a new value proposal called "Think Smart Prospect" through which we provided clients with all of the technological potential of Prospect and our teams of professionals, experts in modelling and statistics. The objective is to offer the market the opportunity to contract these services for the most sophisticated commercial models (per success or per use) without technological barriers to entry.

Furthermore in 2011, the first implementations of the AirBIS solution took place. This is Indra's Business Analytics solution specifically designed for airlines, which provides an information complement to Indra's transaction solution ARACS, in the fields of sales, finance, operations and Human Resources.

Looking forward to the next few years, Indra is set to position itself even more strongly as the leading partner of SAP in the commercialization of its HANA In-Memory computing technology, through a strategic alliance agreement signed in 2011.

Another key project worthy of a particular mention is Indra's participation in the PI Project Information Platform for Business Intelligence (BI) based on information on sales, risks, and economic and financial factors for the BBVA group. This solution will be applied throughout all of the Groups affiliates, making it probably one of the biggest BI projects in Europe.

The SaaS solutions offered through our In-Cloud services also present huge growth potential. This new delivery model offers significant benefits in terms of access on demand and in near-real time to shared remote resources that are scalable and virtually assembled, all with a flexible pricing model (pay per use).

Indra already boasts SaaS solutions in a diverse range of sectors such as Transport, Public Administrations and Financial Services. In 2011, the company continued to develop its capacities in this field. As well as the abovementioned ERP solution in a Cloud Computing model, ISOCLOUD, our pioneering Enterprise Content Management (ECM) solution, CloudScanning, was also launched. This provides a digitization and automation solution that increases efficiency in back-office management. However, there is much

more to it than just that. It is an intelligent solution that is able to prioritize the information that is most critical to the client's business. This project joins the long list of other digitization and automation developments carried out in 2011 in Barclays, Banesto and Banco Santander.

The Instan Card solution, also implemented last year in Citibank, works in a similar way. In this case, we provided a Cloud-based Mobility solution for the automation of credit card contracts in Citibank in Spain. This solution provided a mobile (tablet) infrastructure and private Cloud service platform that enabled Citibank's collaborators to perform the contractual processes for credit cards from any location and receive the necessary validations from the regulatory bodies in real time.

This capacity for automating and introducing more intelligence to process management is also what gives ECM solutions such potential for growth. However, above and beyond this, ECM solutions must also be able to present the information in a more user-friendly, easily interpreted way. Indra achieved this in the geoportal and tourist development project at the City of Energy Foundation Museum. The aim of this project was to use technology to disseminate the content of the Museum's exhibitions with intensive use of technologies such as augmented reality, geolocation and 2.0 interaction with visitors. These technologies have great potential in the field of tourism in the years ahead.

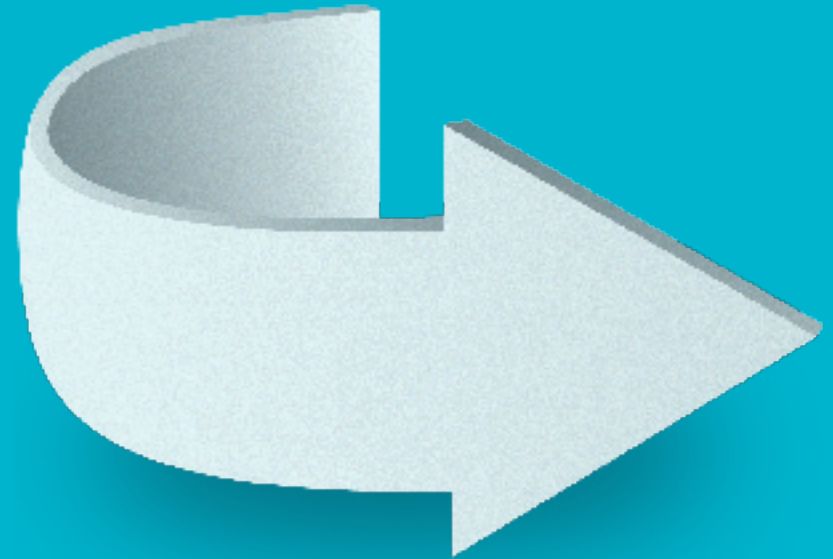
Last but not least, in the huge potential sector of social networks, Indra developed a project to implement the use of Twitter as a new customer service channel in the Madrid Metro, through which users could plan their journeys in advance, receiving the same level of customer care as through more traditional channels.

THE FUTURE OF SOLUTIONS

Indra predicts that ERP, Business Analytics and ECM solutions that enhance the automation and intelligent management of processes will continue to generate a large proportion of demand and provide the basis for growth. In addition, despite currently still accounting for relatively small market volumes, Cloud and Mobility solutions present clear potential for growth.

As a result, Indra intends to continue to focus its efforts on these technologies for product and service development and commercialization with the aim of positioning itself strongly in the markets with the biggest potential for the future.

At the same time, Indra's challenge in geographical terms is to keep increasing its market share in Spain and to continue developing its international markets, partly through its policy of alliances with technological partners who are world leaders.



SERVICES



Development of global capacity for service provision

One particularly important accomplishment in 2011 was the integration of the Brazilian company Politec, with its team of 5,000 professionals with a wide commercial network throughout the Brazilian states with the greatest market potential.

This acquisition particularly strengthens Indra's outsourcing and BPO capacities in the region, which is set to double the turnover from outsourcing in Brazil. As a result, Indra is now more strongly positioned in the public administration market, with accounts such as the Ministry of Work and Employment, the Brazilian Inland Revenue and various state-level tax authorities. In Financial Services, the integration has also reinforced Indra's presence in public banks such as Caixa Econômica Federal and Banco do Brasil, as well as in the telecommunications and energy and utility sectors with clients such as Petrobras.

Another important development took place in Italy with the integration of the Italian company Visiant Galileo which strengthens Indra's position in the country in markets such as telecommunications, energy and financial services, as well as with clients such as ENEL, in particular.

Strong international growth in Outsourcing and BPO activity

These acquisitions complement the strong organic growth of Indra's outsourcing and BPO activity internationally, which has been noted in practically all of the markets and all of the regions in which the company operates.

The company went on to consolidate the large global outsourcing operations started in 2010, such as the integration and transformation of the service model of the Prisa Group's IT areas throughout the 22 countries in which the company operates. Other key projects included the integration and transformation of part of Telefónica's R&D activity in Spain and Brazil and the management of all technical IT systems and services for Ecopetrol in Colombia. Indra also consolidated its progress on the service management project for Mapfre in Spain, Colombia, Brazil and the United States of America. As well as these projects that were already underway, several new projects were started in 2011, such as the system operation and application management of the Mexican Tax Authority Service for the next four years that Indra was awarded in two contracts in separate tenders. Other new projects included the operation of the healthcare system in Bahrain and the application management for BBVA Compass in the United States of America.

Turning to Indra's BPO activity, the internationalization process has been productive both in terms of production and delivery capacity and in commercial terms. In 2010, we announced the creation of the IFOS joint venture company with Banco Sabadell, which was consolidated effectively throughout 2011. This project has led to an increase in Indra's remote project development capacity based in Argentina. In purely commercial terms, Indra has placed particular emphasis on developing its presence in Latin America and more specifically in Brazil, Mexico and Colombia, where the company has won major contracts, such as the outsourcing of back-office processes for BBVA Bancomer in Mexico and the Caixa Econômica Federal in Brazil. These contracts are on top of the other significant projects that were already underway which were consolidated in 2011, such as the tracking and distribution of receipts, notifications and inspections for Sedapal, a sanitation service company in Lima, and Indra's project with the Maynilad water company in the Philippines.

In Spain, a project that deserves a particular mention is the agreement signed with Ahorro Corporación, which now not only covers the renovation of the company's entire technological platform but also, and perhaps more significantly, the development of a new system that may later be exported to Latin America. In other words, it involves a service model that combines outsourcing, transformation and product development as well as an overhaul and revitalization of the existing systems. In addition to this contract, Indra welcomed new clients in Spain through its outsourcing services, such as RTVE, Aqualia, the Basque Healthcare Service and Education Services. In the field of BPO, the experience that Indra has accumulated in the energy

and telecommunication sectors, working with market leaders such as Gas Natural, ONO, Orange and Euskaltel, contributed towards winning a new contract with Endesa for the outsourcing of back-office invoicing and collection processes. Mayor contracts were also awarded to Indra in other sectors, such as the advance appointment system project for the primary healthcare service in the Madrid province, and the management of back-office processes for the "Plan Renove" energy programme for the province of Valencia, a key part in the initiative to replace old electrical goods for newer environmentally friendly models.

Development of the "As a service" range

In line with the strategy that Indra announced in 2010 with respect to Cloud Computing, Virtual Desktop Infrastructure (VDI) and Infrastructure Management as a Service (IMaaS), throughout 2011, Indra continued to strengthen its capacities in these delivery models as part of the In-Cloud range, which is considered to have huge potential for growth and looks set to be the service model of choice in the near future.

In particular, Indra developed a new Data Processing Centre (DPC), which will provide Cloud Computing support services. With this in mind, the company launched Flex-IT (FIT), an advanced model of delivery on demand that takes full advantage of the potential that the Cloud offers, by allowing the alignment of infrastructures and service provision with the real demand of its clients' businesses at any time.

Flex-IT is firmly rooted on the principle that IT management requires a combination of both traditional models and virtually supported models in public and private Clouds. Indra developed a private Cloud to combine all of these alternatives, creating a hybrid management environment that can be adapted to the reality of business processes, based on the criticality of the services, need for control or customization, legal requirements or the possibility of standardization, among other factors.

This delivery model is more evolved than the traditional model and it represents a significant change in how outsourcing services are offered, as it allows access in record time from any location and involves payment only when used. Moreover, it provides security benefits with respect to public Clouds and it covers all of the necessary IT management processes to support the different possible levels of service: Infrastructure Management as a Service, Software as a Service, Desktop as a Service and Application Management as a Service (IMaaS, SaaS, DaaS and AMaaS respectively).

As announced in 2010, Indra strengthened its key alliances with leading companies in their sectors for service provision in the "As a Service" range. For instance, this was the case with their alliance with NEC for the service provision in the Desktop as a Service (DaaS) framework, or their alliance with Cisco for Infrastructure Management as a Service (IMaaS).

Also in the field of BPO services, Indra is developing its own range of in-house "As a Service" delivery models called Platform BPO. This involves models that, in order to develop a particular solution, search for the

specialization and concentration of services to achieve the maximum efficiency of process outsourcing via multinational and multi-client centres. With this in mind, Indra is already working on a range of services for the financial, energy and healthcare sectors.

Services as a key to efficiency

The increasing competitive pressure that clients face results in the intensive pursuit of efficiency in their operations. This has led to a high and sustained growth in the demand for outsourcing services over the last few years.

This presents a significant challenge to service companies which, in order to maximize the added value that they provide to their clients, must implement initiatives to make their own services more efficient.

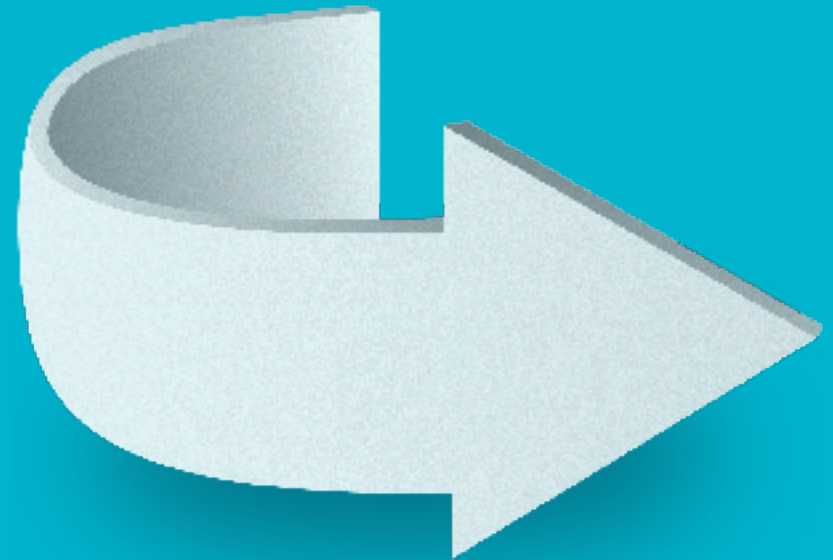
As a demonstration of their commitment to their clients, Indra has been working to improve the efficiency and competitiveness of its services for many years now. In 2010, we developed the concentration of production capacities and the implementation of tools for improving the production model. In 2011, Indra once again focused on the intensive use of both the Software Labs network and its technology for industrialization services.

The use of technology is, in effect, applied through tools for the automation of the development life cycle and other tools for infrastructure management. The application of technology also takes place through Business Analytics, with the aim of continual service improvement, based on systematic analysis of capacities and work.

THE FUTURE OF SERVICES

Service activities continue to represent a clear opportunity for growth that, as far as Indra is concerned, are primarily focused in Spain and involve contributing to greater efficiency for their clients through outsourcing services. Great opportunities are also to be found in Latin America, where Indra can take advantage of high market growth dynamic to develop its presence in the region.

In terms of our product and service range, Indra is firmly committed to Cloud Computing and the evolution of "As a Service" models. This involves providing more flexibility in application management models, migrating to pay-per-use models for IMaaS y DaaS services, and developing our BPO Platform range.

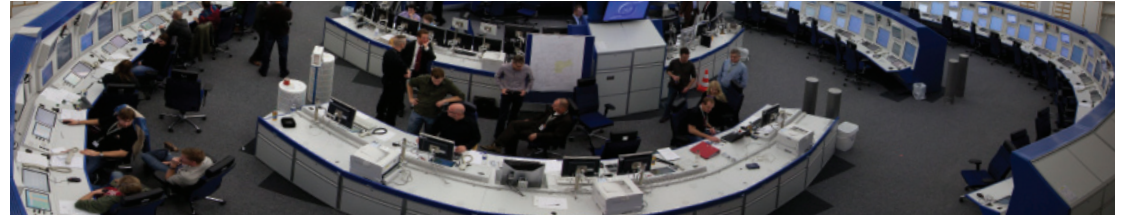


4.2.2 VERTICAL MARKETS

	Transport and Traffic	Energy and Industry	Public Administration and Healthcare	Financial Services	Defence and Security	Telecom and Media
% of sales	22%	15%	15%	14%	19%	15%
Growth	+8%	+12%	+9%	+5%	14%	+24%
Product and Services	Road, maritime, rail and air traffic management. Communication, navigation and surveillance for infrastructures (tunnels, tolling, ticketing, airports).	Information and intelligence systems for utility companies for generation, distribution and commercialization. Simulation and performance models. Critical infrastructure security. Revenue accounting for airlines. Business solutions.	Electronic administration and information systems. Land registry, taxes and justice systems. Healthcare 2.0. Electoral processes.	Core banking and insurance. Risk management. Payment methods and finance. Payment and remuneration systems. Treasury systems.	Radars, electronic defence, communications, command and control systems. Simulation. Space technology. Security.	Business Support Systems (BSS) and Operations Support Systems (OSS). Management and support for audiovisual producers and media. DTTV Services. Satellite communication stations.
Trends	Global increase in demand for transport. Urbanization. Intelligent infrastructures. Infrastructure development. Sustainable security and mobility. Public-Private Partnership models.	Distributed generation and green energy. Growing pressure on natural resources. Impact of sustainability policies. Intelligent infrastructures (network) Concentration of trade. Growing need for security (physical, logistic and supply) Integration of operations technology with IT systems.	Budget reductions. Modernization and efficiency drives. Public participation. Ageing population (healthcare). Digital healthcare. Interoperability and standardization of healthcare information. Mobility solutions for healthcare.	Reduced number of financial organizations. Risk management and control. Rationalization and optimization. E-commerce. Mobile banking.	Cost rationalization in developed economies and sustained growth in emerging markets. Private investment in security. Unmanned systems, force protection, information and intelligence systems, cyber security, infrastructure protection and border controls.	Consolidation of operators. Service convergence. Transformation of communication infrastructures. Mobile and broadband terminals. Sophisticated client management. Proliferation of digital channels. Mobile payments. Consumption and generation of online content.

	Transport and Traffic	Energy and Industry	Public Administration and Healthcare	Financial Services	Defence and Security	Telecom and Media
Strategy	Focusing on markets in Latin America, the Middle East, Europe, North Africa, and Southeast Asia	Positioning ourselves in emerging sectors in utilities: smart energy, water management, etc. ERP solutions and revenue accounting in the industrial and mass consumption markets. Geographical focus on Latin America	Positioning ourselves in emerging sectors: telemedicine technologies, smart cities and Cloud Computing. Expansion of our electoral process activities in Latin America, Africa and Asia.	Expansion in the USA and Latin America. Technological supplier in the restructuring of the financial sector in Spain. Commitment to our BPO services for payment methods, core insurance and banking, foreign trade and private banking.	Continued effort in Research and Development into products with high potential: cyber security, intelligence, infrastructure protection and UAVs.	Growth in Latin America and Europe, especially through accompanying our clients as they expand. Consolidation of our Cloud Computing service range. Multiple support advertising campaigns for the media market.
Achievements in 2011	<p>Significant contracts in the target regions:</p> <ul style="list-style-type: none"> Latin America: Air Traffic Management in Brazil and Peru, a tunnel control system in the Dominican Republic. The Middle East: Rail Traffic Management for the Medina -Mecca rail line, communication systems at Kuwait airport and a radar system in Jordan. North Africa: ticketing and access control in the Cairo Metro system. Southeast Asia: ticketing in the Calcutta Metro system, urban Road Traffic Management in China. 	<p>Development of our presence in Latin America: projects with Ecopetrol, Petrobras, Pemex and Petroperú.</p> <p>Key projects in the water sector: Canal de Isabel II (Spain), Aqualia (Spain), Sedapal (Peru), Maynilad (the Philippines).</p> <p>An agreement with the City Council of Ponferrada for the development and implementation of electric car technology.</p> <p>ERP contracts in the industrial and mass consumption markets: Affinity, Orizonia, España de Zinc, Duro Felguera and the Eroski Group.</p> <p>Revenue accounting contracts: TRIP, Malmo Aviation and Jetstar.</p>	<p>Strengthening our capacities in healthcare with the acquisition of Mensor.</p> <p>Digital healthcare contracts in Argentina and Bahrain.</p> <p>Electoral process projects: Argentina, Colombia, Norway and Spain.</p>	<p>Strengthening our position with the main five banking institutions in Spain.</p> <p>Growth in the Latin American and USA markets through our projects with Caixa Economica Federal, Banco do Brasil, Fiduprevisora, BBVA Compass, Mapfre and the Santander Group.</p>	<p>The Pelican UAV system received aeronavigability certification from the State Agency for Air Security.</p> <p>Key projects in critical infrastructure for Maroc Phosphore (Morocco) and Pemex (Mexico).</p>	<p>Key contracts in Latin America and Europe:</p> <ul style="list-style-type: none"> Latin America: Telefónica Móviles Argentina, TIM in Brazil, UNE in Colombia, América Móvil and the new operator for Telefónica Costa Rica. Europe: Expansion of Telefónica's services in the United Kingdom and Czech Republic, strengthening our position in Telecom Italia due to the integration of Galyleo.

TRANSPORT AND TRAFFIC



Market Trends

- > Intelligent infrastructure based on digital solutions applied to transport and traffic.
- > Intensive urban planning process worldwide and increasing number of megacities (cities with over 10 million inhabitants) with large-scale need for transport improvements.
- > Sustained increase in worldwide demand for transport.
- > A strong need for development of transport infrastructure in emerging markets.
- > Increasing importance of transport safety and sustainable mobility.
- > Growing user demand for transport information (GPS navigation, traffic and weather conditions, parking/petrol station localization, etc.).
- > Automation solutions, both in terms of interaction with clients (check-in, travel information) and internal processes (RFID, tracking systems).
- > Intelligent software for controlling and optimizing traffic and mobility.
- > Creation of Public Private Partnership models.

Solutions and Services

- > Air Traffic Management (ATM)
- > Communication, Navigation and Surveillance (CNS)
- > Airports
- > Rail Traffic Management
- > Road and Maritime Traffic
- > Ticketing and Tolling



BUILDING INDRA'S PRESENCE IN THE RAIL TRANSPORT SECTOR IN ASIA AND THE MIDDLE EAST

Indra is consolidating its position as an international provider of air traffic management systems with new pioneering accomplishments on four continents.

In the region of the Persian Gulf and the Middle East, Indra was awarded the contract to install an advanced digital communication system between controllers and pilots in Kuwait City Airport. There will eventually be complete integration between the voice communication system and the automated air traffic management system, as both systems will have been designed by Indra. This project is in addition to the company's other project that is currently underway in the region, in which it is installing a secondary radar system in Jordan to improve the monitoring of airspace. As well as this, Indra will provide an automation system for air traffic management in the En Route and Approach Control Centre in Amman.

In Latin America, Indra signed two agreements with CISCEA in Brazil (the body responsible for the implementation of radar systems for air traffic management) and in Peru, where Indra set up a new air traffic control centre in Lima, from which the entire country's air traffic will be managed. The company is also working on the rollout of a civil traffic radar surveillance system that will cover 86% of the country.

In Australia, Indra was awarded a contract for the management of en route air traffic in the east of the country.

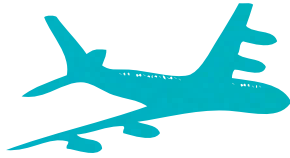
Holland placed their confidence in Indra to implement the new air traffic control system and through this project, and thereby became a member

of the iTEC consortium, the European alliance that promotes the joint development of a new air traffic control system, made up of member countries such as Spain, the United Kingdom and Germany, within the Single European Sky framework.

Other countries in Europe to entrust their skies to Indra include the Ukraine, where the company will install a new automated air traffic management system in the control centres of the airport of Kharkiv, one of the locations that will host the European Cup 2012 held in the country. Indra will also be responsible for expanding the capacity of Dnepropetrovsk Airport through the implementation of new systems in the control tower and an overhaul of the radar surveillance systems.

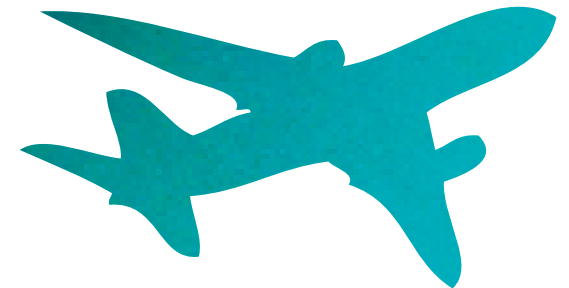
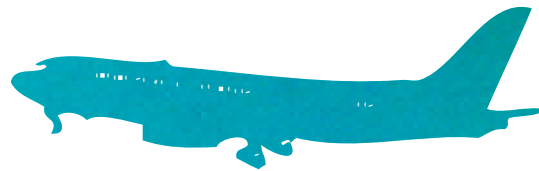
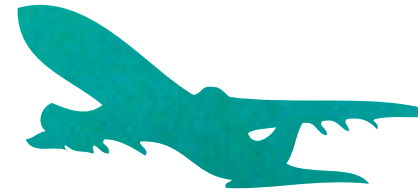
In the national market, and as part of the Investment Plan of AENA's air navigation section, Indra was selected to run one of its most ambitious projects, consisting of the technological overhaul of the Automation System of Air Traffic Control (SACTA). The project involves the migration, supply and rollout of a new architecture for the SACTA system, both on an operational level and in simulation.

With all of these developments, Indra will ensure that it fulfils all of the strategic objectives that AENA strives to achieve with this project, including the standardization of the system, guaranteeing high availability at all times and enhancing capacities and flexibility for development to meet the future needs of the Air Navigation System in conjunction with SESAR and iTEC and thereby optimizing the investments that aim to achieve maximum performance, productivity and amortization.



New accomplishments for Indra's most cutting-edge solutions

Indra is committed to new technologies in air traffic management based on multilateration systems. These systems aim to improve the control of aircraft on runways and in airport taxiing zones. In 2011, the company installed its system in Vilnius Airport in Lithuania, which complemented the Surface Movement Radar (SMR) and an Advanced Surface Movement Guidance and Control System (A-SMGCS) previously implemented by Indra. These solutions improve the management of aircrafts moving around the airport, making the process smoother and safer. This, in turn, facilitates the control of take-off and landing operations, especially in adverse weather conditions and with low visibility, resulting in increased punctuality and air traffic management capacity. In addition to this installation, the company ran a similar project at Barcelona Airport, as well as signing various contracts for multilateration and Wide Area Multilateration (MLAT/WAM, respectively) in Latin America.





BUILDING INDRA'S PRESENCE IN THE RAIL TRANSPORT SECTOR IN ASIA AND THE MIDDLE EAST

Indra rolled out its contactless ticketing technology in the **Calcutta** metro system. This new project joins the list of projects that the company already has underway for the Bombay metro and monorail and Delhi's new metro line

In the **Middle East**, Indra is one of the key suppliers in the major international project awarded to a consortium of Spanish companies. In collaboration with other firms, Indra will provide management, telecommunication, ticketing and security systems for what is set to be the Saudi Arabia's most important high speed railway, joining Mecca and Medina, at a length of 450kms and carrying over 160,000 passengers a day.

In addition, Indra was responsible for the overhaul of the ticketing and access control systems for lines 1 and 2 of the Cairo metro network, referred to by the **Egyptian** authorities as the "fourth pyramid" due to the vital role that the infrastructure plays in the city, being the largest metropolitan public transport network in Africa or the Middle East. The new solution is equipped with the latest contactless technology, which allows faster passage by substituting tickets with magnetic strips for swipe cards.

The award of these contracts enables Indra to strengthen its position in the Middle East as well as in the international market for rail transport systems.

In Spain, the section of the Santiago-Orense High Speed Rail Line was inaugurated, including the Da Vinci Control Centre installed by Indra, as well as security and control systems for the rail tunnels.

Continuing its growth on a national level, in a public tender, **Renfe** awarded Indra the contract for the supply, installation, and maintenance of 635 new generation ticket machines in various key points on the Cercanias local rail networks. The scope of the project involves the manufacture and supply of 450 MAR self-service machines to be installed in transport hubs on the local rail networks in Asturias, Seville, Cadiz, Malaga, Valencia, Murcia, Bilbao, San Sebastián and Santander, as well as the control centres that the company set up. This project demonstrates the continued confidence that Renfe shows in Indra as the main supplier of its ticketing systems.

INTERNATIONALIZATION OF ROAD TRAFFIC CONTROL AND TOLLING SOLUTIONS, WITH A PARTICULAR FOCUS ON LATIN AMERICA

In 2011, Indra consolidated its reputation as an integrator with the implementation of free-flow tolling systems in three concessions in **Texas in the United States of America**.

In Portugal, Indra rolled out various projects with the same technology in tolling stations along the Scutvias, Litoral Norte and Algarve motorways.

In addition, Indra was awarded the contract for two new conventional tolls in India, one for Hyderabad Vijayawada Expressways and the other for Hungund Hospet Highways. A similar project will soon get underway the A-30 motorway in Montreal in **Canada**.

Turning to the field of road traffic control, a project in Spain that deserves a particular mention is the installation of Tunnel Control Systems in Muros Las Dueñas (Asturias), San Mamés and Archanda (Bilbao), Las Pedrizas, San Pedro and Churriana (Malaga), and El Bicho (Tenerife).

It should be highlighted that the tunnels equipped with Indra control systems have been the most highly rated in all EUROTAP surveys carried out since 2004.

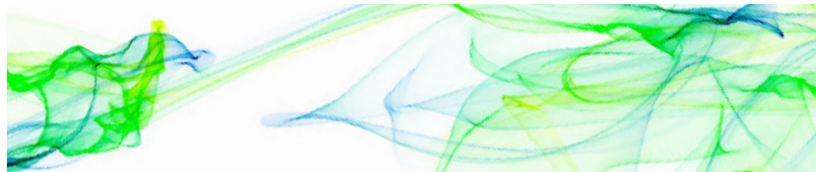
Indra manufactured the first road radar to be developed in Spain and was the first Spanish company to standardize a speed control system along various road sections.

In the **Latin America** market, the company's achievements include breaking into the market of the Dominican Republic, where Indra was awarded the contract to install the Tunnel Control System in Ortega and Gasset in Santo Domingo.

Indra is currently collaborating in a project to manage the monitoring systems, fire detection systems, megaphone systems, electromechanical equipment and control systems on the third lock system on the **Panama Canal**.

SOCIAL SUSTAINABILITY

Technology that shortens distances: a Spanish high speed train line connecting two of the holiest places for Muslims



In the biggest international project ever awarded to Spanish companies, Indra forms a key part of the consortium that will supply systems for management, telecommunications, ticketing and security for what will be Saudi Arabia's longest high speed railway, connecting Mecca and Medina, at a length of 450kms and carrying 1 60,000 passengers every day. The project will equip the high speed rail line with the latest telecommunication network infrastructure, including cutting-edge mobile communication technology. Indra will also supply the systems necessary for passengers to access the internet while aboard the train and will fit the entire line with the latest contactless technology for the sale and emission of tickets, including electronic payment systems, as well as access control systems. Indra will complete their contribution to this project with the Da Vinci High Speed Control Centres, which guarantee the smooth and safe circulation of trains.

SOCIAL AND ENVIRONMENTAL SUSTAINABILITY

Urban traffic control to improve safety and energy efficiency



Indra is currently installing the most advanced urban traffic control technology in four cities across China, Changde, Guilin, Korla and Liaocheng. The projects involve the design, development, implementation and rollout of the road traffic control centres, equipped with intelligent traffic monitoring systems, signage and traffic light regulation systems, CCTV surveillance, speed controls, automated traffic enforcement and user information systems, amongst other initiatives. The solution that Indra provides will enable real-time monitoring of all of the systems and continual tracking of traffic developments. This will lead to increased road safety and an optimization of the flow of traffic as well as a reduction in journey times, costs and environmental impact.

In addition, thanks to the tracking and enforcement system for traffic light infractions through automatic recognition of registrations and an infraction management system, the project will enable traffic police to monitor and penalize infractions effectively. This technology complies with the latest national and international specifications regarding urban traffic and mobility management. Indra is one of just six companies that has a traffic light regulator certified to meet the requirements of the new Chinese GB-25280 regulation.

THE FUTURE OF TRANSPORTS AND TRAFFICS

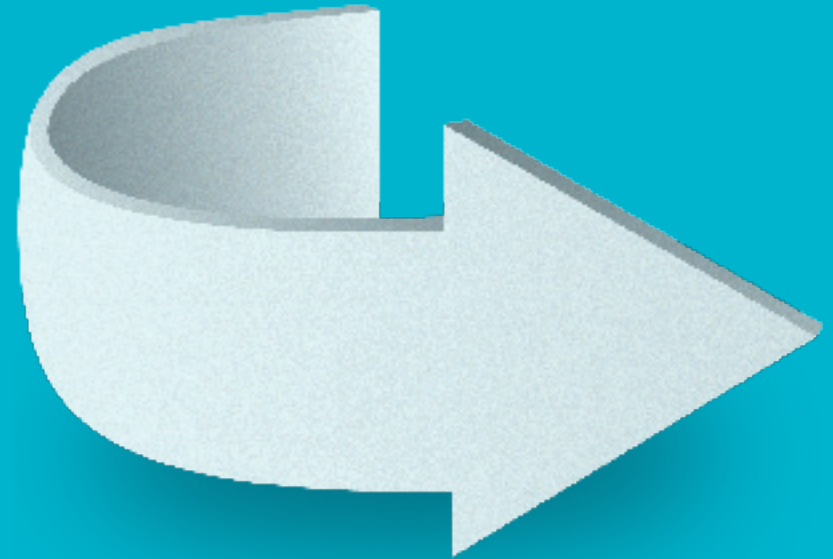
In general terms, Indra will maintain the strategy that it has followed in previous years, focusing strongly on internationalization throughout the markets of Latin America, the Middle East, Europe, North Africa and South-East Asia.

More specifically, in the market for air traffic management, Indra will keep developing its strategy of incorporating more European countries within the iTEC system, while at the same time, continuing to establish itself in new markets around the world, such as Fiji and New Zealand in order to strengthen its position in Oceania.

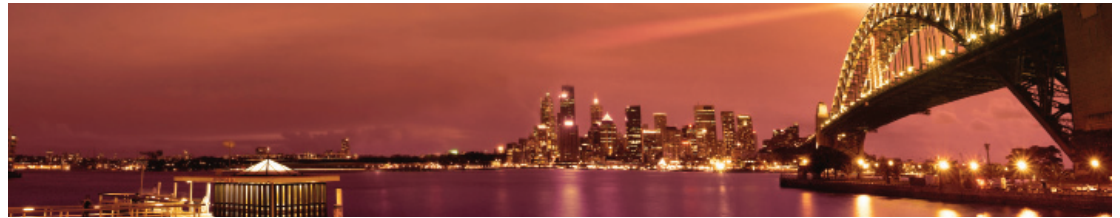
In the road traffic sector, the consolidation of Indra's product range means that the company remains committed to providing solutions for tolling and new rail and metro lines in the Asia Pacific and Middle Eastern markets. The company will continue its strategy of developing solutions for speed and mobility control, tolling systems and bus network projects in the Latin American market.

AWARDS AND ACCOLADES

After the recognition of Indra's ticketing technology in 2010 with an honourable mention at the Austin City Council Accessibility Awards, in 2011, Indra was awarded the prize for the "Best Solution in the T&T Market" in the Bacon Awards, the prestigious accolades awarded by the multinational IBM, for the Da Vinci System which has set the worldwide standard for rail traffic management platforms. This system will be used to manage the Medellín metro system from this year onwards.



ENERGY AND INDUSTRY



Market Trends

- >Low capacity, widely distributed energy sources (green energy, distributed production, etc.).
- >Increasing need for critical infrastructure security and cybersecurity.
- >Concentration and dispersion of the demand for energy being subject to variability.
- >Increasing need for supply security and quality. New uses for energy.
- >Strong cost pressure and efficiency drives.
- >Environmental and sustainability policies.
- >Increasing need, in emerging markets, to expand production capacities and networks in order to respond to the growth in energy demand.
- >Market concentration dominated by large energy companies at both a national and international level.

- >Concentration of technology suppliers.
- >Pressure on natural resources.
- >Intelligent infrastructure based on digital solutions: smart power grids, water infrastructure, buildings, electric vehicles, etc.
- >ICT as an energy efficiency vector, both at sector level (Green IT) and to enable other industries to reduce consumption and emissions.
- >Transition towards renewable and nuclear energies.
- >Growing use of real-time analytics, sensors, automation systems and collaboration tools, throughout the supply chain and production and R&D processes.
- >Integration of operation technologies with IT systems.

Solutions and Services

- >Plant management
- >Energy markets
- >Distribution network management
- >Commercialization of energy, customer care and invoicing
- >Control systems
- >Measurement systems/Smart Metering (AMI/AMR)
- >Optimization of hydrocarbon production and logistics
- >Security Management for Critical Infrastructures
- >Modelling, simulation and analysis of facility performance

- >Enterprise Business Management
- >Enterprise Content Management
- >Lotteries and gambling
- >RFID solutions
- >Airline Revenue Accounting
- >iFleets: Planning, localization and tracking of mobile units
- >Construction and infrastructure management
- >TMS for Hotels. SAP vertical hotel solutions
- >VERP implementation

STRATEGIC ALLIANCES WITH CLIENTS TO REINFORCE OUR PRODUCT AND SERVICE RANGE AND COMMERCIAL CAPACITY

In the oil sector in 2011, Indra consolidated its relationship with Repsol as a Technological Partner for the development of new products and services in the fields of exploration and production. This represents Indra's strategic commitment in a sector that is characterized by significant investment in technology. The projects that we currently have underway in Ecopetrol, Petrobras, Pemex and Petroperú strengthen our presence in this sector.

The water industry is an emerging market in which Indra is well positioned, offering a varied range of solutions and services based on the experience we have gathered with clients who are market leaders in their fields such as Canal de Isabel II. Work on contacting other important clients in the sector intensified during 2011, which resulted in significant progress, such as the agreement with Aqualia (a water company belonging to the FCC Group) for the overhaul of its commercial platform. In the international market, contracts were signed for the BPO of commercial back-office processes for Sedapal in Peru and Maynilad in the Philippines, as well as various other IT contracts. The challenges for 2012 are consolidating the accounts mentioned above and strengthening our international expansion.

Last but not least, in line with Indra's commitment to ERPs over recent years, the company signed a collaboration agreement with Sage that will give small and medium enterprises access to the latest management technology in order to establish specific actions aimed at integrating the applications and solutions developed or commercialized by Indra on Sage's ERP applications or platforms. The objective of this agreement is to enable small and medium enterprises to access high added value technological solutions that, until now, were only within the reach of large companies.

DEVELOPMENT OF OUR PRESENCE IN LATIN AMERICA, EUROPE AND OCEANIA

Petroperú, the largest public company in Peru, placed its trust in Indra's experience in order to modernize its business management systems so that the company's business processes are more tailored to the group's internal needs and market demands.

This project involved the implementation of a new ERP system based on an SAP platform, which will enable the integrated management of information regarding finance, commercialization, logistics, maintenance and refining, which are the oil company's key business areas. The automation, integration and standardization of these processes will lead to time savings in operations, improved productivity and, therefore, increased competitiveness for Petroperú.

In addition, the Brazilian energy distribution company Electrobras Amazonas Energía demonstrated its continued confidence in Indra by renewing its maintenance service contract for the overhaul of the Energy Distribution Management System, which is a tool for managing the company's business processes. Another key project in this area is the ISD implementation in Elektro.

In Europe, the company Electricidade da Madeira strengthened its alliance with Indra through an agreement for the maintenance and functional support of the SAP application in order to improve its usability and adaptability to the new demands of the energy market, to enhance the Madeiran company's response capacity and to increase the level of quality in the company's operations. The project also aims to set up a Client Relations Centre, which will also make it possible to respond more effectively to the operational demands of the electricity sector. Another key project in this field is the implementation of ERP based on SAP in Sedas. More information about this project will be released shortly. Lastly, in Australia, Indra was awarded an important contract with Caltex for the implementation of a new system on the Allegro platform that will enable the efficient management and optimization of the company's supply chain, including the integration of Analytics and trading management systems for crude oil, derivatives and hedging securities.

Technological solutions for the electric car of the future

At the Genera Energy and Environment International Trade Fair, Indra unveiled a prototype of an intelligent charging device for electric vehicles and the corresponding management and monitoring platform. This development offered an insight into the way in which the electric transport industry is evolved and its close relationship with the field of renewable energies.

In addition, in line with Indra's sustainability and environmental objectives, the company integrated security, communications and measurement requirements into a low-cost device capable of guaranteeing energy efficiency in the recharging of electric vehicles and the supply of new value-added services to the client. The device is an Internal Car Park Charge Manager (GRAI by its Spanish acronym), especially designed for the simplification and cost reduction of domestic charging points and related infrastructure, in an application that can be implemented for charging management in both private and public interior car parks.

Indra also signed a collaboration agreement with the City Council of Ponferrada for the development and implementation of technologies and infrastructures related to electric vehicles. This project aims to identify the best practices to be implemented in order to fit the city with the necessary equipment to deal with the expansion of electric vehicles successfully, through the creation of a network of public and private charging points. From our Logistic Support Centre for Renewable Energies (CENSOLOR) located in Bembibre, we provide our end-to-end solution for monitoring and recharging electric vehicles.

Growth in the Spanish Industrial sector through our ERP services

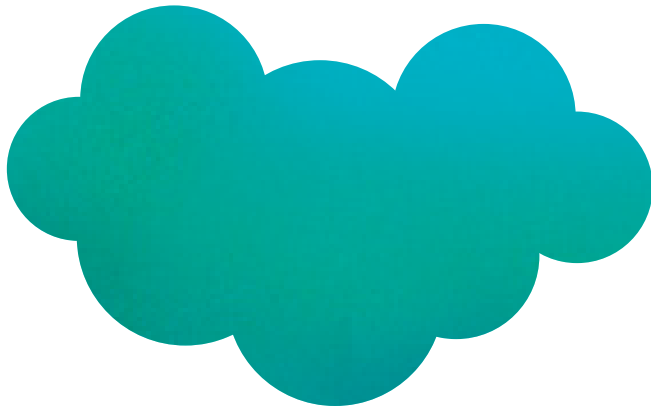
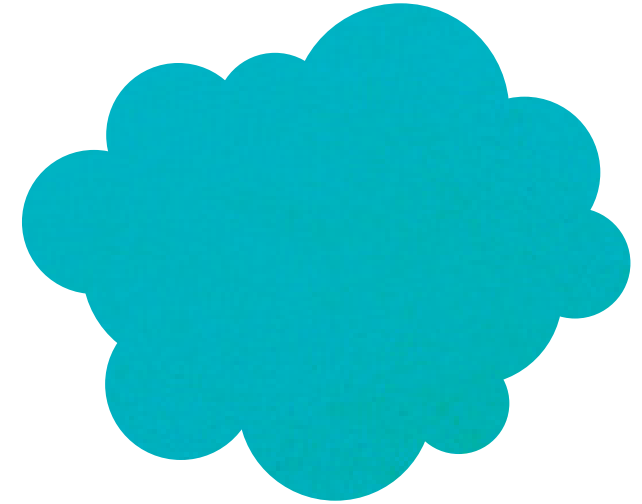
As predicted last year, Indra's ERP solution integration services proved to be one of the main areas of growth in industrial and mass consumption companies. As a result, Indra continues to reinforce its range of products and services and to develop its key projects in this field.

In particular in 2011, Indra was awarded important contracts in the Spanish market, with clients such as Affinity, Orizonia and Española de Zinc. In addition, one project that deserves a particular mention was the production implementation of the company's contract with Duro Felguera that was signed in 2010. This contract involved the technological transformation of the company's corporate systems using Oracle technology, in order to achieve efficient and reliable management that ensures the optimization and monitoring of the organization's business processes.

Another key project that deserves a particular mention is the collaboration agreement that was signed with Eroski, which aims to extend the Point of Sale Management Model throughout the food group's 550 centres. A total of 25,000 people will benefit from this new system, which also has its own technical office where the client can access maintenance and support services. As the result of a collaboration with Indra over the last three years, the Management Model established in the Eroski Group is based on policies of productivity and continual improvement at points of sale, through the setting of standards in the operations carried out at these points, staff size criteria and the generation of work schedules for the centre staff.

Continuing the international expansion of our product and service range for airlines

Indra is a leader in Revenue Accounting solutions for airline companies in Latin America, where the company manages over 70% of air travel revenues. In 2011, as well as continuing to strengthen this position with contracts such as the agreements with the Brazilian airline TRIP, Indra has also been awarded landmark contracts internationally that enable the company to reinforce its presences in countries such as Sweden, with a contract with Malmö Aviation, and Australia, in an agreement with Jetstar.



ECONOMIC AND SOCIAL SUSTAINABILITY

Cultural change to promote growth within organizations.



Indra is collaborating with the Leche Pascual Group in its process of cultural and organizational transformation through its 'Lidera 2012' scheme. The Leche Pascual Group chose Indra because it has more than 10 years' of experience in global human capital management projects and, in particular, due to its innovative Talent management project. Combining its knowledge in various sectors and years of experience in models of traditional talent identification, attraction, assessment and development with new trends in the management of constantly changing environments and the new knowledge society.

In collaboration with the Centre of Investigation into Values (CIVSEM), Indra is working on the implementation of the 'Lidera 2012' scheme, the aim of which is to consolidate the management style and leadership model set out in the Group's management strategy, through the development of its internal leaders' capacities.

With its commitment to excellence in management, 'Lidera 2012' promotes the development of the abilities of internal leaders with respect to areas such as leadership, communication, interaction with others, team work, personal productivity and individual and corporate values. These leaders become key players in the changes that are taking place and help to accelerate the cultural transformation process through the diffusion of the knowledge they have acquired to the rest of the organization via cross-departmental teams that they have selected themselves. Throughout the scheme, the internal leaders set commitments and action plans in order to ensure that each of their team members applies these values to their everyday tasks and is able to spread these values throughout their working environment.

ENVIRONMENTAL SUSTAINABILITY

Efficiency in energy management



Electrobras Amazonas Energia awarded Indra a contract for maintenance services for the overhaul of the Energy Distribution Management System. This system guarantees efficiency in the company's electric energy distribution management processes, which include the measurement of tension, calculations, operations, projects, invoicing, electricity network maintenance, GIS, indicators, support, call centre and management information announcements.

In order to provide these services, Indra will use an multidisciplinary team of highly qualified professionals in their software factories located in Campinas in central São Paulo. The teams will include managers, leading technicians, support and configuration analysts, programmers and testing specialists.

The Energy Distribution Management System is currently used by over 140 clients worldwide, 40 of which are based in Brazil. This is the second generation of Indra solutions for electricity companies' technical management. Indra has already developed the third generation, which incorporates advanced concepts in the areas of operations, maintenance and services, which enable any electricity company to implement the concept of Smart Grids.

THE FUTURE OF ENERGY AND INDUSTRY

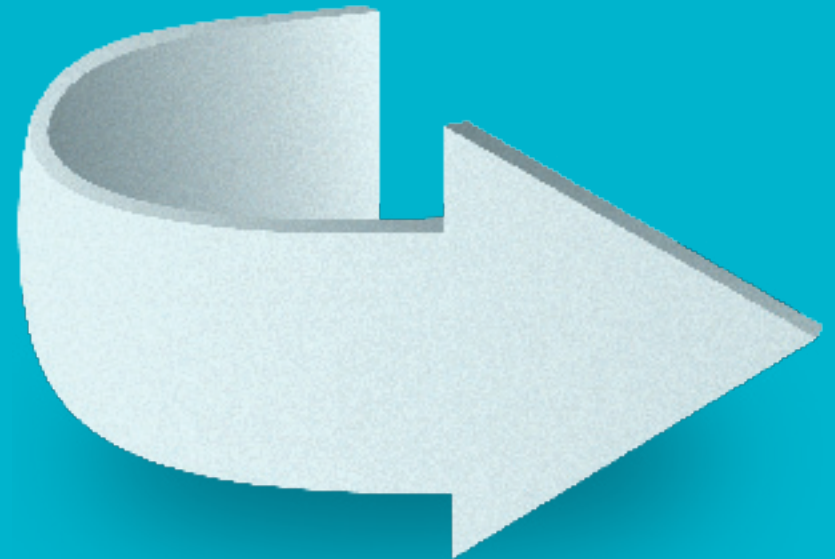
In the energy and utilities markets, Indra strives to continue strengthening its position in emerging sectors with high potential growth by developing its range of in-house solutions. One example of such solutions is known as Smart Energy (Smart Grid and new technologies applied to intelligent grids) for both traditional energies and, in particular, for renewable energies.

In the water sector, 2012 will also be an important year internationally for Indra, as the company collaborates at a European level (7FP.ICT-2013.6.3 and Europe 2020) and in the constitution of the future Integrated Water Resources Management System (IWRMS). In particular, the company will be involved in the establishment of a Control Centre for Large Emergency Operations and Management.

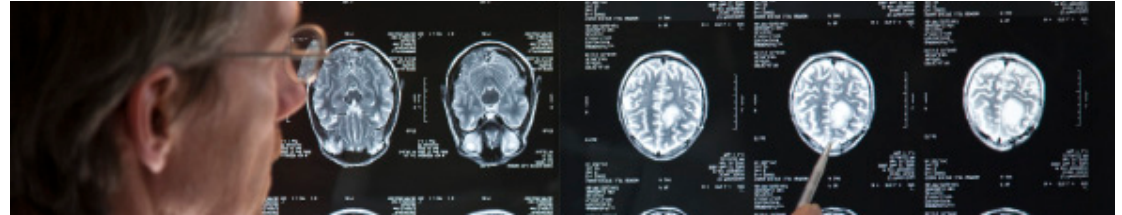
In geographical terms, Indra will remain committed to the expansion and strengthening of its position in Latin America. Other regions that show significant potential opportunities in 2102 include Africa, the Asia-Pacific region and Italy, the latter of which will be driven by the integration of Galileo.

In the industrial and mass consumption sectors, Indra's objective will be to continue its growth in the Spanish market and to gain ground in the Latin American market, where the company already has a solid base for sustained growth in countries such as Argentina, Mexico, Brazil, Colombia and Chile.

The integration services for ERP and Revenue Accounting solutions for airlines will also continue to be a key factor for growth in terms of our range of products and services.



PUBLIC ADMINISTRATION AND HEALTHCARE



Market trends

- > Stricter public administration budget control.
- > An increasing need for modernization and greater efficiency: Cloud Computing, digitization, automation, shared service centres, data centre consolidations, reengineering and process simplification.
- > Greater citizen involvement in public decision-making.
- > A growing demand for health services for a growing and ageing population.
- > Digital healthcare: development from the current hospital model (based on reactive medicine and acute treatment), towards a more preventive and proactive model (telemedicine, long-term care).

- > Improved interoperability and standardization of information and medical systems.
- > Mobility solutions for healthcare professionals.
- > Soluciones de movilidad para el personal sanitario.

Solutions and Services

- > Electronic administration
- > Land registry management systems
- > Citizen attention systems
- > Integrated tax management
- > Justice management systems
- > Election vote counting systems
- > iParticipa

- > Single medical history records
- > Clinical Stations
- > Digital medical imaging
- > Multi-channel portal for citizen attention services
- > Electronic prescriptions
- > Telemedicine and monitoring

STRENGTHENING OUR SERVICE PROVISION IN THE LEGAL FIELD

The company collaborates with the **Spanish General Advocacy Council** (CGAE) for the commercialization and provision of consultancy services and the development, implementation and integration of IT solutions developed by CGAE's technological infrastructure, RedAbogacía, for public administration. In this initiative, Indra provides its wealth of experience in service provision and the implementation of solutions for public administration bodies in general and in the justice sector in particular, both on a national and international level.

This initiative involves trusted third party services that the RedAbogacía network offers, such as time-stamping, which is an online mechanism that proves that a set of data has existed without being altered since a particular point in time. Other services include issuing digital certificates remotely on encrypted cards, electronic documental record storage and an electronic signature platform. Indra will also be able to use these solutions for recording log-ins and log-outs electronically, as well as the e-Colegio solution as a management platform for professional associations.

INDRA CONTRIBUTES TOWARDS THE MODERNIZATION OF PUBLIC ADMINISTRATION IN SPAIN

Indra implemented its AMARA platform in the **Valladolid City Council** with the aim of facilitating electronic service provision to the public and thereby improving quality and efficiency.

The AMARA electronic administration platform brings together all of the necessary elements to achieve effective, fully guaranteed e-Administration. AMARA brings public administration closer to citizens and integrates administrations, the private sector and associations in order to offer a comprehensive service. The platform provides all of the mechanisms needed to transform traditional offices into paper-free organizations, managing digital paper processes and communications internally and externally with other offices and public bodies, all with efficient and transparent processes.

NEW INTERNATIONAL ACHIEVEMENTS IN HEALTHCARE SOLUTIONS

In 2011, Indra rolled out the **Digital Medical History Project in Argentina**. Thanks to this system, it will be possible to decentralize data entry and access to consultation and reports in real time, from within healthcare centres. As a result, the medical records of each patient will be permanently available online and kept up to date for any professional that uses the application. This enables the single identification of the patient and the possibility of locating them and following their progress, having access to all of the data from appointments they have attended, even when they do not have a physical medical history record. This will lead to higher performance at both a treatment and a management level.

Elsewhere, **Bahrain** has entrusted its new national healthcare model to Indra, which involves the first implementation and operation of an entire national healthcare system in the Persian Gulf region and brings together applications for all of the levels of service and their management, for a period of 11 years. The contract includes the supply of applications at all of the assistance levels, covering all aspects of healthcare provision from medical records, electronic prescriptions and primary and hospital care through to emergency management systems, outpatient radiology services, digital medical imaging, intensive care, laboratories and pathology.

This is a groundbreaking project in the Persian Gulf in terms of the implementation and operation of an entire national healthcare system with a similar structure to the Spanish system. It will allow Indra to apply the technology that it has developed in this sector, as well as its proven experience, in an emerging market with strong growth, which is investing heavily in the modernization of its private and public healthcare systems.

In addition, Indra was responsible for the maintenance and integration of the main systems of the **Integrated Donation and Transplant System** (SIUL), which the company developed and implemented in 2010 for the National Transplant Organization (ONT). Indra strives to optimize the system's performance and to enhance the control of resources and management efficiency.

As a result, Indra consolidated its relationship with the **ONT** and became the organization's preferred partner, with respect to its goal to expand the Spanish donation and transplant model around the world. The model has already been successfully implemented in 27 EU countries, setting the standard worldwide and giving 500 million Europeans access to such therapies.

STRENGTHENING OUR HEALTHCARE SERVICE RANGE

Indra is reinforcing its position in the healthcare sector with the integration of **Mensor** and the acquisition of 80% of the strategy consultancy's capital stock and its Spanish healthcare business (hospitals, sector studies and process management). The company provides major clients, in both the private and public sectors, with a highly specialized team of professionals and a wealth of experience in the field.

Mensor's position and activities strongly complement Indra's activities and value offer in the field of healthcare. Mensor specializes in projects relating to e-health, R&D&I and the social healthcare sector.

In addition, Indra signed an agreement with the **Castilla-La Mancha Health Service** (SESCAM), under which it will roll out pilot trials for monitoring long-term patients from their homes. The project will involve new technologies with the necessary equipment based on the pathology (glucometer, pulse oximeter, etc.), all connected via PC, PDA with 3G, mobiles and other devices that allow information to be sent regarding the development of the disease to the hospital, which the healthcare professional can then pass on to the patient to inform them of changes to treatment and advice, etc. Both the doctor and the long-term patient will be able to access this information online, and medical practitioners will be able to update the file remotely with any information that they consider to be important.

The objective of the trial is to build knowledge and to carry out R&D&I that can be applied to the improvement and modernization of healthcare services.

Last but not least, in 2011 Indra continued its **TradionP** R&D project, which uses IT, artificial intelligence and computational biology technologies to

create an expert system that facilitates diagnosis and creates personalized treatment plans in the fight against cancer.

TradionP is the first innovation project to be carried out from the **Advance Digital Healthcare Centre of Excellence** that Indra recently set up in Seville, which focuses on development and research in key projects for the future of healthcare in relation to knowledge management of health related information.

The use of the latest technologies will improve the development of new, more precise and objective predictive diagnosis methods aimed at determining which therapies will be most effective for each patient, thereby developing new modes of treatment.

In addition, through our FutureClinic project, we are introducing personalized genomic medicine to the **Community of Valencia**. The objective is to develop new technologies that demonstrate the efficacy of genomic medicine in clinical diagnosis and treatment, as well as evaluating their integration into current healthcare systems.

As a result of this project, the quality of healthcare available to patients is set to improve, allowing progress in personalized medicine for hereditary illnesses or for diseases caused by genome mutation, such as cancer.

Moreover, Indra collaborated with the **Guttmann Institute**, pledging its commitment to the Economy of Knowledge and Innovation in the telemedicine service for rehabilitation through the Guttmann Neuropersonal Trainer® remote cognitive rehabilitation system.

INDRA ROLLS OUT NEW SOLUTIONS IN ITS ELECTORAL PROCESS PROJECTS

Throughout 2011, many of Indra's clients at an international level continued to place their trust in the company to run their electoral processes. After its electoral reform, **Argentina** once again entrusted Indra to operate the primary elections for the first time at a national level, and later the presidential elections in October. Indra's technology managed a team of human capital comprised of 1,100 professionals in 31 vote counting centres across the country. Indra also consolidated its position, in this respect, in **Colombia**, where it managed the 2010 elections and in **Oslo**, where it implemented e-counting solutions in the elections.

In **Spain**, Indra oversaw the regional elections in 11 autonomous regions (Castilla La Mancha, Castilla León, Valencia, Asturias, Madrid, Cantabria, Aragón, Extremadura, Murcia, The Balearic Islands and the Canary Islands), the regional government elections of the Álava region and the 2011 Local and General Elections, the latter of which ranked as one of the fastest counted elections in the country's history.

In this case, the technological support that Indra provided for the Spanish Home Office proved very successful, covering 80% of the electorate. Indra used its solutions to broadcast this data automatically through PDAs, and for the automation of the polling stations through the MAE system, a mechanism that makes the vote counting process more efficient and increases the reliability of the data.

The objective of the Electronic Polling Station (MAE) system is to provide the polling station officials with a range of tools for the smooth management of the election. Giving support for the tasks that officials perform and guaranteeing the security of the counting procedure, the MAE system increases the speed of the process by allowing the identification of the voter in the census at the polling station with electronic scanning of identity cards and practically automatic compliance with the polling regulations. Almost 1,400,000 voters across 2,000 polling stations in the city of Madrid were able to cast their vote using the system.

SOCIAL SUSTAINABILITY

Electronic administration applied to long-term care



The **Social Welfare Council of the regional government of Valencia** was named a "Public Organization or Institution ITC Pioneer" thanks to Indra.

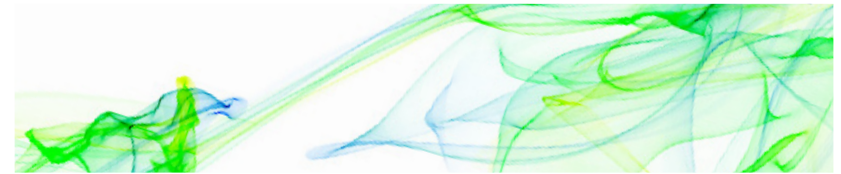
The ADA project involves the development of an application for long-term care and independence and it represents the first phase of the Valencia Long-Term Care System. The project has been hailed as a significant step forward with regard to the implementation of technologies or telecommunication services in the Community of Valencia, aiming to facilitate public access to the information society.

The award was bestowed by the Social Welfare Council in the category of "Public Organization or Institution ITC Pioneer" at the 12th edition of the Valencian Telecommunication Awards.

This accolade helped Indra to strengthen its position as a market leader in the development of electronic administration technologies designed to **protect people requiring long-term care**. The award highlights the recognition of the experience acquired by the company in this field, which is one of the competency areas with the greatest amount of potential in the public administration and healthcare sector.

SOCIAL SUSTAINABILITY

Tele-cardiology to improve patients' quality of life



The Makati Medical Centre (MMC), the most important hospital in the **Philippines**, awarded Indra the contract for the modernization of its services with the implementation of a hospital IT and management system which is equipped with the most advanced technology in the healthcare sector.

The project is based on the Indra Health Solution (IHS) and aims to improve the services that the MMC provides to its patients and professionals, enhancing the safety of its practices and the accessibility of the services offered, resulting in better patient welfare. In addition, the medical professionals will have the necessary means available to increase their productivity and participation in decision-making, as well as allowing real-time access to information and optimizing clinical and administrative processes, together with more effective management of the hospital's resources.

Indra's hospital IT and management system is a complete healthcare solution aimed at covering the critical needs of private hospitals, built around modules of administrative and clinical systems, to be used by medical professionals for the primary purpose of accessing electronic medical history records.

The final stage of the project will be the integration of our system with other systems used by the MMC, such as its radiology data system, image archive, the laboratory information system and the financial SAP system.

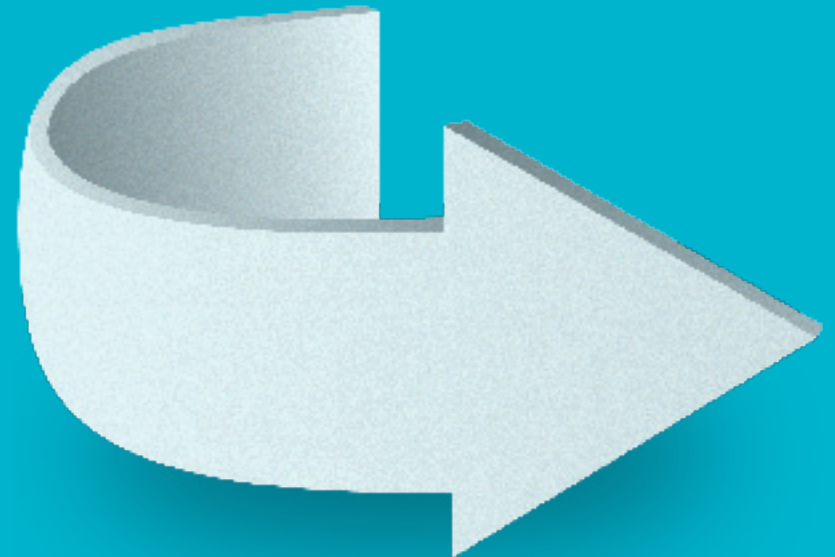
THE FUTURE OF PUBLIC ADMINISTRATION AND HEALTHCARE

In 2012, our commitment in the public administration sector will be closely tied to two main strategies. Firstly, our telemedicine solution for the long-term care of chronic patients, for which we have already developed the technology and are currently working on the business model that will enable us to expand this service to all of the autonomous regions in Spain.

Secondly, we provide an in-house solution that is packaged under the name Smart Cities, for which we have so far run two pilot trials for the city councils of Sant Cugat and Lleida, which we aim to promote to new clients throughout this year. We offer a complete range of environmental, mobility, citizen attention and management services that set our strategic line apart from the competition and that have enabled us to offer a complete range of solutions that is developed more intensively on both a national and international level.

From the technological perspective, we will remain committed to Cloud Computing models, which are becoming more and more relevant in achieving high concentrations and reducing costs. We have been working on developing this line throughout the last year and, while we believe that it will be applied extensively throughout all sectors, we foresee that its uses will be particularly applicable in the field of public administration.

In our Electoral Process Unit, we will remain committed to our expansion in the international market, such as in Latin America, where we will manage municipal and legislative elections in El Salvador, as well as across Africa and Asia. Our focus in 2012 in the national market will be the elections in Andalusia and Asturias.



FINANCIAL SERVICES



Market Trends

- > Severe financial market crisis.
- > Increased market concentration due to financial institution mergers.
- > An increasing need for risk management and control systems, as well as regulatory compliance.
- > Growing pressure on commercial margins.
- > Rationalization of resources in order to achieve greater efficiency and lower costs (process reengineering, back and front office automation, outsourcing, etc.).

- > Optimization of commercial capacity.
- > Sharp growth in e-commerce.
- > The development of mobile banking services (m-banking).

Solutions and Services

- > Core Banking
- > Risk management: credit, market, operational
- > Payment methods and financing
- > Payment systems and clearing
- > Cash management
- > Private banking

- > Core Insurance
- > Development of applications and integration of systems
- > Claims Framework
- > Workplace accident insurers and pension providers
- > Business Process Outsourcing

REINFORCEMENT OF OUR POSITION WITH THE 5 LEADING BANKING INSTITUTIONS IN SPAIN

In 2011, Indra was awarded major contracts with **Caixa Bank** and **Banco Sabadell** which, together with Indra's long history of strong positioning in **Banco Santander**, **BBVA** and **Bankia**, reinforced the company's position as a leading provider to the five most important banking institutions in Spain.

Throughout the year, Indra consolidated its BPO model in **Caixa Bank**, making the company the banking organization's principal supplier. Moreover, the company launched a pilot trial with Banco Sabadell, through a joint venture in Argentina, to offer BPO services remotely that provide solutions for banking back-office processes.

Elsewhere, Indra signed an agreement with the **Ahorro Corporación** for the transformation of the financial institution's technological model, involving the outsourcing of technical infrastructure management and application development. This will lead to increased service efficiency and quality, as well as an overall reduction in costs. Within the framework of this pioneering alliance in the financial sector, Ahorro Corporación and Indra created a joint capital company with the objective of continuing to commercialize the financial corporation's Global Treasury System (SGT) at a global level. This solution has now been adopted by 40 clients, including commercial and savings banks. As well as incorporating the new capacities that we have developed into our solution portfolio, the creation of the joint venture company facilitates the systemization of commercial processes and thereby multiplies the number of organizations that currently benefit from the SGT solution. Other advantages include improving our product and service range, increasing operational efficiency and profitability and anticipating changes in demand. Within this new company, Indra will be the provider of technological and commercialization services, while Ahorro Corporación will provide financial services.

Accompanying clients on their journey towards internationalization

Indra's presence in its mayor clients has enabled the company to ensure that its activity has not been significantly affected by the restructuring process in the financial sector, which has impacted most acutely on larger financial organizations. In fact, just the opposite is true in Indra's case, as by accompanying our clients throughout their international expansion, we have created new opportunities. We strengthened our position in the United States of America alongside **BBVA** Compas in Birmingham, where we were awarded the application maintenance project for the new technological platform that they are rolling out. Also with BBVA, Indra won the contract of BBVA Bancomer's project in Mexico within the framework of the global management of the BBVA Group's services, which we provide as the organization's main partner.

The company also strengthened its relationship with **Mapfre**, accompanying the insurance provider throughout its expansion from the United States of America to the Southern Cone, helping to implement the TRON corporate system in the United States, Mexico, Peru, Colombia, Argentina, Chile, Puerto Rico and Costa Rica. We signed a framework agreement as a preferred provider, which has enabled us to increase our market share within Spain's leading insurance company, with the national endorsement this entails and making us the group's corporate tool provider.

Working with the **Santander Group**, one of Indra's most significant projects in 2011 was the implementation of the technological platforms in Santander Sovereign, as well as being awarded the company's first contracts in Mexico on the group's ISBAN network, meaning that we are now endorsed by the group in Mexico, Argentina, Brazil and Chile.

GROWTH IN THE LATIN AMERICAN MARKET

In Latin America, Indra consolidated its relationship with Caixa Económica Federal through the payment method project that it worked on throughout 2011.

Indra was also awarded the SAP implementation project for Banco Do Brasil, Brazil's most important bank.

In Colombia, Indra became the IT system management service provider for Fiduprevisora, the state agency responsible for dealing with insurance claims from the various healthcare companies.

ECONOMIC AND SOCIAL SUSTAINABILITY

Social tools as a means of boosting competitiveness and productivity



Indra developed an internal social network for the BBVA Group known as GENERAL for particularly collaborative projects. The objective of the platform is to encourage dialogue between the group's professionals around the world in order to generate new ideas and solutions to make progress within a model of gender equality and diversity within the company.

The project's technological base involves a solution founded on **Open Source Technologies**, using the highly productive and flexible **Drupal** content manager, which incorporates an attractive design in line with the BBVA Group's corporate identity.

This development is initially designed to adapt to the everyday needs of the financial organization's executive users and is modified to different access support devices and mobile platforms, such as the iPad and Blackberry.

This initiative strives to inform users and build awareness of gender diversity through the regular generation of content, to encourage user participation via debate forums and to announce all of the group's diversity and equality plans and actions through an internal publicity campaign. This project is aimed at over 400 employees, mainly executives throughout the majority of countries where BBVA operates, and will gradually be introduced over the coming months to all the BBVA Group's employees, eventually reaching a total of 112,000 users.

This project, which was overseen by the Human Computer Interaction (HCI) team at the eBusiness Technological Solutions Unit and headed by the company's Financial Service branch, involved a new step forward in the use of professional and social networks, a field in which the company is gaining a lot of recognition and in which the eBusiness Unit has accumulated a wealth of experience in recent years.

ECONOMIC AND SOCIAL SUSTAINABILITY

Increasing efficiency within a state insurance provider to improve claims processing



In 2011, Indra became the IT system outsourcer for **Fiduprevisora, a Colombian state agency** responsible for dealing with claims between the various healthcare companies.

In order to carry out this operation effectively, Indra Colombia will take charge of the supply of processing infrastructure, storage and communication, becoming application manager for the core business system that has been in place for 5 years, and systems operator of IT, Operations and BPO for document management and printing processes.

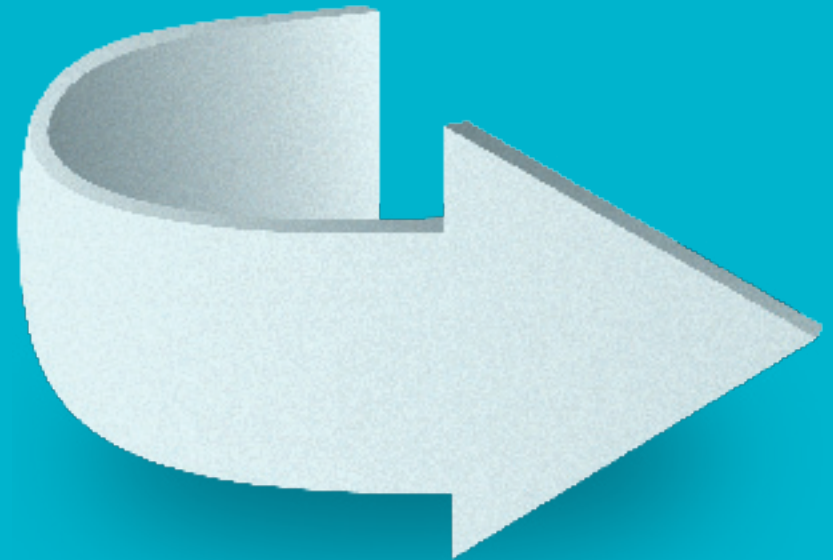
Indra's experience with the client, as well as having a highly qualified and knowledgeable team of experts on the systems involved, has enabled us to position ourselves as a technological partner in this project.

In addition, this project will enable the client to reduce running costs, focusing on critical points of the operation, as well as minimizing risks due to our previous knowledge of the organization's processes.

THE FUTURE OF FINANCIAL SERVICES

Our objective over the last few years has been to become the primary provider to the main financial institutions in Latin America (Mexico, Brazil a Colombia).

In 2012, our commitment will focus our efforts on becoming one of the biggest financial service providers in Latin America, based on our range of products and solutions through our services in BPO, payment methods, core insurance, core banking, foreign trade and private banking.



SECURITY AND DEFENCE



Market Trends



- > Defence spending rationalization and reduction in developed countries, focusing on maintenance of critical capacities and cost efficiency (private-public collaboration schemes, bilateral cooperation, etc.), in contrast to sustained growth in defence spending by emerging economies.
- > Increasing investment in security by large corporations.

- > Areas with strong potential: unmanned systems, force protection, information, intelligence and communications systems, cybersecurity, protection of critical infrastructure, border control and simulation.

Solutions and Service



- > Radar
- > Electronic Defence
- > Communication
- > Command and Control

- > Simulation
- > Security Systems and Services
- > Space Technology

NEW INTERNATIONAL DEVELOPMENTS CONSOLIDATE INDRA'S RANGE OF SIMULATORS

AgustaWestland awarded Indra the contract to develop helicopter simulators for the United Kingdom, which means that the company is now the preferred supplier of training systems for the AW159 Lynx Wildcat, the helicopter that will be used by the British Army and Navy. The platform includes a complete and integrated aviation software package that includes a state-of-the-art radar, electro-optical imaging and electronic surveillance measures, as well as a self-defence package, among other features. All of these systems have been integrated into Indra simulators with the aim of providing the most realistic training possible.

In addition, Indra and Eurocopter were the first companies to provide helicopter simulators for training purposes in China, facilitating and improving the preparatory training of pilots. The objective of the new system is to train pilots for search and rescue missions, intervention in natural disasters, fire fighting and emergency responses.

Elsewhere in China, Hainan Airlines has entrusted Indra with the development of a large pilot training centre to serve South East Asia, which will include two complete flight simulators (Boeing 737- 800, Airbus A330), with the highest level of certification under international regulations.

POSITIONING IN LARGE EUROPEAN SPACE TECHNOLOGY PROGRAMMES

INTA awarded Indra a contract for the development of the ground control segment for Spain's Paz radar observation satellite. As the primary contractor, the company was responsible for the integration of all of the systems that will be managed from the ground for the largest and most complex satellite ever constructed in Spain, part of the National Programme for the Observation of the Earth (PNOT). The ground control segment will control the satellite and the synthetic aperture radar sensor fitted in the Paz satellite. Ground control will also be responsible for the processing, validation, calibration, storage and dissemination of the images generated.

Furthermore, the European Space Agency (ESA) and the Spanish Government contracted Indra to supply the entire ground control system of the INGENIO optical observation satellite. The prestigious PAZ and INGENIO projects consolidate Indra's strengths in the provision of ground control systems and operation of observation satellites on the European stage.

Another important achievement in 2011 was Indra's contributions to the GALILEO system, in the form of the TTC (Telemetry, Tracking and Control) stations installed and delivered by Indra, which provided support systems for the successful launch of the first two GALILEO satellites to their correct orbiting position. Both stations are currently being used for daily operations.

Elsewhere, the ESA progressively incorporated a total of five ULS (navigation signal) stations developed by Indra into the GALILEO system in various locations around the world. The first of these stations was put into action in 2011 and is now fully operational.

The success achieved by solutions developed by Indra professionals in 2011 ensures a key position in the future rollout of the GALILEO system's worldwide coverage.



SATELLITE COMMUNICATIONS, SECURE COMMUNICATIONS

The integration of the company XSAT in 2011 enhanced Indra's range of products and services in the market for tactical and satellite-in-motion systems, for both military and security purposes. This strengthened our position to be able to lead the development of future projects and services in Europe and Latin America.

In the private sector, Indra was awarded a major contract by Repsol for the provision of the satellite and communication services in its implementation of exploration projects at an international level. Under this contract, Indra oversaw the implementation of communications on the north coast of Alaska for the Repsol's winter oil prospecting campaign.

In Latin America, we consolidated our position as the main provider of satellite terminals to the Brazilian Ministry of Defence, thanks to the project to supply the Fly Away quick-deploy satellite communication systems to the Brazilian Air Force. This equipment is particularly light, easily transported and very simple to deploy. This technology guarantees the ability to establish a secure satellite communication connection with any unit of the Brazilian Army regardless of the remoteness of their location.

The Italian, German and Polish navies chose Indra terminals as the solution for their satellite communication with various surface and submarine vessels of their respective fleets. Indra terminals continue to be the world leader in terms of sales of conventional submarine satellite communication technology.

NEW SERVICES: RECOGNITION OF INDRA'S TECHNICAL CAPACITIES

The growing demand for remote sensor projection with sustained operation conditions has led to an increase in the use of unmanned aircraft as vector platforms. Our experience and knowledge in the field of electro-optic systems and radar has paved the way for our commitment to Research and Development in the unmanned aerial vehicles (UAV). We were granted the Special Certificate of Experimental Aeronavigability (CAEE) by the State Air Security Agency (AESA) for the Pelican Unmanned Aircraft System (UAS) developed by Indra.

The **CAEE** certification, the first granted in Spain for rotary wing UAS, guarantees that the Pelican system meets all of the quality standards and security requirements set by the AESA and enables the company to commence the in-flight testing phase and the integration of subsystems and equipment. This project enables us to reinforce our position in a field with clear strategic prospects, as the market for unmanned rotary wing systems offers long-term development opportunities and major sales potential worldwide.

Moreover, in 2011 Indra also obtained the Certificate of Airworthiness for Experimentation (CAE) issued in Spain by INTA for fixed-wing UAS PASI (Searcher MkIII) operated by the Spanish Army.

Also in 2011, the **MANTA** system, the solution developed by Indra in collaboration with the Ministry of Defence to protect aircraft against ground-to-air missile attacks, was approved by NATO, with the system successfully passing all of the demanding tests set by France and Germany and demonstrating that it is technologically mature enough to start being integrated into aircraft systems.

Another noteworthy achievement in 2011 was the award given to Indra by INTA for the Recognition of Design Organization (ROD) This accolade will enable Indra to develop modifications on the aviation systems of all types of aircraft.

IMPROVING THE SECURITY AND MANAGEMENT OF MARITIME TRAFFIC

Over the past decade, growing awareness of potential threats to public security and infrastructure has led to the term 'national security' acquiring much greater significance and replacing the more traditional concept of 'defence' to a large extent.

Our security technology and solutions enable us to identify threats before they develop, thereby preventing their occurrence and reinforcing infrastructures to avoid and minimize damage.

As a result, the growth of the security market on a global scale presents great opportunities and throughout 2011, Indra worked with both public and private organizations in the military and civil sectors to provide a complete and integrated range of solutions using the various security technologies.

We received two Common Criteria Certificates in recognition of our high level of commitment to the functional security of the most sensitive projects, as well as the effort and dedication of our professionals in the field of information security in national and international strategic systems.

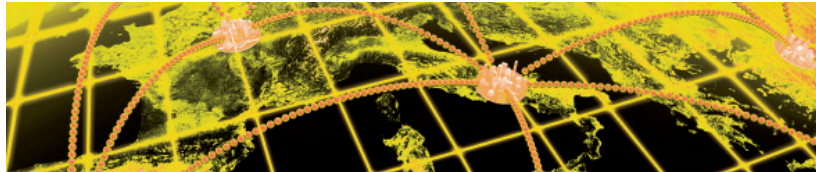
In collaboration with Alcatel, Indra introduced new solutions with its Vessel Traffic Systems (VTS) and was selected by the Polish Maritime Office, Urząd Morski Gdynia, to supply a system that improves the security and efficiency of vessel navigation and maritime traffic services in the areas with the world's heaviest traffic, namely the Polish territorial waters in the Baltic Sea.

The solution will enable advance warning of adverse navigation conditions, the management of incidents at sea and marine rescue operation support. In the national market, Indra was also awarded the contract to manage the Port of Cadiz, based on the same technology.

Moreover, we are heading the European Basyllis R&D&I project, which aims to develop a complete security solution that is both easily transported and simple to deploy in order to improve the security of refugee camps and other temporary settlements located in complex open environments.

SOCIAL SUSTAINABILITY

Protection of critical infrastructures



In Morocco, Indra was awarded a project to develop a comprehensive protection system for two phosphate treatment plants for the company Maroc Phosphore (OCP Group). This system, entirely implemented by Indra, strives for the complete management of the physical security of both complexes, including the installation of multiple integrated subsystems, which uses the most state-of-the-art technology on the market.

This is a civil project of great significance, both in terms of the scale of the installations and the complexity of the turnkey solution, which was primarily characterized by the use of a completely independent system, dedicated to the security of the infrastructure with redundancy requirements and functionalities that are comparable, or even superior, to solutions for critical infrastructure protection and for the military sector. Another important achievement in 2011 was the development, supply, installation and maintenance of the security systems in critical areas for Pemex (Mexican petroleum company).

In 2011, work was completed on the development of the data reprocessing systems for the SMOS (Soil Moisture and Ocean Salinity) mission, within the European Space Agency (ESA) 'Living Planet' Programme.

ENVIRONMENT

Indra enhance the imaging quality of SMOS, the space mission for the study of water on Earth



The improvements made will give the scientific community access to more reliable and higher quality images. This step forward forms part of the maintenance work on the user section of SMOS, which is coordinated by Indra.

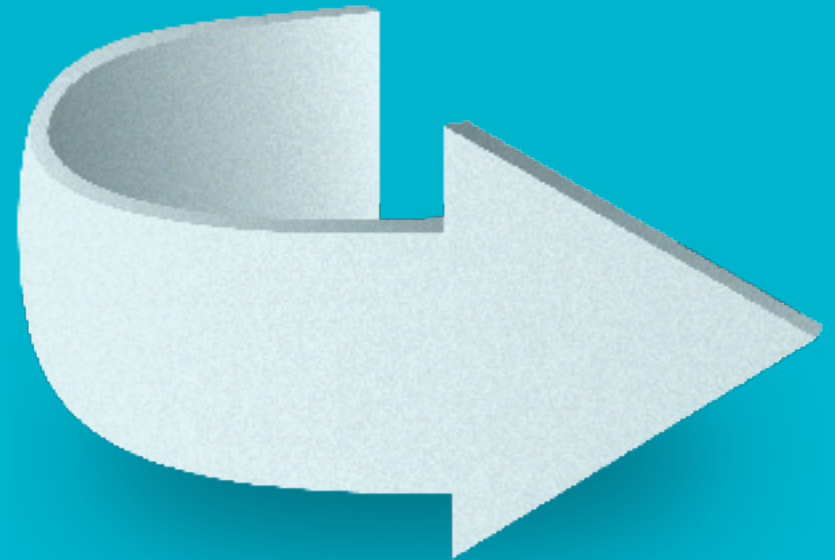
With the improvement of the reprocessing system, all the data that the satellite has gathered so far will be reprocessed in order to obtain much more precise images of soil moisture and ocean salinity which will provide scientists with better information. The development of the system will also multiply the speed of data processing. It is estimated that the reprocessing platform will run fifteen times faster than the main platform. As a result, the system will be able to process all of the information gathered by the satellite over the last year in just one month.

As well as engineering projects to introduce system improvements, as part of Indra's maintenance services contracted by ESA, the company has overseen the maintenance of the satellite's data gathering system, the processing centre itself and the reprocessing centre. From Indra centres, we perform corrective and preventive maintenance in all these cases, which allows us to detect potential errors before they happen, preventing them from affecting the mission.

THE FUTURE OF SECURITY AND DEFENCE

Indra will continue to strengthen its service range and major international projects in the defence sector, in areas with high potential growth and based on a sustained commitment to the Research and Development into new products, with the aim of becoming a global leader in the sector.

In the same way, in the security market, Indra will continue its development of and commitment to cybersecurity and intelligence solutions, a sector in which we predict strong growth. To this end, we are able to capitalize on our information assets, converting them into value offer. Indra has launched an ambitious cybersecurity R&D programme as part of the company's strategic commitment over the coming years, with the aim of offering our clients the best possible quality within a highly competitive model.



TELECOM AND MEDIA



Market trends

- > Strong growth in mobile devices and broadband.
- > Development of mobility services (convergence with social applications).
- > Network rollout in emerging markets.
- > Convergence of services (fixed – mobile – xDSL).
- > Infrastructure transformation (migration to fibre optics, wireless and converged IP platforms).
- > Advanced client management for higher retention and attraction.
- Consolidation of operators and centralized decision-making.
- > Strong increase in consumption and generation of web-based content.
- > Demand from clients for cost-saving technologies (cloud computing, video conferencing, VoIP).
- > Mobile payment platforms (including Near-Field Communications). Drop in advertising revenue for traditional media and substitution by new models that present difficulties for traditional media companies in terms of profitability (online, below the line, etc.).

Solutions and Services

- > Outsourcing
- > Business Support Systems (BSS), customer care, sales, customer loyalty, invoicing, collections, portals
- > Operations Support Systems (OSS), networking, planning, network inventory, network O&M, interconnection, mediation
- > Audiovisual production management and support

- > Cost rationalization.
- > Fragmentation of the audiovisual market resulting from the proliferation of new digital channels.
- > Consolidation of agents in the marketing sector resulting from the economic crisis and new entries in the market from other sectors.
- > Concentrated demand in a process of increasing consolidation.
- > Moderate volume market with predicted contraction, in light of the sustained decrease in revenue.
- > Limited complexity information system maps.
- > Low rates of IT renewal.
- > Tailored legacy developments increasingly enable the purchase of less customized commercial solutions and even Closed-based models.
- > Trend towards full outsourcing models in a clear drive for efficiency.

- > Management systems for audiovisual media (broadcast planning, copyrights, internal and external production management, commercialization of multimedia advertising, in-house MAM solutions).
- > Digital television services
- > Satellite communication stations
- > IT infrastructures

INDRA CONSOLIDATES ITS POSITION IN 3 OF THE WORLD'S BIGGEST OPERATORS.

In Spain, Indra has managed to ensure its participation in projects with high visibility and impact in its clients' businesses. Throughout 2011, we have successfully accompanied **VODAFONE** in the launch of its commercial range through its online channel, a project on which we worked intensively, culminating in the successful technological migration to UCM (Universal Content Management) and the virtualization of its support infrastructures. Moreover, we managed the SPOC (Single Point of Contact) added value services in Orange's network management. The same client also placed their trust in us for the global outsourcing of their systems in Catalonia. Last but not least, we are proud to have been awarded the contract to provide application maintenance for network support, assurance, creation and maintenance for Telefónica for the next four years.

Indra continues to build a significant position in Business Support Systems (BSS) and Operational Support Systems (OSS) enabling us to take part in both processes (optimization and IT model) and, at the same time, strengthening our service range in Telefónica's new business ventures (integration of OTT applications, rollout of the new FTTx range, cloud computing, M2M), as well as participating in the optimization of their more traditional business lines, including the simplification of the product and service range and network availability.

In 2011, the Integration and Consolidation of Network Platform and Service Management, founded after the acquisition of the company **Telefónica I+D España** and its Brazilian subsidiary, has enabled Indra to position itself as a leading provider of systems and services for Telefónica's network management, boasting highly specialized professionals and resources. Successfully integrating these new capabilities in the telecommunications market, we have managed to increase our product and service range significantly, which has enabled us to expand our activity in the field of IT systems and network platforms. The challenge that we currently face is to strengthen these capabilities and increase our presence in other operators in the Telefónica Group, as well as extending to other operators by way of natural business growth over the coming years. One example worth a particular mention is the project to implement the Access Service Platform for Telefónica Móviles Argentina, which will allow the management of each client's broadband based on a range of parameters, making it easier for the operator to revitalize their commercial product range.

CONSOLIDATION AND GROWTH IN LATIN AMERICA AND EUROPE

Latin America remains one of the key areas with the strongest growth which, in 2011, enabled us to increase our business volume in clients who are market leaders (Telefónica Group), while at the same time developing operations of a strategic nature with other operators in the region such as **TIM** in Brazil, **UNE** in Colombia and **América Móvil** and the new Telefónica operator in Costa Rica.

Another accomplishment worth mentioning is the contract that Telefónica awarded Indra for a strategic project for the definition, construction and implementation of its Global Human Resources Model. This project, based on SAP, forms part of the Global SAP developed by Indra for the economic, finance and logistics sectors and it has been selected as the group's first worldwide HR system.

Throughout last year, we consolidated our presence across Europe, continuing the journey that started at the end of 2010. In the United Kingdom, we increased our maintenance services for network monitoring systems and Telefónica in the Czech Republic placed its trust in Indra for the implementation of its new campaign management system, which will be one of the cornerstones of its revenue growth strategy for 2012.

The opening up of new markets with the integration of Galileo in Italy has enabled us to strengthen our position in Telecom Italia across Europe. As a result, Indra's Italian subsidiary has managed to secure a notable presence in the Italian operator, which opens new opportunities to us in its Brazilian subsidiary.

CONSOLIDATION IN THE MEDIA SECTOR IN SPAIN WITH NEW SOLUTIONS AND SERVICES

Over the last few years, communication media have undergone huge changes in terms of distribution, publication or broadcast of its content, due to the needs of the market and technological advances that have allowed access to new channels and platforms.

In the media market, Indra has worked jointly in the design and implementation of tailored solutions specific to each client's business which enable them to adapt and evolve to the new realities they face.

These solutions are extremely diverse in nature and can be made specifically for an audiovisual production company, such as the production management system, a system for broadcast planning, an advertising management system or a playout service for a television broadcaster, interactive services for a DTT operator or perhaps the management of the digital editions of a publishing group. They are also **solutions that cover all our clients' business processes**, based on technology and market solutions.

In the same vein, in 2011, Indra developed the new publishing system and the unique digital repository for the Santillana Group, accessible to all of the companies and countries that the group operates in. Indra has also developed a management system for musical copyright for Antena 3, a pay platform for Orbit (Unidad Editorial Group), integrated into Indra's platform that offers services as part of a SAS (Software as Service) framework. Other projects include the maintenance and support services for the RTVE Group's document management systems for the next two years, a service that Indra now manages as part of its contracts with the Prisa Group and the Antena 3 group.

Last but not least, Indra developed in-house solutions for the management of Boomerang TV Group's budgetary system, the sales and marketing management of Media Park, as well as the contracts that Telemadrid awarded Indra for the implementation of its solutions with respect to its management of internal and external production within the framework of the Corporate ERP implementation project.

STRONG R&D ACTIVITY IN THE MEDIA SECTOR.

Indra's experience in solutions that cover all our clients' business processes based on technology and market solutions, has been enhanced by its participation in innovation and development projects in a range of areas, and primarily in the audiovisual sector.

In 2011, we headed '**Immersive TV**', an R&D&I project that aims to research immersive digital content production technology and the whole value chain involved (production, transmission, reception and visualization) to enhance the viewer's sensation of integration.

Immersive television aims to enable the viewer to experience the action going on around them first hand, feeling both a part and the star of the show and allowing them to interact with the platform in any spatial dimension. The project combines production and 3D visualization techniques, which add depth to the visual experience, with surround sound systems. In addition, a set of sensors detect the user's movements and translate them to the virtual platform which is projected in five spatial directions.

The objective of this research projects is to generate a new production and consumption market in Spain that allows the viewer to integrate themselves into the scenario of the content transmitted and to take part in the action from the comfort of their own home.

This project also strives to explore other potential applications for cognitive immersion such as helping people with special needs, guidance systems for surgery or remote surgery, electronic marketing and sales initiatives including virtual tours and product test drives, augmented reality systems that allow viewers to get involved in events, and immersive video conferencing systems for teams working at a distance.

SOCIAL SUSTAINABILITY

R&D in media to close the social and digital gap



With the framework of R&D&I projects in the media sector that Indra has taken part in, two projects worthy of special mention are the European SeniorChannel project, which aims to create an interactive internet television channel that allows an older audience to enjoy content designed with them in mind, and Social Media, in which Indra has brought together the leading companies in innovation in the media sector to investigate the communication and business potential of social networks.

In addition, Indra presented the eACCESS+ network initiative at the 3rd Conference of the Indra-Adecco Foundation Chair of the Polytechnic University of Madrid, a European initiative that Indra participates in with 24 European partners, the objective of which is to contribute to accessibility in three fields: the internet, digital television and multimedia communication and self-service terminals (ATMs, ticket vending machines, electronic voting systems, information points, etc.). Over a three-year period, the initiative will analyse the accessibility situation across Europe, identifying good practices, reference projects and success stories, as well as the real needs that people have.

ECONOMIC SUSTAINABILITY

Optimizing business processes to improve efficiency and productivity



Telefónica España awarded Indra a 4-year contract for the application maintenance of its network support, assurance, creation and maintenance services. The company continued the cost reduction project undertaken by Telefónica, which strives to optimize business processes and to simplify the IT system map, implementing outsourcing as a management model.

This contract involves the maintenance of 400 systems in the following process areas:

- > Management Logistics, Planning and Control
- > Breakdowns and Incidents, Service Delivery and Compliance
- > Strategy, Planning and Technical Management of Network Rollout

During the first year of the contract, Indra will take charge of over 90 applications, which will require the design of a complex Transition Plan to ensure the continuity of service and guarantee complete exploitability.

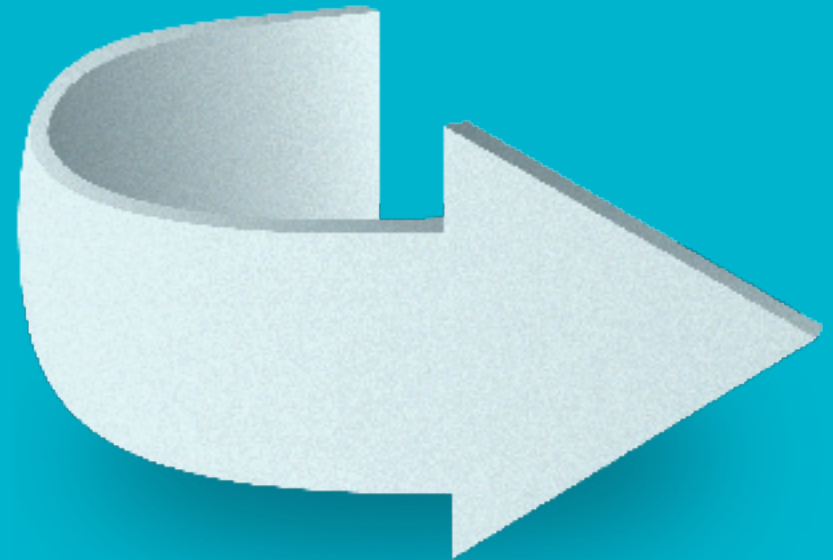
Service provision will be based from the Madrid offices and from the factories in Badajoz, Malaga and Argentina.

THE FUTURE OF TELECOM AND MEDIA

In the Telecom market, Indra remains just as committed to increasing its presence in Europe and Latin America as in recent years, using its position in large operators such as Telefónica and Telecom Italia as a springboard.

Furthermore, another of the challenges that we face is the consolidation of our cloud computing services, a field in which Indra has already had a great deal of success, which will act as a foundation for further growth.

In the Media sector, the growth of multimedia advertising projects (combined TV, radio, press and internet campaigns) will enable Indra to open new markets outside of Spain, thanks to the company's range of in-house services and solutions.



4.3 PERFORMANCE AND FUTURE OUR STAKEHOLDERS

	Shareholders	Professionals	Clients	Suppliers	Partners	Environment	Knowledge I.	Society
Trends	<ul style="list-style-type: none"> -Market uncertainty. -High volatility. -Fall in share values. -Investors increasingly value companies' intangible assets -Increase in ethical funds and investment. -Increasing demand for good governance practices. 	<ul style="list-style-type: none"> -High unemployment in Spain (cyclical) but at the same time, (structural) pressure over qualified IT resources. -Inflation of qualification. -Advantages in costs and demography in -Latin America and Asia-Pacific countries. -Generation of qualified professionals in these regions. 	<ul style="list-style-type: none"> •Drive for efficiency. Demand for intelligent solutions -Need for the clients to gain productivity and differentiate themselves in order to gain competitiveness. -Concentration of suppliers. -Globalization of companies. 	<ul style="list-style-type: none"> -Shortage of credit may cause financial, solvency and liquidity problems to SMEs especially. -Increasingly global value chains. 	<ul style="list-style-type: none"> •Concentration and globalization of partners. 	<ul style="list-style-type: none"> •Climate change. -Increasing water scarcity. -Proliferation of environmental legislation. 	<ul style="list-style-type: none"> -Increasing importance of 'open innovation' models. 	<ul style="list-style-type: none"> •Greater public demand for companies to have social involvement: creation of shared values. -Increasing need to measure social action impact.

	Shareholders	Professionals	Clients	Suppliers	Partners	Environment	Knowledge I.	Society
Estrategy	<ul style="list-style-type: none"> •Information transparency. -Integration of financial and non-financial information. -Solid business strategy based on innovation and sustainability. 	<ul style="list-style-type: none"> -Diversity management: flexible working conditions -Focus on recruiting, developing and retaining talent. -Globalization of the productive model. 	<ul style="list-style-type: none"> -Strategic partner for clients. -High attention to quality. -Accompanying clients and development of global production and delivery capacities. -Industrialization and continued improvements on production. -Development of solutions and services in areas of efficiency and intelligent infrastructure. 	<ul style="list-style-type: none"> -Financial, social and environmental risk management of suppliers. -Extension of social and environmental requests to suppliers. 	<ul style="list-style-type: none"> •Development of global alliance politics 	<ul style="list-style-type: none"> •Minimizing consumption and residues. -Energy efficiency initiatives. -Development of environmentally friendly products. 	<ul style="list-style-type: none"> • Proactive management of relations with universities. 	<ul style="list-style-type: none"> Commitment to local communities. -Development of socially responsible products. -Development of first indicators to measure the impact of our social action.

SHAREHOLDERS



Minority shareholders Institutional investors

MAIN POLICIES AND INITIATIVES

- **The Shareholders' Office** (<http://www.indracompany.com/shareholders/contacto-para-accionistas>): This office provides shareholders with detailed information on key indicators and financial and stock market data; corporate governance information; quarterly financial reports; information on dividends; the latest presentations to investors and analysts; the investors' schedule with the calendar of events with analysts and investors and planned dates for issuing the quarterly financial reports; analysts' recommendations for Indra, including their latest published report; information on the upcoming and past General Shareholders Meeting, and details on how to attend the meetings online; and the Annual Report.
- **Shareholder Magazine** (<http://www.indracompany.com/shareholders/revista-del-accionista>): Publication containing information on Indra aimed at minority shareholders.
- **Information regarding the General Shareholders' Meeting** (<http://www.indracompany.com/shareholders/junta-general-accionistas>): Indra publicly informs its shareholders of the date scheduled for the General Shareholders' Meeting and asks them to submit proposals to the Board of Directors of issues to be discussed or added to the agenda, either via

the website or through the Shareholders' Office. The same channels can be used to request further information or clarifications regarding any item on the agenda. In addition, Indra provides detailed information about the procedures to be followed in order to assign a representative to vote on your behalf and how to exercise your vote online or by post at the next Meeting.

- **Online Shareholder Forum**: Since the General Shareholders' Meeting of 2011, Indra has run a digital forum to facilitate communication between its shareholders.

Shareholders

Employees

Clients

Suppliers

Partners

Environment

Knowledge Institutions

Society

Indra is keenly aware of the importance of managing its relationships with shareholders and investors responsibly, as these relationships represent a key pillar of the company's economic sustainability. The company is always conscious that, without shareholders, Indra would lack the capital resources necessary to conduct its business. With this in mind, the company aims to establish long-term relationships with shareholders and investors and understands the crucial role of inspiring investor confidence, in particular, by having a solid and sustainable business strategy to guarantee the company's growth. Other key factors include a competitive remuneration policy that rewards the trust placed in the company and a transparent, honest and rigorous disclosure policy, as well as Corporate Governance regulation that ensures good administration.

INDRA ON THE STOCK MARKET

Key data

On 31st December 2011, Indra's capital stock totalled €32,826,507.80, fully subscribed and paid in, and is constituted by 164,132,539 common shares of the same class with a nominal value of €0.20 euros each. All the shares are traded on the four Spanish stock exchanges.

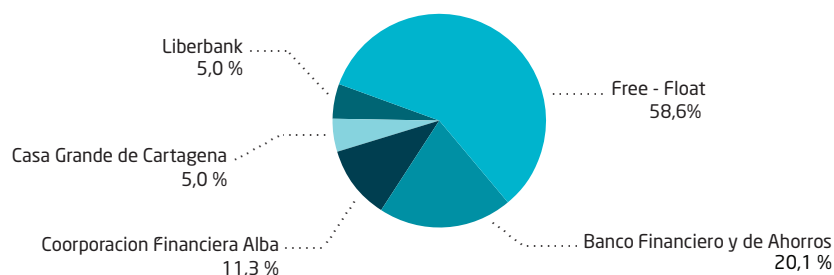
The common stock shares have been traded on the Continuous Market since 23rd March 1999, in the Electronics and Software segment of the Communications and Information Services sector. Since 1st July 1999, Indra has also been listed on the Spanish blue chip index, the Ibex 35, which includes the top thirty-five listed Spanish companies in terms of market capitalization and liquidity. On 31st December 2011, Indra had an index weighting of 0.50%.

In addition, on 14th April 2000, Spain's official equity trading platform, MEFF Renta Variable, began trading call and put options on the company's common shares.

Indra is also listed on major international indexes, such as the European MSCI IT Index (since July 2003), a benchmark for institutional investors in the sector, and the EURO STOXX IT, which includes the main European technology securities, as well as the Dow Jones STOXX Broad Market Index, which features the top European listed companies. Since 18th September 2006, Indra's shares have also been traded on the Dow Jones Sustainability World Index (DJSWI) and the Dow Jones STOXX Sustainability Index (DJSI STOXX) which select companies that make the greatest efforts to adapt their activities to sustainability criteria, chosen from among the largest companies in the world and in Europe, respectively.

Shareholder Structure

(On 31st December 2011)



Shareholder	Shares	% s/Share Capital
Banco Financiero y de Ahorros	33,037,828	20.13%
Corporación Financiera Alba	18,587,155	11.32%
Liberbank	8,225,554	5.01%
Casa Grande de Cartagena	8,212,998	5.00%
Free-Float	96,069,004	58.53%
Total shares	164,132,539	100.0%

The company does not keep a register of shareholders, which means that it is only possible to establish the composition of the company's shareholding from the information that the shareholders declare directly or that they make public in compliance with the current regulation on significant shareholders (under which it is compulsory to declare all holdings that are in excess of 3% of the company's capital stock), and based on the information provided by Iberclear. All of this information is compiled by the company for the General Shareholders' Meeting.

With this in mind, the company has the following information available for the 31st December 2011: The biggest shareholder is Banco Financiero y de Ahorros, holding a 20.13% share, followed by Corporación Financiera Alba, with an 11.32% share, Liberbank with 5.01% and Casa Grande de Cartagena holding 5% of Indra's capital. In addition, according to the records of the National Securities Market Commission (CNMV), Fidelity Management & Research reported that it held a 9.96% share of Indra's capital stock on the 11th August 2011.

Capital Distribution

The capital distribution by tranche, according to data presented at the General Shareholders' Meeting in June 2011 is as follows:

Number of ordinary shares possessed by shareholders	Shareholder	Total Shares	Participation in the capital
Until 500	54,494	7,698,959	4.69%
De 501 a 2.000	6,678	6,726,639	4.10%
De 2.001 a 5.000	1,354	4,239,125	2.58%
De 5.001 a 10.000	454	3,290,157	2.00%
De 10.001 a 20.000	198	2,847,671	1.73%
De 20.001 a 30.000	90	2,198,615	1.34%
De 30.001 a 50.000	69	2,656,569	1.62%
De 50.001 a 100.000	65	4,547,352	2.77%
De 100.001 a 500.000	73	14,742,450	8.98%
De 500.001 a 2.000.000	19	19,620,818	11.95%
More than 2.000.000	9	95,564,184	58.22%
Total	63,503	164,132,539	100.00%

On 31st December, the number of treasury shares was 1,332,549, which represents 0.81% of the company's capital stock.

Stock Market Indicators

The following table lists the key stock market indicators for the period:

Key Stock Market Indicators 2011

Total number of shares (31-12-10)	164,132,539
No. of ordinary shares outstanding - Free-Float (31/12/10)	96,069,004
Nominal value per share	0.20€
Average daily trading volume (no. of shares)	1,370,931
Average daily trading volume (thousands of euros)	17,976
Trading days	257
Trading frequency	100 %
Minimum daily trading (in shares) (27th December)	251,226
Maximum daily trading (in shares) (28th June)	9,255,209
Total effective trading (million euros)	4,620
Total trading in the year (in shares)	352,329,389
Total trading versus total ordinary shares	215 %
Total shares traded versus outstanding common shares	367 %
Minimum price in the year (25th November)	9,739
Maximum price in the year (10th May)	15,800
Year-end price (31st December)	9,837
Average price	12,821
Market capitalization on 31st December	1,614,6
Earnings per share (EPS) (in euros)	1,113
Cash flow per share (CFPS) (in euros) (1)	1,976
Book value per share (in euros) (1)	6,502
Share Price / EPS (P/E) (2)	8,84
Share Price / CFPS (P/CF) (2)	4,98
Share Price / Book value per share (P/BV) (2)	1,51
EV/sales (3)	0,79
EV/EBITDA (3)	6,79

(1) On 1st June, a total of 66,633,645 shares were traded outside of the market, corresponding for the most part to the transfer of shares from Bankia to Banco Financiero y de Ahorros.

(2) Based on the total number of shares in the company: 164,132,539 shares.

(3) Based on the share price at 31st December 2011.

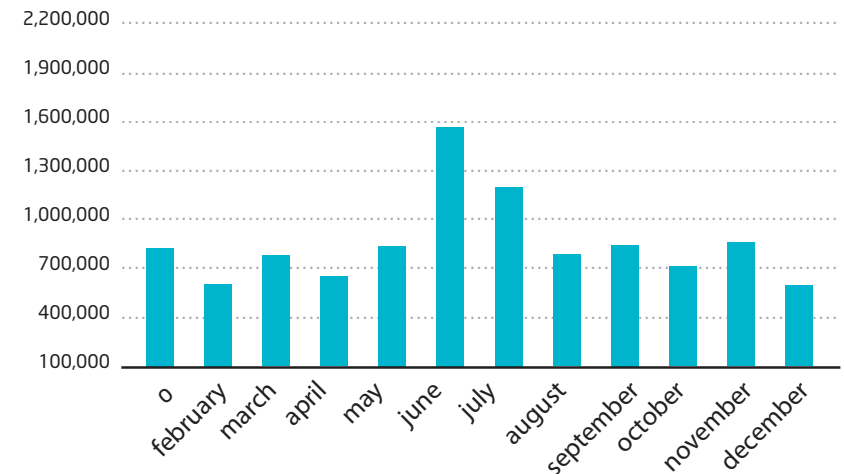
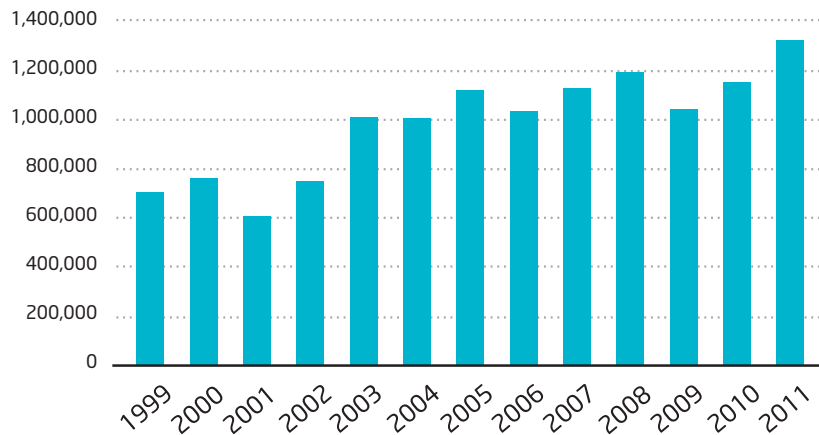
(4) Based on enterprise value (EV) at year-end: market capitalization at 31st December 2011 and the company's net debt on that date (€513.6M).

Trading Volume

Trading frequency was 100% throughout the year (257 days). Average daily trading was 1,370,931 shares, which was 14% higher than the previous year.

In 2011, a total of 352 million shares were traded, which is equivalent to 2.15 times the total number of common shares and 3.59 times the free-float common stock. Effective trading totalled €4.620 billion, which is an increase of 6% compared to the previous year. The following graph shows the average daily trading and its monthly development throughout 2011:

Volumen contratación medio diaria (títulos)



The information of 1999 includes the April period - December, on having excluded the extraordinarily high volume negotiated in the week posterior to the OPV (March 23-30, 1999), which distorts the ordinary volume.

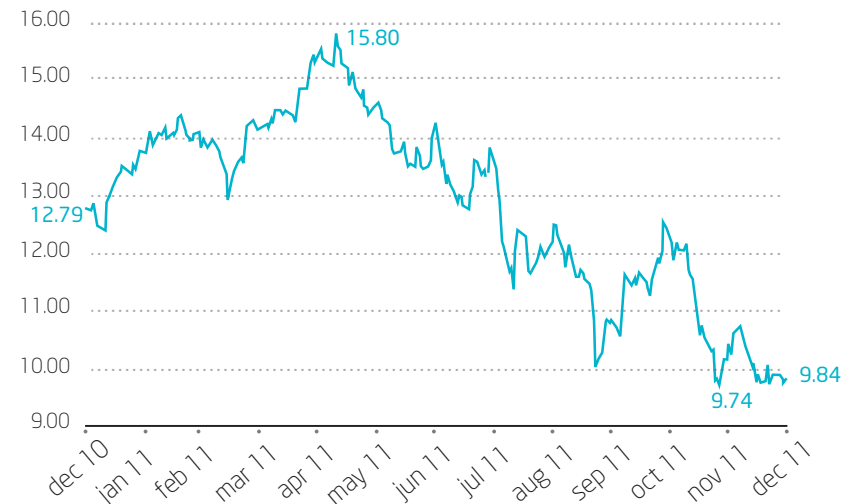
In addition, with respect to the trading volume for Indra share options traded on the MEF Renta Variable Market in 2011, a total of 44,118 contracts were signed for 100 options each, of which 30,264 were call contracts and 13,854 were put contracts.

Indra's share performance

The following table shows Indra's high, low, average and final monthly share prices for each month of the year, while the graph below depicts overall share performance during the year:

	Minimum	Maximums	Middle	Closing of the month
January	12.410	13.760	13.166	13.750
February	13.845	14.390	14.066	14.100
March	12.940	14.310	13.765	14.150
1° quarter	12.410	14.390	13.660	
April	14.175	15.420	14.616	15.320
May	14.405	15.800	15.067	14.545
June	13.470	14.600	13.864	14.230
2° quarter	13.470	15.800	14.513	
July	12.780	14.255	13.309	13.830
August	11.395	13.445	12.169	12.485
September	10.035	12.480	11.371	10.840
3° quarter	10.035	14.255	12.273	
October	10.570	12.535	11.564	12.160
November	9.739	12.180	10.967	10.445
December	9.755	10.735	10.089	9.837
4° quarter	9.739	12.535	10.869	

Prices not included



Source: Bloomberg

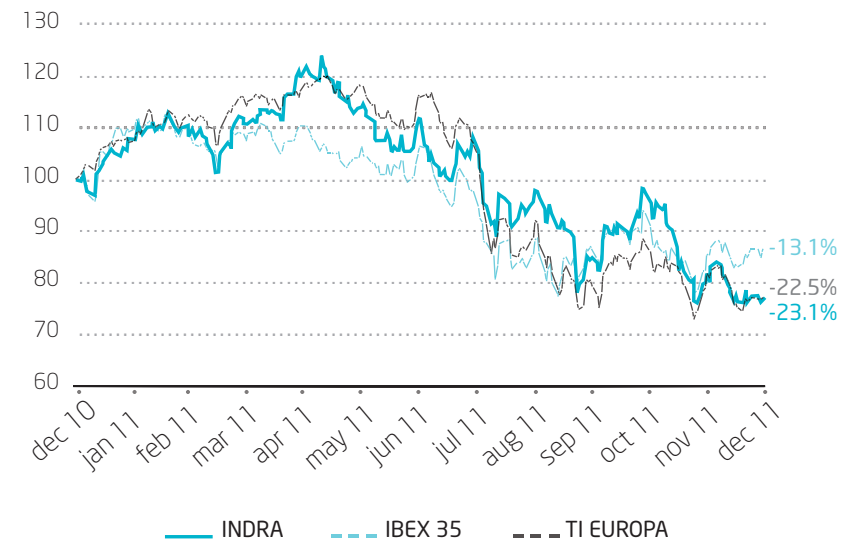
Information for net wealth tax return: The average share price for the final quarter of 2011 was €10.88 (as published in the Official State Gazette no. 50, dated 28th February 2012).

Indra and the sector

The European stock markets closed 2011 with generalized losses ranging from 6% on the British FTSE up to 25% on the Italian MIB. Developments in the markets were affected by the worsening macroeconomic conditions worldwide, the complicated financial situation in Greece and the political changes that took place in certain European countries as a consequence of the difficult economic circumstances and the significant financial adjustment measures that were implemented in order to rebalance public finances.

As a result, the companies in the IT service sector have experienced worsening performance throughout the year. In fact, in most cases, the sector had the worst performance on many of the main European indexes. Consequently, the EURO IT STOXX sector index fell by 28%. Indra closed the year with a fall of 23%, which is in line with comparable companies in the European IT sector, which compares to the IBEX average fall of 13%.

The following graph shows Indra's performance in comparison to the IBEX 35 and the European IT services sector average (base 100).



Source: Bloomberg

At the close of the year 2011, Indra's stock market value had increased by 120% from the date of its IPO (22nd March 1999), while the IBEX 35 fell 14% and the European IT sector decreased by 40% in the same period.

THE YEAR'S DIVIDEND

The dividend proposed by the Board of Directors for approval at the General Shareholders' Meeting is €0.68 per share. Therefore:

Dividends for share with cargo to the fiscal year 2011

Gross dividend for share

Gross ordinary dividend for share 2010	0.68
% Of dividends on Net profit or BPA (payout)	62%
Profitability for Dividend	6.9%

SHAREHOLDER AND INVESTOR RELATIONS

Throughout 2011, Indra continued to develop its active policy of communication in order to ensure the highest possible level of transparency and information for the financial markets. This included numerous presentations to institutional investors and analysts in Spain, other parts of Europe and the United States. In fact, the number of investors who were visited during the year was 423, which is a similar figure to the year before.

On the 31st December 2011, the total number of organizations that actively and repeatedly drafted coverage analysis reports on Indra reached 31, of which 17 were internationals. In addition, at the end of the year, 26% of market analysis agencies recommended buying Indra shares, while a similar proportion recommended keeping hold of any stocks and the remainder advising investors to sell. Furthermore, the average target price of the 31 analysts at the close of the year was €12.39, representing a potential revaluation of 26% compared to the year-end share price.

With the aim of responding to our shareholders' questions and information needs, Indra has set up a department specifically to deal with these enquiries, known as the Shareholders' Office (Telephone: (+34) 914 809 800, shareholders@indra.es). In 2011, this service dealt with 1,388 enquiries, covering a diverse range of issues relating to the company's business, growth predictions, dividend, the General Shareholders' Meeting, the share price, etc. In addition, the Shareholder Magazine continued to strengthen its role as a channel of communication aimed specifically at minority shareholders.

Furthermore, the 'Shareholders and Investors' section of our website www.indra.es, includes extra useful information for shareholders and investors, with the possibility of subscribing to an e-mail service. This enables subscribers to receive regular updates from the Shareholders' Office about information that the company publishes externally, such as press releases, communiqués, relevant facts, financial results and the Annual Report. This information is provided in addition to the data required by the Circular 1/2004 issued by the National Securities Market Commission (CNMV) dated 17th March, which sets out the legislation on transparency.

In the 'Shareholders and Investors' section of the website, Indra constantly provides shareholders with detailed and up-to-date information, including:

- Key indicators, financial and stock market information.
- Information on Corporate Governance.
- Quarterly financial status reports in PDF and Excel formats, for more effective and convenient information management.
- Information on dividends.
- The latest presentations to investors and analysts.

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- The investor schedule with the calendar of events with analysts and investors and planned dates for issuing the quarterly financial reports.
- Analysts' recommendations for Indra, including their latest published report.
- Information on upcoming and past General Shareholders Meetings with details on how to attend the meetings online.
- The Annual Report in interactive PDF format for easy use.

In addition, the 'Shareholders and Investors' section was improved in 2011 with new content that enhance the transparency of the company's management:

Twice yearly video report about Indra's results: Indra's Investor Relations Director announces the company's results at the close of the first and second half of the year, in order to make accessing the information easier.

New website section about the integration of new companies: In order to facilitate communications about the integration of the Brazilian company Politec, a new section of the website was introduced in order to make of the information on key developments of the process more accessible, via a single point of access. Indra intends to repeat this initiative in future integration processes.

Indra also ensures that there are a range of communication channels to facilitate information about the General Shareholders' Meeting. As well as the website, the Shareholder Office and the online shareholder forum, the company continued to work on enhancing the transparency of the General Shareholders' Meeting in 2011.

In particular, Indra eliminated the statutory obligation that required the title of at least one hundred shares in order to be entitled to attend the General Shareholders' Meeting, leading to increased transparency for minority shareholders.

In addition, from the General Shareholders' Meeting onwards, Indra will invite Union Representatives in order to ensure that they have first-hand information about the decisions taken by the shareholders on behalf of the company's employees.

Indra's Membership of Associations

Indra forms part of the Spanish Association of Investor Relations (AERI) and the Spanish Issuer Association (EE), in order to ensure the best practices in communications with its shareholders and with the financial community in general.



Indra, Sustainable Investment

Indra is listed on various sustainability stock market indexes, including the following:

	Index	Observations
DOW JONES SUSTAINABILITY INDEXES Member 2011/2012	Dow Jones Sustainability World Index. Dow Jones Sustainability Index STOXX	Members since 2006. Leaders of the 'Computer Services and Internet' Subsector in 2007, 2008 and 2010.
VIGEO	Aspi Eurozone	Members since 2008.
OEKOM	Global Challenges Index	Members since 2010. B Prime Rating.
STOXX	STOXX Global ESG Leaders	Members since 2011.

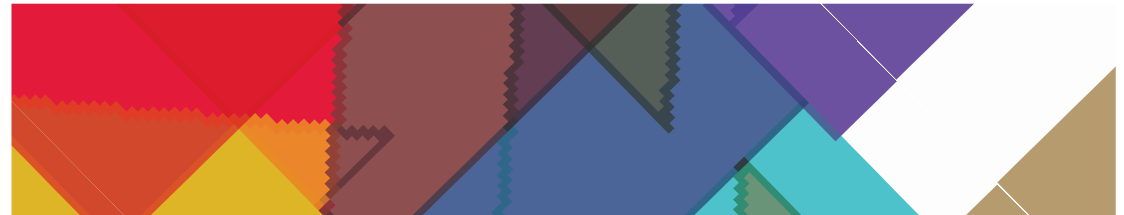
Commitments made in the Annual Report 2010

Progress made in 2011

Targets for 2012

Setting up an online shareholder forum in order to facilitate communication between them in advance of the General Shareholders' Meeting.	At the General Shareholders' Meeting 2011, the online shareholder forum was launched.	Continuing to introduce initiatives to improve transparency for shareholders and investors.
Drafting an investor satisfaction survey.	The investor satisfaction survey was not drafted. It has been set as an objective for 2012.	Drafting an investor satisfaction survey.

EMPLOYEES



Consultancy Projects/Solutions Factory BPO Corporate Support

MAIN POLICIES AND INITIATIVES

- Code of Ethics and Professional Conduct: The company's basic principles of professional conduct, including the fundamental rights and responsibilities of our professionals.
 - Career Management Process: Professional development planning for Indra's employees that provides the basis of development and compensation decisions for each professional.
 - Reassignment Management Policy: The procedure by which professionals are reassigned to other positions to enable them to strengthen the development of their skills and competencies.
 - Mobility Office and International Placement Policy: Centralized through the Mobility Office, these procedures enable our professionals to organize international placements and all of the related administration, as well as ensuring the safety of the trips.
- General Development Plan: A training plan built around each professional's career path that aims to facilitate the development of the technical, functional and methodological skills and knowledge that the need at every stage of their career.
 - Special Training and Development Programs: Schemes that are aimed at specific groups with particular training needs:
 - Global Talent Development Program: A scheme designed for professionals that show a special interest and motivation in their self-development, which provides the key factors for self-advancement.
 - Selective Talent Development Program (AltoP): A development scheme designed specifically for professionals that have been identified as having the greatest potential.
 - Management Team Development Program: A scheme that aims to enhance the Management Team's key competencies in all of the various fields in which they operate.
 - Junior Training Plan: A training scheme designed for newly incorporated professionals which aims to facilitate their personal and professional development within the company.
 - New Technology Training Plan: Programs designed to keep abreast of developments in the field of technology, with presentational courses and on-the-job training, with the overall objective of strengthening each professional's employability.

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- Knowledge Management:
Sharing Knowledge: A collaborative knowledge management platform.
Develop your Talent: Book loans and discussion groups.
- Diversity Management: A set of policies that aim to provide support for the various needs and interests of each member that forms part of our organization.
Equality Opportunities Plan for men and women: Initiatives to ensure equal opportunities in areas such as job access, selection and promotion, training, work-life balance, pay and communication, as well as specific measures to prevent sexual harassment and gender discrimination.
The Equilibra Program: A scheme to promote a better work-life balance.
Unacceptable Behaviour Protocol: A set of measures to prevent, detect and resolve any case of sexual or gender harassment.
Equality Line: A contact point that has been established, together with the Unacceptable Behaviour Protocol, as a helpline to resolve or make enquiries about cases of sexual or gender harassment.
Woman and Leadership: Program of training, mentoring and meetings with top management that aims to promote the professional development of women in sub director and director positions.

- Communication with Employees:
Professional Relationship Management: System for monitoring and communication regarding the company's internal culture to ensure that it is aligned with the corporate culture and business project.
Welcome Portal: Website with practical information for the company's new team members.
Mis Consultas (My Enquiries): A helpdesk for all of the group's professionals.
- Reflex Plan: A customized flexible compensation policy for each professional.
- Workplace Risk Prevention: Indra has a system in place to promote the Healthy and Safety and the welfare of its professionals.

Further information at:

<http://www.indracompany.com/sostenibilidad-e-innovacion/Empleados> <http://www.indracompany.com/tu-carrera-en-indra/trabajar-en-indra>

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Indra's talent is what sets the company apart and the source of its competitive advantages. Management of the group's Human Capital is therefore of critical importance to the company. The effective recruitment, development and retention of talent is a strategic priority.

Globalization of talent recruitment, retention and development capacities

In line with the company's strategy, in 2011, Indra continued to develop its global talent management capacities so as to continue to provide support for the company's operations in the markets in which it operates and, in addition, to be the driving force behind the company's growth over the coming years.

In particular, Indra has specific policies in place regarding the recruitment, retention and development of talent and includes diversity management as a common aspect of all of these areas. This special focus on diversity is a reflection of the crucial importance of this quality in a company such as Indra, in which innovation is a key factor of the company's business model. Having a team of professionals with diverse profiles and skill sets helps to strengthen the company's innovation and, therefore, ensures its competitiveness and sustainability.

Recruitment:

Indra's objective is to hire the leading professionals on the market. In order to achieve this, the company is keenly aware of the need to present itself as an attractive brand in the employment market and, in particular, with respect to its main source of professionals: Knowledge Institutions. At the end of 2011, Indra was involved in collaborations with 200 Universities, Research Institutes and Business Schools.

In addition, Indra implemented the following initiatives in order to improve its global talent management capacities:

- **Future Minds:** In 2011, Indra launched the first edition for the Indra Future Minds Competition. In this competition, Indra challenged students to resolve various puzzles based on real projects in different areas of the company. This encourages the students to work with collaborative tools and virtual environments, as well as promoting teamwork in a multicultural setting. The objective is to present students with the challenges that they will be faced with in the current business environment. The final prize was incorporation into Indra in one of the countries that runs the competition, namely Spain, Brazil, Mexico, Colombia, Chile and Argentina. The prize was eventually won by the Polytechnic University of Catalonia. The students could choose to work on a project in any of the participating foreign countries in order to experience working internationally from the very start of their journey through to the development of a global profile, which is an invaluable asset in the modern business world. Indra has already launched the second edition of the competition in 2012.
- **Recruiting from International MBA courses:** In 2011, Indra initiated a series of visits for MBA students at Business Schools with international study programmes, with the objective of recruiting professionals who have international profiles and aspirations.
- **Recruiting Erasmus Campaign:** In 2011, Indra took part in the 'Recruiting Erasmus' project that aims to put students who have gained some international experience in contact with organizations that might be interested in contracting them..
- **The DESTACA scheme:** The High Potential Student Development Project at the Polytechnic University of Madrid aims to identify students with the best performance and develop their capacities, not only in terms of technological knowledge, but also in terms of emotional intelligence, communication skills, problem resolution, time management, interpersonal skills, leadership and emotional maturity, etc..

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- The launch of a new multilingual curriculum management tool that enables the effective management of the employment opportunities in many of the companies in the Indra group
- Positioning Indra as an employer brand on social networks.v

In addition, with respect to promoting diversity in the recruitment of its professionals, Indra implemented the following initiatives in 2011:

- An agreement with the Intelligence and Society Foundation for the integration of highly-gifted individuals.
- Launch of the 'Building Capacities' program in Mexico for the integration of people with disabilities.
- Participation in 'Girl's Day' in Spain that aims to promote technological careers to girls in secondary schools.

Awards and Accolades

- Indra was named as the best company to work for in the Spanish consultancy sector by Merco (http://www.slideshare.net/Merco_ranking/dossier-merco-personas-2011)
- Indra was ranked among the 30 best companies to work for in Brazil ('Best Companies to Start your Career') in the Brazilian magazine Guia VOCÊ S/A.

Retention:

Indra's talent management is based on an individual and personalized treatment of each professional's skills, motivations and interests. In addition to the company's talent development policies, which foster motivation and commitment, Indra promotes flexibility at work, with policies that adapt to each of the countries in which the company operates. This allows us to respond to the specific social and business needs in each country. As a result, Indra's talent retention strategy is closely tied to the company's diversity management.

Indra has a well respected track record with respect to the diversity management of its employees. Since 2004, the company has launched numerous initiatives that aim to promote equal opportunities for all people regardless of ethnic background, sex, language, religion, personal opinions, nationality, economic position, birthplace or any other condition. The initiatives also strive to promote respect for the unique profiles of individuals and their cultures and to provide support for the individual needs of Indra professionals, as well as fostering these values throughout the company. These initiatives include, for example, a work-life balance scheme, the Equality Plan, certification as a 'Family-Responsible Company', the creation of a Diversity Balanced Scorecard, etc.

In 2011, the company continued to develop policies that enable it to implement a more personalized management approach with its professionals, as well as initiatives to promote diversity among its employees. Some of the key initiatives were:

- The launch of the Diversity Committee on a global level: The Committee includes Human Resources and Corporate Responsibility Directors and, through regular meetings, its objective is to facilitate the implementation of local and global initiatives.
- The launch of the 'Women and Leadership' initiative: Program of training, mentoring and meetings with top management that aims to promote the professional development of women in sub director and director positions.
- Compliance with the Women's Empowerment Principles: A set of principles that aim to empower women in the workplace and in the community in general. The Principles were developed through a collaboration between the United Nation's Women's Development Fund (UNIFEM) and the Global Compact.

Awards and Accolades

- Indra's certification as a 'Family-Responsible Company' was renewed in Spain, reaching the level of 'Proactive Company'.
- The Integra Foundation gave an honourable mention in the field of Human Resources to Indra, in recognition of his contribution to the integration of socially disadvantaged people into Indra.

Development

Personalized talent management is of key importance for the promotion of diversity among the group's employees and also plays a crucial role in the company's talent development policies, which offer a varied range of career options in response both to the company's different business areas as well as to the preferences, capacities and needs of each professional, from those that are looking for a fast-moving career with international scope to those who wish to focus on specific technologies and to become expert in them.

As a result, in 2011, key initiatives were implemented, including the development of the Skills Map for the Board of Directors, Management Team and Technical Team which enables a more differentiated approach to career management for the company's professionals, based on the individual's skills, interests and ambitions and, at the same time, increasing efficiency in the management of assignments.

In addition, a specific set of actions were implemented that were specially designed to target particular groups that the company had identified:

- Extra assessments for the Direction Team: The objective of this additional evaluation was to identify the Direction Team's degree of adaptation to the director profile required by the company, as well as to establish development actions in response to the needs of this particular group.

- The second edition of the Management Team Development Program in Spain: This initiative aims to develop all of the necessary skills that the Management Team needs to perform effectively. In 2010, Indra received the Cegos Award for the Best Practices in Human Resources for the first edition of this program.
- Management Team Development Program in Latin America: A specific program which combined the main schedules defined by the Management Team and key elements of the Transformation Program carried out in Spain.
- Junior Training Plan: A specific training program was designed to provide support for professionals throughout their first years with the company.
- The launch of the Next Program for the group of high potential individuals: the aim of the scheme is to accompany high potential professionals as they adapt to the new environment in which they currently perform their business activity.

Indra has its own training model in place with respect to professional development, with training schedules designed according to the technical and functional skills and knowledge necessary in the employee's professional role. In addition, in order to complement and reinforce the training, all professionals have access to the Sharing Knowledge collaborative platform, which enables us to continue to train our professionals through the platform's learning groups and communities, in a more open and collaborative context.

In 2011, Indra continued the international implementation of its training model and the related technological platform and reached a total coverage of around 80% of the company's professionals. In addition, the international rollout of the Sharing Knowledge collaborative platform was completed.

Awards and Accolades

- The Garben Award 2011 in the category of 'Best Company Training Program': the judges underlined the importance of continual training in Indra, through the implementation of training activities aimed at all of the company's professionals and, in particular, the development and implementation of professional career plans, resulting in the involvement of all levels of the company.

IMPROVING INTERNAL COMMUNICATION

Indra has a range of different instruments available to monitor the perception that professionals have of the company. These instruments make use of information both from internal studies conducted by the company itself and from external sources and involve various methodologies (focus groups, surveys, interviews, discussion groups and benchmarking, etc).

In 2011, a key initiative was the development of the Open Dialogues (Professional Relationship Management) Platform, which represented a new internal channel to monitor its professionals' perception which had been proposed in 2010. The online platform is based on the Indra iParticipa solution and enables regular surveys and information gathering to be carried out in order to improve specific aspects of the company's management. In particular, in 2011, two consultations took place with respect to the improvement of aspects of internal communication and the promotion of greater equality among the employees.

In addition, at the end of 2011, Indra launched its Internal Communication Master Plan, which aims to strengthen this area within the company in order to achieve a stronger, more cohesive culture that facilitates alignment with our business objectives. In 2012, a diverse range of initiatives are planned within the framework of the Master Plan.

LABOUR RELATIONS

The union and legal representation of Indra's employees is structured around Trade Unions and Work Councils. Indra's employees in Spain have the legal representation of more than 350 individuals from different Trade Unions, namely the CCOO, UGT and USO Unions:

- Indra provides information to the Union Worker Legal Representatives related to the situation and performance of the company, as well as relevant company features or initiatives. The Union Worker Legal Representatives, through the most representative trade unions, take part in the collective sector negotiation of the Worker Agreement applied in Indra.
- Indra holds meetings to share information and encourage participation of the most representative trade unions, in the company's processes that affect or are related to the employees.
- The company and the CCOO (COMFIA) Union Representative in the Consultancy area have still not reached an agreement regarding the discrepancies highlighted in the 2008 Sustainability Report with respect to the model of representation (by centre or by company) and the Union calculation system for hours worked.

WORKPLACE RISK PREVENTION MANAGEMENT SYSTEM

Indra is committed to meeting all of the requirements set out in legislation in the field of Workplace Risk Prevention, not only because it is a legal obligation, but also because the company strives to foster a culture of prevention in all of its activities.

In addition, Indra has a commitment to ensure the highest possible level of Health and Safety and to provide adequate protection for its employees and any other person who may be affected by the company's activities. Indra has implemented a Workplace Risk Prevention Plan, which is a tool that sets guidelines for the company's activities in order to fulfil the commitments that Indra has made. This Prevention Plan includes the following key initiatives:

- Continual risk detection and assessment, as well as the implementation of preventive and/or corrective actions and the necessary control measures to eliminate risks in the company's various activities.
- Fostering a company culture that promotes the integration of preventive behaviour within the organization as a crucial feature of all activities.

The process developed aims to integrate preventive behaviour and measures effectively, and promotes the involvement of employees, managers and social representatives, which are all crucial elements to foster a preventive company culture.

For all of the above reasons, the key initiatives developed in this field in 2011 are as follows:

- Integration of companies into the Joint Prevention Service (SPPM) in order to implement the same prevention management system and standards with respect to Health and Safety. The following companies are currently integrated in the service:
 - Advance Logistics Group
 - Europraxis Atlante
 - Bmb Canarias
 - I3 Television
 - Indra BMB
 - Indra BMB Digital Services
 - Indra Emac
 - Indra Space
 - Indra Systems
 - Indra Secure Communication Systems
 - Indra Security Systems
 - Indra Treasury Systems
 - Indra Software Labs
 - Intos
 - IP Systems
 - Tasai
 - Tourism & Leisure
- The Workplace Risk Detection and Assessment Methodology was updated with the incorporation of a working process for the detection and monitoring of potential cases of harassment and situations that may give rise to such cases.

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- Training for the Management Team in order to raise their awareness of prevention and to equip them with strategies to respond to the needs of their projects. This will enable greater integration of preventive features in their work and decision-making.
- Unification of the medical service providers, Medical Assistance Services and Occupational Health and Safety Surveillance, in order to maintain, promote and improve the health and general wellbeing of each professional that works at Indra. In particular, the objectives of this unification are as follows:
 - Offering a direct and personalized medical service in the workplace in order to deal with the medical needs and enquiries related to the health of Indra's professionals.
 - Providing information about common health complaints of professionals in the workplace, which will help to develop preventive and healthcare campaigns.

Consultation and participation of employee representatives

Indra recognizes and values the importance of the active and collaborative involvement of employee representatives, in the form of Risk Prevention Delegates, and their contribution towards ensuring the desired level of attention to Occupational Health and Safety issues.

The company has established Health and Safety Committees in all of its work centres with over 50 Employees instead of workers. These Committees are set up as joint certified participation bodies which carry out regular and periodic consultations with regard to the company's labour Health and Safety activities. The committees hold regular meetings and all decisions taken and topics discussed are presented in the corresponding minutes.

Due to the Trade Union elections in 2011 and the integration of new companies, meetings were held with the new employee representatives in order to discuss Health and Safety issues. In these meetings, the company's preventive organization structure, Health and Safety documentation and management systems were presented.

Last but not least, the Risk Prevention Delegates were consulted and involved in discussions about the acceptance of the third preventive discipline, the integration of new companies in the Joint Prevention Service (SPPM) and updating the Workplace Risk Detection and Assessment Methodology. In addition, the delegates actively participated in preventive initiatives, such as risk assessment and preventive action planning.

The international dimension of Health and Safety

Throughout 2011, Indra continued working to extend its Workplace Risk Prevention policies at an international level and, to this end, the company provides professionals who are planning to travel internationally with all of the necessary information about the various aspects that should be taken into account before and during the trip, in order to respond to the needs that arise and to guarantee an adequate level of legal and health coverage.

Promotion of health and wellbeing

Indra runs campaigns to promote health among its professionals, above and beyond its Occupational Health and Safety initiatives, with a view to contributing to the creation of an effective culture of health in the workplace by raising employees' awareness of the importance of looking after their health, avoiding risks and establishing healthy habits.

- The company has four medical centres in the Community of Madrid, which is where the largest number of Indra employees are concentrated. The objective of these centres is to bring medical assistance closer to the work centre. The health promotion initiatives that the company runs provide information about health complaints that commonly affect professionals in the workplace, which helps to develop preventive and health campaigns that contribute to the improvement and promotion of health and wellbeing for all Indra professionals:

- Medical consultations, first aid, initial and successive treatments, medical treatments (pharmacology), etc.

- Follow-up and assessment of employees who fall ill or have a chronic illness.

- Follow-up and assessment of employees who are signed off work for common complaints.

- First aid and emergency response and treatment.

- Integration to the emergency team for first aid response and treatment.

- Occupational vaccinations: tetanus, flu, vaccinations for travelling, etc.

- Medical advice with respect to the private healthcare companies included in the Collective Policy, which can recommend diagnostic tests and referrals to specialist doctors.

- Coordination of the medical services of the occupational accident and illness private care and insurance companies with the public healthcare system.

- The preventive healthcare campaigns run in 2011 were as follows:

- Flu vaccination

- Preventive gynaecological check-up

- Early detection of prostate conditions

- Biological tests (blood and urine analysis)

- The preventive campaigns to raise awareness in 2011 were as follows:

- Women's health

- Allergy prevention

- Melanoma prevention

- Overweight and obesity prevention

- Common flu prevention

- Cleanliness and tidiness: you can avoid risks in the workplace

- Road safety

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Commitments made in the Annual Report 2010

Progress made in 2011

Objectives for 2012

Continuing to promote actions that will improve the exchange of knowledge and innovation with employees.

International rollout of the Knowledge Sharing platform 'Think Innovation'.
Launch of the 'Open Dialogues' consultations.

Continuing to promote actions that will improve the exchange of knowledge and innovation with employees.

Continue to encourage the creativity and innovation of our professionals.

Continue to encourage the creativity and innovation of our professionals.

Improving internal communications and the flow of information as one way to strengthen company culture.

Launch of the Internal Communication Master Plan.

Improving internal communications and the flow of information as one way to strengthen company culture.

Continuing to promote Talent Development

Additional assessments for the Direction Team.
2nd edition of the Management Team Development Program in Spain.
Management Team Development Program in Latin America.
Junior Training Plan.
Launch of the Next Program for high potential individuals.

Changing the technological platform that supports Sharing Knowledge and formal training.
Launch of the functional and specific schedules for corporate functions.
Launch of a new English Certification Program.
Launch of a new Certification Program for the Management Team with an external institution.
Launch of Management Team development actions.

Continuing to foster diversity

An agreement with the Intelligence and Society Foundation for the integration of highly-gifted individuals.
Launch of the 'Building Capacities' program in Mexico for the integration of people with disabilities.
Participation in 'Girls' Day' in Spain.
Launch of the Diversity Committee.
Launch of the 'Women and Leadership' initiative.
Compliance with Women's Empowerment Principles.

Continuing the local implementation of corporate policies and adapting them to the local legislation, social and business needs in each country.
Definition and launch of the Reassignment Process for people who are completely and permanently disabled
Implementation of equality measures and sexual and gender harassment prevention protocol in Spain.

Development of an Employee Relations Management System

Launch of the 'Open Dialogues' consultations.

Continuing to develop the Open Dialogues program with the launch of new consultations.

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Commitments made in the Annual Report 2010

Progress made in 2011

Objectives for 2012

Continuing to promote new ways of working.

The company continued to strengthen new communication tools in order to offer flexible ways of working. (See the 'Environment' chapter.)

Continuing to promote new ways of working.

Encouraging corporate volunteer initiatives through the Portal.

New voluntary initiatives were carried out, such as the Agreement with the Dalma Foundation and the Alcobendas City Council.

Continuing to reinforce the Corporate Volunteer Programs through the Portal. Launching the Volunteer Program in new countries.

Completion of the identification and standardization of risk prevention criteria and/or standards in the countries in which Indra operates.

Provision of information for professionals who are planning to travel internationally, guaranteeing an adequate level of legal and health coverage.

Establishing a Global Occupational Health and Safety Management System to set preventive criteria and standards in the various countries in which Indra operates.

Implementation of the International Health and Safety Policy as a tool to guarantee the Health and Safety of all of our professionals who have to travel to any geographical location for professional reasons.

Establishment of the SIGEDES international mobility management tool and the structure to facilitate the development of Action Plans.

Integration of the following companies into the preventive organization of the Joint Prevention Service:

- COB Barcelona
- Mensor
- Vialogos

**Commitments made
in the Annual Report 2010**

Progress made in 2011

Objectives for 2012

Renewal of certification of compliance of Workplace Risk Prevention management systems at Indra companies, which are due to expire in 2011.

Successful renewal of certification of the auditing regulations of Workplace Risk Prevention Management Systems which are due to expire.

Attaining certification of the auditing regulations of Workplace Risk Prevention Management Systems in companies that have been integrated into Indra's Joint Prevention System (SPPM).

Continuing the preventive actions aimed at the reduction of the Workplace Accident Index.

Integration of companies into the Joint Preventive Service.
Updating the Workplace Risk Detection and Assessment Methodology.
Training for the Management Team.
Unification of medical service providers, Medical assistance Services and Occupational Health and Safety Surveillance.

Continuing the complete integration of preventive actions in all of the processes and decisions that are implemented in the performance of the responsibilities of the organizational structure.

Continuing to build awareness through initiatives that aim to incorporate preventive measures into our activities and processes.

The campaigns from 2010 will be run again as well as the following new campaigns:

- Road Safety Awareness Campaign
- Healthy Posture Awareness Campaign
- Overweight and Obesity Awareness Campaign

Training for the Management Team.
Preventive campaigns carried out:

- Flu vaccination
- Preventive gynaecological check-up
- Early detection of prostate conditions
- Biological tests (blood and urine analysis)
- Women's health
- Allergy prevention
- Melanoma prevention
- Overweight and obesity prevention
- Common flu prevention
- Cleanliness and Tidiness: You can avoid risks in the workplace
- Road safety

Continuing to run preventive and health awareness campaigns.

Shareholders

Employees

Clients

Suppliers

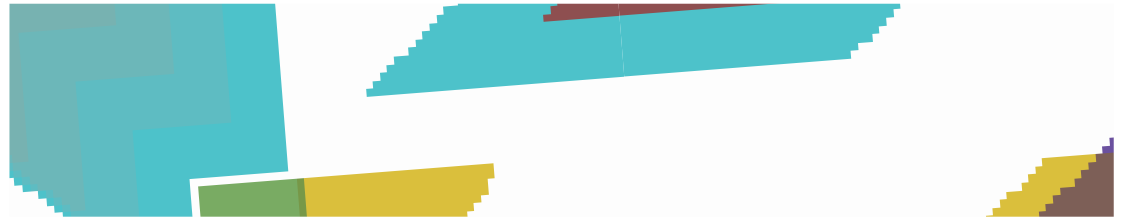
Partners

Environment

Knowledge Institutions

Society

CLIENTS



MAIN POLICIES AND INITIATIVES IN PLACE:

- Strategic Quality Plan 2012-2014: this plan details the main lines of action for the current period based around three axes: corporate quality, operational quality and CE Marking.
- Indra Project Management Methodology (MIGP): Indra has its own project management methodology to guarantee project predictability, quality and efficiency.
- Indra MIDAS Development Methodology: Indra has its own software development quality management methodology which is deployed in conjunction with and as a complement to the Indra Project Management Methodology (MIGP).
- Quality certifications: UNE-EN ISO 9001, PECAL 2110, PECAL 2210, PECAL 160, UNE-EN 9100, UNE-EN 9110, CMMi, ITIL, PMP: Indra's quality management system has been developed in accordance with the UNE-EN ISO 9001 benchmark and other quality standards.
- Procedures for dealing with customer claims and complaints: Indra establishes the procedures to be followed regarding customer claims and complaints in order to resolve them in an efficient and satisfactory manner.
- Customer satisfaction surveys: tracking the level of customer satisfaction with Indra.
- Operating risk management system: Indra has a corporate system for monitoring its operating risk factors.
- Information Security Management System (SGSI): Information security controls are set to international standard ISO/IEC 27002, the best practice framework, and UNE ISO/IEC 27001.
- 'Madrid Excelente' Accreditation, awarded to Indra by the Autonomous Community of Madrid and renewed in 2011, for excellence in management.

More information at:

<http://www.indracompany.com/sostenibilidad-einnovacion/clientes>

Extension of the Quality Management System

Indra has a Quality Management System that has been developed in accordance with the UNE-EN ISO 9001:2008 benchmark and other quality standards (PECAL 2110, PECAL 2210, UNE-EN 9100, etc.) which are applicable in specific areas of the company.

In 2011, as predicted in the 2010 Annual Report, Indra extended its Quality Management System to its offices in Chile, Argentina and the Czech Republic, by certifying these offices in accordance with ISO 9001 regulations.

Throughout 2011, Indra also designed the successor of the current Strategic Quality Plan of 2009-2012, for the period 2012-2014. This new plan continues to emphasize the globalization of quality management and the strengthening of internal communication as a tool to integrate a culture of quality effectively within the organization.

In the short term, for 2012, the globalization objective of the Strategic Plan is focused on the harmonization of the quality systems in our offices in Brazil, Uruguay and Slovakia, which are expected to receive their ISO 9001 certification before the end of the fiscal year.

Ensuring project quality

The design of Indra's Methodology and corporate systems, since its creation in the 1990s, have contributed to and supported methodological excellence and compliance with deadlines, using the basis defined by the standards for 'earned value' management (Practice Standard for Earned Value Management, PMI Project Management Institute), allowing for periodic monitoring of the progress of projects.

During 2011, efforts to ensure project quality focused on three fundamental axes:

- Introduction of improvements in the Project Management Methodology (MIGP): Indra incorporated new criteria establishing general guidelines under which projects will be developed, thus defining new requirements for the development of new tools.
- Strengthening training: Indra defined training content and project management plans, as well as setting up online training on Project Planning and Control, and Project Management Methodology (MIPG), allowing for more flexible access to contents, thus facilitating its global implementation. In 2012, we are designing and developing two new courses: a multi-project management course, which will focus on guidelines for the appropriate management of resources, and a multinational project management course, which will focus on the company's global management guidelines.
- Improvements on Risk Management: the use of Qlick View as a tool for dashboards and indicators has been extended and consolidated, reaching a 70% usage on global projects.

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Project Audits

As a complement to the quality assurance mechanisms that have been established by the MIGP (Indra's Project Management Method), Indra carries out annual internal audits on its various projects in order to ensure effective compliance with the corporate quality criteria and to detect potential areas for improvement. In 2011 in particular, Indra carried out 162 audits (160 internal and 2 on special subcontractor processes) in Spain, Colombia, Argentina, the Czech Republic and Slovakia.

Creation of the client coordination committee

In 2011, the Indra's Client Coordination Committee was created, comprising the Management of the Quality and Environment, Corporate Control and Corporate Responsibility departments, with a view to coordinating the development of the Corporate Responsibility Master Plan 2011-2012 (Client area) and adopting a comprehensive approach in client management improvements. Amongst the Committee's first tasks was the analysis of the results of the Customer Satisfaction Annual Survey and the creation of an internal consultation procedure on the Open Dialogue platform (see the 'Employees' chapter) ([link to Employees chapter](#)) to gather suggestions within the company.

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Client satisfaction

Indra dedicates a great deal of effort to the management of its clients' satisfaction. As a result, the following tools have been developed:

- An annual corporate survey for external consultation with a representative sample from our portfolio of clients, based on the amount of business that the clients conduct with Indra. This enables us to gather information about the clients' perception of the quality of the service that Indra provides.
- A systematic internal survey to the project managers during the closing phase of each project.
- Twice yearly reports provide follow-up information and an analysis of performance.
- Continual improvement of the processes directly related to clients.

Annual corporate survey

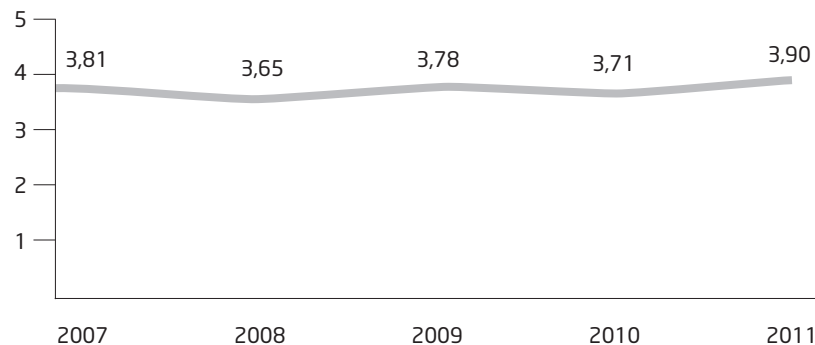


Gráfico: Evolución de la satisfacción del cliente 2007-2011. Escala de 1 a 5.

Indra increased the geographical scope of its Client Satisfaction Survey in 2011, with the initiative being introduced to new countries such as Colombia, Uruguay and Portugal, which join those countries which already took part in the survey (Spain, Argentina y Chile).

In general, the results show an improvement of nearly 0.2 points compared to the previous year, to reach a total of 3.9 points out of 5. The impact of extending the scope of the survey was not significant, as the figure was very similar if this effect was not taken into account and only the figure for Spain was considered. To be specific, Spain's result rose from 3.8 to 3.9 points. Particularly positive improvements were recorded with respect to meeting project deadlines, which was an area that was traditionally highlighted by clients as an area for improvement and, as announced in previous years, an area in which Indra has developed a range of initiatives to improve. This contributed towards achieving a 0.2 point improvement in this aspect. Despite this progress, it remains an area for improvement that Indra will continue to focus on in the coming years.

In addition to this aspect, efficiency in our administrative processes remains the main area for improvement, receiving a rating of 3.5 points.

Information security management at Indra

In 2011, the Information Security Management System (SGSI) plan of action incorporated new features, the most important being:

- Incorporation of ISO/IEC 27001:2005 (SGSI) and ISO/IEC 20000:2005 (SGSIT) management systems, which makes it possible to exploit synergies between the two management systems. In addition, the scope of these certifications was extended to a new service, with a view to making the management system stronger and more dynamic in order for it to become part of everyday operations. The goal for 2012 is to extend the scope of the certifications to another service.

Moreover, the value creation model was consolidated and it acts as a cornerstone for the management of internal systems, the aim of which is to analyse to what extent the implementation of the ISO/IEC 20000 certification contributes towards improving the quality of IT services and the value they bring to the company.

Indra also has its own model to measure the maturity level of all the processes it implements. This model uses the CMMI model as a reference and it defines maturity indicators for each process which are used to evaluate their development periodically.

- In February 2011, a global security committee for all of Indra's societies was created. This committee aims to highlight those aspects which affect the different markets, and to make decisions thereupon, which will be applied throughout the organization.

A security analysis of the almost 500 platform projects connected to Indra's network was carried out in order to evaluate and avoid potential risks to the services Indra offers to its clients.

It is worth highlighting that a new profile called LISO (Local Information Security) was created to enforce security policies in all our markets. It identifies the needs and dissemination policies related to the security of each market, thus avoiding potential risks for internal clients.

- Indra extended the implementation of the Data Protection Audit to 15 of its societies, thus achieving the target previously set, and it is now being used for Indra Systems as well as for the whole of Indra BMB group.
- The publication of a service catalogue of internal systems complete with value added utilities for the user, such as manual downloads, news, frequently asked questions, etc. This entailed reorganization and modelling of all services in order to keep the company informed on those specific services that can be requested by the projects according to the SGI 20000 certification.
- Indra developed a security balanced scorecard that integrates all the elements it deems necessary to monitor (antispam, antivirus, updates..)

The goal for 2012 is to extend advanced security services to the whole organization, not only at a corporate level but also at a customer level.

To this end, the company intends to implement the platform connection model to Indra's network. This model minimizes risks by having the projects checked by a multidisciplinary team (communication, networks and security) which will be responsible for guaranteeing that the services Indra offers to its clients are of the utmost quality.

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**Commitments made
in the Annual Report 2010**

Progress made in 2011

Objectives for 2012

Promoting actions to improve the exchange of knowledge and innovation with clients.
Continuing to improve innovation management.

Retention of Certification of Indra Software Labs innovation management system, in accordance with ISO 166002 standard.

Promoting actions to improve the exchange of knowledge and innovation with clients.
Continuing to improve innovation management.

Continuing to improve the information security policy:
Creation of a committee to integrate information security into corporate governance.
Widening the scope of SGSO to the application of the new ERP.
Data Protection Audit twice a year of the 15 companies to which it is applicable.

Creation of the Global Security Committee.
Widening of the SGSI (Information Security Management System) certification scope in accordance with ISO 27000 standard.
Extension of the Data Protection Audit to 15 societies.

Continuing to widen the scope of the SGSI (Information Security Management System) certification
Extension of Data Protection Audit to all the subsidiaries of Indra and Indra BMB.
Implementation of the platform connection model to Indra's network in order to increase the security of Indra's clients.

Continuing to increase the scope of the customer survey: incorporating Portugal and new countries from Latin America.
Increasing the Customer Satisfaction Index by 01 point.

Launch of the survey in Portugal, Colombia and Uruguay.
The customer satisfaction has increased 0,19 points.
Improvements to MIDAS and MIGP.

Continuing to increase the Customer Satisfaction Index to 4 points.

Increasing the level of excellence in managing subsidiaries and Indra international companies with new quality and environmental certifications (Globalization), and develop the levels of maturity in relation to current CMMi accreditation, as well as an additional drive for consolidation of CE Marking.

Extension of the quality management model to Chile, Argentina and the Czech Republic.
CMMi level 3 accreditation for the entire Software Labs network.

Extension of the quality management model to Brazil, Uruguay and Slovakia.
Enhancing the maturity of the current CMMi accreditations.

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SUPPLIERS



Providers Contractors

MAIN POLICIES AND INITIATIVES

- Endorsement of suppliers: Indra has a procedure in place for assessing suppliers on their economic, social and environmental performance in order to approve them.
 - Initial pre-selection with Achilles: commercial risk, level of dependency, CSR
 - Indra rating for 2012.
- Supplier assessment: Indra assesses the performance of a sample of suppliers annually.
- Supplier relationship guidelines and principles: to establish a framework for the desired relationships between Indra and its suppliers.
- Satisfaction surveys for suppliers: indicator of suppliers' satisfaction with their relationships with Indra.
- Code of Ethics for suppliers: Indra's basic ethics principles shall be extended to the entire value chain from 2012 onwards.
- Purchasing Portal: created in 2011, the portal includes a forum to facilitate all communications with suppliers.
- Purchasing at Special Employment Centres: Indra contributes towards the integration of people with disabilities into society by purchasing at Special Employment Centres.

Further information at: <http://www.indracompany.com/sostenibilidad-e-innovacion/125-alianzas-tecnol%C3%B3gicas>

At Indra, we are aware that our sustainability as a company not only depends on our own performance but also on the performance of our entire value chain. As a result, we consider our relationships with our suppliers to be of key importance to our company.

At Indra, we search for the best suppliers in terms of the quality of their product and service range and also the sustainability of their management, in order to build a stable and mutually beneficial relationship with them.

A relationship that flows more easily thanks to the new Purchasing Portal

At the end of 2011, Indra rolled out its new Purchasing Portal, the objective of which is to bring us closer to the suppliers and to facilitate communication in the purchasing process.

The project, which consists of various phases that will continue throughout 2012, already enables Indra's repeat suppliers to modify and track orders (management, pre-entries confirmations, order modifications, etc), as well as tracking information on invoicing.

The Purchasing Portal will enhance the transparency of our relationships and the efficiency of the transactions, as it will be possible to identify any factor that affects the fulfilment of contractual obligations.

Indra has become increasingly demanding of its suppliers with its new endorsement process based on continual assessment.

Indra selected 46 of the company's most strategic suppliers (applying criteria such as specialization, invoicing, and repeat business, among others) in order to begin implementing a new supplier endorsement system.

The system is based on Achilles, which rates suppliers with respect to management of commercial risk, the environment, Health and Safety, and Corporate Responsibility. In practice, this results in an expansion of the criteria taken into consideration in the supplier endorsement process, making it more demanding and increasing the quality of Indra's supply chain.

The objective that Indra has set for 2012 is to extend the scope of the new system progressively until it covers around 300 repeat suppliers, which would represent 62% of all Indra's purchasing.

Improving logistics processes in order to reduce our environmental impact

In the Annual Report 2010, Indra announced its pilot trial to improve its logistics processes in the USA. The project consisted of consolidating dispatches at origin through the creation of regional logistics centres in the USA in order to minimize the use of air transport and to optimize long-distance and intercontinental flights. This practice replaced the former system in which involved direct dispatches from the place of origin using long-distance flights.

The result of the trial was very promising as the requirement to rationalize the use of air transport translated to an associated reduction in CO2 emissions of 44% in 2011.

The success of the initiative has led Indra to initiate a new project in 2012 in Spain for the consolidation of dispatches in the country. The results obtained so far have been promising, with figures for March showing a 47% reduction in emissions.

SUPPLIER SATISFACTION

The general satisfaction index obtained from the Supplier Satisfaction Survey in 2011 was 4.05 points out of 5, which was very similar to the index achieved in 2010 (4.07)

The area that received the highest evaluation was the efficiency when dealing with our team, which was rated as 4.28 points. Despite receiving a high rating, the main area for improvement detected was our selection policy, with 3.75 points.

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**Commitments made
in the Annual Report 2010**

Progress made in 2011

Objectives for 2012

Creation of the new Purchasing Portal.	Phase one of the Portal was launched.	Launching new functionalities.
Carrying out a new financial risk analysis of suppliers.	The analysis was incorporated into the new endorsement process based on the Achilles Platform.	Extending the scope of the new supplier endorsement system.
Launching the supplier ratification process of the Ethical Code for suppliers.	The launch was postponed until 2012	Launching the supplier ratification process of the Ethical Code for suppliers.

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PARTNERS



Strategic
Tactical
Transactional
Local

MAIN POLICIES AND INITIATIVES

Alliance Management: Indra has a system in place to manage its alliances.

Partner Satisfaction Survey: Indicator of our suppliers' degree of satisfaction in their relationship with Indra.

Further information at

<http://www.indracompany.com/en/sobre-indra/our-partners>

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Indra's technological partners are of key importance to the company in terms of being strategic knowledge partners, expanding our product and service range and sales capacity and, in many cases, enabling Indra to strengthen its presence in certain geographic markets.

Our dynamic partner ecosystem develops continual and accelerated sector concentration processes on both a national and international level. As a result, it is crucial that an active monitoring process is established that enables movements within the ecosystem to be anticipated as much as possible. This is achieved through the segmentation and concentration of strategic alliances with respect to those partners that offer the greatest potential capacity regarding the two key pillars for developing the relationship, namely globalization and innovation capacity.

In 2011, Indra signed and renewed more than 80 agreements with partners. One of these alliances that deserves a particular mention is our Global Partnership with SAP, which makes Indra one of SAP's 23 Global Partners worldwide and the only partner in Spain. Other key developments included the Memorandum of Understanding signed with Cisco for the development of Cloud Computing Initiatives and the process initiated with Oracle in order to sign agreements built around Indra's in-house solutions.

In total, Indra currently maintains formal relationships with 174 companies with a diverse range of profiles, sizes and specializations.



Diagram: Number of alliances in force with Indra Systems

Improvements in international management through our IGAN Partners

Through the concept of IGAN (Indra Global Alliance Network), Indra classifies its main technological partners in terms of their capacity for innovation and globalization.

As a result, a large proportion of the policies and initiatives that were developed throughout 2011 with respect to the internationalization of our alliance management and the promotion of innovation with partners have been carried out through our IGAN Partners.

In particular, in order to improve our international alliance management in 2011, our efforts were focused on extending the geographical scope of the agreements, establishing global pricing policies and promoting local workshops with IGAN partners.

At the same time, Indra's global alliance management capacity was enhanced by improvements in the company's internal management, such as the launch of the multi-language (Spanish and English) version of the Alliance Portal.

Strengthening Innovation Capacity

The Global Partner ecosystem enhances value through a model of cooperative open innovation. The development of strategic initiatives within this ecosystem results in the creation of innovative solutions and enables regular clients to overcome complex challenges.

To complement its strategy of in-house solution development, throughout 2011, Indra continued to strengthen the alliances that reinforce the company's capacities in the most cutting edge technologies in fields that present the highest potential growth. For example, the company launched initiatives with strategic partners such as Cisco in the field of Smart Cities (Smart Connected Communities) and Cloud Computing (ecosystem of software developers and Cloud and G-Cloud platform pioneers). Other key initiatives include Indra's alliance with SAP in the field of Business Analytics (HANA) and with EMC2 also in the field of Business Analytics and Big Data (ISILON, GREENPLUM). Last but not least, other important initiatives were developed with Kodak in the fields of document digitization on a Cloud platform (Cloud Scanning), healthcare, electoral processes and publicity and marketing services.

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PARTNER SATISFACTION

In 2011, the results of the Partner Survey continued to improve, as they had done in 2010, with an increase in the overall evaluation of 0.1 points to reach a total of 3.6 points out of 5.

Overall, Partners rated the efficiency and availability of the Indra team highly, as well as their satisfaction with the Indra representative assigned to them and the level of qualification and quality of Indra's professionals. Turning to the main areas for improvement, Partners underlined the need for a more proactive approach from Indra, as well the difficulty in establishing fluid communication channels due to the dilution of the decision-making process.

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Commitments made in the Annual Report 2010

Progress made in 2011

Objectives for 2012

Continuing to promote actions that improve the exchange of knowledge and innovation.
Continuing to strengthen innovation with our Technological Partners in order to add value to our partner relationships.

Initiatives in fields of innovative technologies with partners such as Cisco, SAP, EMC2 and Kodak.

Continuing to strengthen innovation with our Technological Partners.

- Developing initiatives in Healthcare, Smart Grid and Smart Cities, among others.

Continuing to make progress with international alliance management as a means of intensifying our relationships with partners in terms of resources and the degree of cooperation.

Successful implementation of Phase 2 of the Global Alliance Portal in two languages (Spanish and English)
Extending the geographical scope of agreements, establishing global pricing policies and promoting local workshops with IGAN Partners.

Implementation of Phase 3 of the Portal, which will add new informative and collaborative functionalities, as well as the incorporation of a Portuguese language version for accessing information on the Portal.
Continuing to extend the geographical scope of IGAN Partnerships.

Improving Partner Satisfaction (increasing the Partner satisfaction Index by at least 0.1 point in 2011).

Partner satisfaction has increased 0,1 points.

Continuing to improve Partner Satisfaction by at least 0.1 point in 2012.

Shareholders

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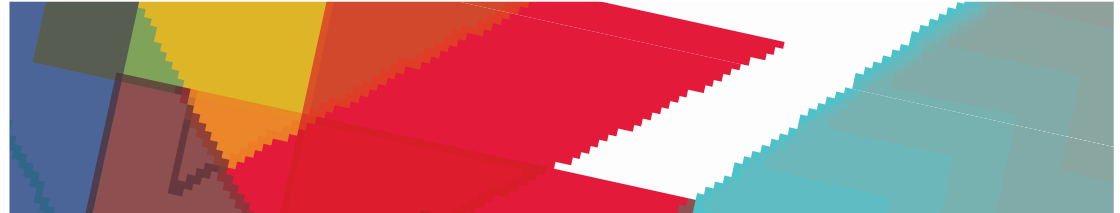
Partners

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ENVIRONMENT



MAIN POLICIES AND INITIATIVES

- Environmental Management Policy and System: Indra has a system in place that is designed to minimize the consumption of resources, waste generation and, in general, the company's impact on the environment.
- Environmental certifications: Indra's Environmental Management System meets the requirements of the UNE-EN ISO 14001 Standard and the EU 1221/2009 Regulation of the EU Eco-Management and Audit Scheme (EMAS).
- Green IT: Initiatives that strive to minimize the energy consumption of IT equipment.
- Energy efficiency: initiatives to minimize the environmental impact of our facilities.
- Stance on climate change: company statement outlining its position regarding climate change.
- Environmental assessment of suppliers: Indra's basic environmental principles are applied throughout the value chain.
- Good Traveller Guide: policies and recommendations for travel management in order to increase efficiency and promote environmentally responsible mobility.
- Employee awareness: training initiatives to increase environmental awareness among our professionals

Further information on: <http://www.indracompany.com/sostenibilidad-e-innovacion/reduciendo-nuestro-impacto-un-3-al-a%C3%B1o>

Indra is keenly aware that certain natural resources are being depleted and deteriorated by human activity. The company understands that reducing its own environmental footprint is part of its Corporate Responsibility and the key to its sustainability, as well as helping to improve the environment through its range of solutions and services.

In particular, in view of the company's activity, Indra considers that its largest environmental impact derives from the energy consumption of the IT equipment that is used to develop its solutions and services. This results in an indirect increase in the generation of CO2 and greenhouse gas emissions. While this is the company's most significant impact, there are other negative environmental impacts, such as the use of paper (with high indirect CO2 emissions), water consumption and waste generation.

Over the last few years, we have worked to reduce the company's consumption of energy and natural resources and the quantity of waste it generates, while at the same time developing IT systems that provide us with a better understanding of our environmental impact and enable us to become more transparent.

Implementation of the environmental management system

In line with the company's objective to implement an Environmental Management System based on the ISO 14001 Standard in two or three work centres each year, Indra managed to certify three centres in 2011 in Erandio and Barakaldo (Biscay, Spain).

In another new initiative in 2011, Indra developed environmental management modules that involve basic uncertified environmental management systems based on a set of minimum requirements established at a corporate level by Indra and adapted to the legislation in each country in which the company operates. In 2011, Indra implemented these environmental modules in its work centres in Valencia and Argentina.

As a result, there are currently 22 Indra centres that operate with an Environmental Management System, 20 of which have the ISO 14001 certification.

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Centres with ISO14001 certification:

- 1.** Arroyo de la Vega, Alcobendas (Madrid). (EMAS).
 - 2.** San Fernando de Henares (Madrid). (EMAS).
 - 3.** Torrejón de Ardoz (Madrid). (EMAS).
 - 4.** Aranjuez (Madrid).
 - 5.** Edificio Triángulo, Alcobendas (Madrid).
 - 6.** Anabel Segura, Alcobendas (Madrid).
 - 7.** Roc Boronat (Barcelona).
 - 8.** Interface (Barcelona).
 - 9.** Ciudad Real.
 - 10.** A Coruña
 - 11.** Cerro de la Plata (Madrid)*
 - 12.** Sevilla
 - 13.** Erandio
 - 14.** Erandio (Indrabmb)
 - 15.** Barakaldo
 - 16.** Lisboa (Portugal)
 - 17.** Bogotá, calle 96 (Colombia)
 - 18.** Bogotá, calle 57 (Colombia)
 - 19.** Bogotá, calle 65 (Colombia)
 - 20.** Barranquilla (Colombia)
- Centres with the Environmental Management Module
- 21.** 3 edificios en Valencia
 - 22.** 2 edificios en Argentina

These centres account for 48.6% of all of the company's professionals, which represents a slight decrease from 52.1% of our professionals that were working in centres with ISO 14001 certification in 2010. This decrease is primarily the result of the integration of new companies in 2011 (Politec in Brazil and Galileo in Italia), which increased the total number of Indra professionals dramatically, but do not as yet have any certified Environmental Management System. If the professionals incorporated into Indra in these two companies were excluded from the calculation, the proportion of our employees that work in centres with an Environmental Management System would be more than 56.6%.

In early 2012 Cerro de la Plata center were closed and moved to Julian Camarillo Street

Green I.T. initiatives to minimize the environmental impact of I.T. equipment

Indra's activity involves an intensive use of IT equipment. The resulting energy consumption represents the company's biggest environmental impact. As a result, Indra has introduced various initiatives that aim to minimize and rationalize the energy consumption of its IT equipment. Specifically, Indra currently has five initiatives underway:

- 1. Storage consolidation and server virtualization:** Indra has initiated a process to replace physical servers with virtual servers that improve energy efficiency and reduce costs. This results in a reduction in the overall number of devices that are used by the Data Processing Centres (DPCs) and the space necessary to locate these devices. This leads to a saving in the energy needed to run the servers, storage and cooling systems and, therefore, a reduction in greenhouse gas emissions.
- 2. Desktop virtualization (VDI):** the shifting of desktops to a virtual environment leads to a reduction in energy consumption and the environmental impact of our infrastructures. In 2011, Indra put a VDI solution into practice for 230 desktops.
- 3. Construction and overhaul of server rooms:** in 2011, Indra began construction of a new DPC in San Fernando de Henares (Madrid) which will house the equipment from the current DPCs in Arroyo de la Vega, Torrejón de Ardoz, Anabel Segura and Telémaco, among others. This move will result in a reduction of costs and an increase in the efficiency of ventilation and cooling systems, as they will be installed in the spaces formerly used for the DPCs.

4. IT energy measurement and PC power supply management: Indra installed an inventory tool on to 17,000 computers in Spain which, among other functionalities, enables the centralized management of the power configuration of computers and screens and allows us to calculate energy consumption and, therefore, the emissions that derive from the use of these devices. All of Indra's corporate computers now bear the 'Energy Star' symbol, which signifies that they meet the energy efficiency requirements established by the European Commission and Environmental Protection Agency of the United States.

5. Promotion of new forms of communication: Indra is working to strengthen new channels of communication between its employees. This initiative has two objectives: increasingly rational and responsible transport and a reduction in digital pollution. In particular, Indra has been promoting the use of videoconferencing and telecommuting equipment, as well as instant messaging services. In 2011, Indra increased its number of videoconferencing devices by 5% which resulted in a rise in videoconferencing of 21% in comparison to 2010 and five times the number of videoconference held in 2009. In addition, the number of conversations held via instant messaging services, which were launched in 2008, grew by 32% in 2011 compared to 2010, which is 2.9 times more than 2009 levels.

Energy efficiency in buildings

In 2011, Indra introduced an energy efficiency plan in its main work centres in Spain. This plan consists of various initiatives based on the specific needs of each building and includes, among others initiatives, the replacement of lighting with low consumption bulbs, the installation of presence monitoring, the installation of LED lamps, the replacement of heating systems with more efficient condensation boilers, improved insulation and air conditioning units and the installation of solar panels.

Environmental risk evaluation

In 2011, Indra developed a system of environmental risk analysis in line with the requirements of the UNE 150008:2008 Standard in six work centres in Spain which represent a cross-section of the company's business areas. As a result, 3,682 risks were identified in these centres, none of which were classified as 'high' or 'extremely high risk' in terms of likelihood and severity in the natural, human or social environment. In addition, the analysis shows that the risks which are rated as 'moderate' or 'medium' (2,100 in total) would be sufficiently mitigated with the implementation of Indra's Environmental Management System.

This has led Indra to renew its objective of achieving ISO 14001 certification in two to three centres per year, as a means of reducing the main risks associated with the company's activities.

In 2012, Indra will evaluate the possibility of expanding this analysis system to new work centres in Spain in order to establish how representative the results are.

Supplier requirements

At the end of 2011, 613 subcontractors were Indra verificados by the company on waste, emissions and discharges. During 2011 143 subcontractors have been evaluated from different sectors of activity, of which 57 were approved, in addition to 232 in previous years.

36 subcontractors are pending assessment and 228 finalizar not applicable environmental requirements for low environmental impact of their activities. The rest are foreign subcontractors or no longer work with us. According to this evaluation, 87% of subcontractors analyzed adequately meet the legal environmental requirements.

Shareholders

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Environment

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Society

Environmental training and awareness building

In 2011, Indra continued its training activities related to the certification process, as well as training for the company's Quality Engineers, in order to build awareness of the requirements of the Environmental Management System and to manage the environmental requirements of our contracts with clients (Environmental Impact Plans).

These training activities were accompanied by more general online campaigns aimed at the company as a whole, the objective of which was to build awareness of specific aspects of the environmental impact of Indra's activity. In addition, in 2011, campaigns were published regarding the regulation of temperature and lighting in buildings.














In 2011 in particular, campaigns were published regarding climate change and the use of paper, controlling the temperature in buildings (RITE), Indra's use of ecologically-sound paper and an article about World Environment Day.

Exclusive use of recycled paper

Since November 2011, Indra has only used recycled paper with FSC Certification (Forest Stewardship Council) in its Spanish work centres. This certification guarantees that the product comes from forests that have been managed in a sustainable way.

In other words, whenever possible, documents for the company's purchasing process, pre-printed paper items (stationery bearing the Indra logo or header) and printer and photocopy paper will be ecologically-sound paper.

Targets for reducing consumption and waste generation in certified centres

Objective 2011	Centre	Result 2011	
Reduction of raw material consumption			
Overall reduction of the consumption of paper by 3% per person in a year			
	Interface (Barcelona)	-79%	
	Lisboa	-43%	
Overall reduction in consumption of photocopy paper by 3% per person in a year			
	Seville	+164%	
Reduction of urban waste generation			
Overall reduction of 3% of ink cartridge waste per person			
	Arroyo de la Vega (Alcobendas, Madrid)	-60%	
	Triángulo (Alcobendas, Madrid)	+13%	
	Ciudad Real	-36%	
Overall reduction of 3% of urban paper waste			
	San Fernando de Henares (Madrid)	+8%	
	Torrejón de Ardoz (Madrid)	+14%	
	La Coruña	-15%	
	Aranjuez	-8%	
	Baracaldo	Objective 2012	
	Erandio	Objective 2012	
	Cerro de la Plata (Madrid)	+142%	
Overall reduction of 3% of bulky wood waste			
	San Fernando de Henares (Madrid)	-85.8%	
Overall reduction of 3% of fluorescent lighting waste			
	Anabel Segura (Alcobendas, Madrid)	+30%	

 Target achieved

 Target not achieved

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Society

Reduced consumption of natural resources

Overall reduction of 3% of mains water consumption per person in a year

Arroyo de la Vega (Alcobendas, Madrid)	-13%	
Lisboa	+4%	

Overall average reduction of 5% of water consumption per person at a national level (Colombia)

Calle 96 (Bogotá)	+3%	
Calle 57 (Bogotá)	+2%	
CAI (Bogotá)	0%	
Barranquilla	-7%	

Overall reduction of 3% of electricity consumption per person in a year

San Fernando de Henares (Madrid)	-6%	
Lisboa	-17%	

Overall reduction of 3% of diesel consumption per person in a year

Torrejón de Ardoz (Madrid)	-30%	
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Overall reduction of 5% of accumulated energy consumption per person in a year

Calle 96 (Bogotá)	-16%	
Calle 57 (Bogotá)	+44%	
Barranquilla	+4%	

Accumulated reduction of energy consumption of 5% in kilowatts per printed sheet

CAI (Bogotá)	-4,7%	
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A reduction of 10% in the average generation of grams per printed sheet charged

CAI (Bogotá)	-42%	
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Achieving a ratio of 0.5 kilos of recyclable material per person per month with respect to the previous six month period

Calle 96 +Calle 57 +Barranquilla	0,85	
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REDUCTION OF INDRA'S CO2 EMISSIONS

In 2010, Indra set the following objective for the reduction of its CO2 emissions:

“Reducing Indra’s overall levels of direct and indirect emissions by an average of 3% per year in 2010/2011.”

Based on the data published in Indra’s Corporate Social Responsibility Report in 2010, the data below outlines the company’s CO2 emissions for that year in comparison to data from 2009:

	2009	2010
DGHG SCOPE 1 Direct GHG (Greenhouse Gas) emissions	1.389 T CO ²	2.012 T CO ²
DGHG SCOPE 1 Direct GHG emissions resulting from company travel (company vehicles): 535.6 tonnes of CO2.	535,6 T CO ²	1.416 T CO ²
IGHG SCOPE 2: Indirect GHG emissions resulting from energy purchased and consumed.	32.321 T CO ²	30.227 T CO ²
Number of employees at Indra	26.200	28.608
Total CO2 Emissions (SCOPE 1 + SCOPE 2)	34.245,6	33.655
CO2 Emissions (SCOPE 1 + SCOPE 2) per person	1.31 tonnes CO2/person	1.18 tonnes CO2/person

According to this data, it can be concluded that Indra’s CO2 emissions per person decreased by 10% in 2010, which means that the company’s target was achieved.

The company’s total amount of emissions was reduced by 1.7%. With respect to the estimation of GHG emissions resulting from business travel, the figures are as follows:

2009: 10,807,801 tonnes of CO2.

2010: 10,476,242 tonnes of CO2.

The total of CO2 emissions resulting from business travel was reduced by 3% in 2010.

Environmental spending and investments

2007	2008	2009	2010	2011
<ul style="list-style-type: none"> Bring environmental conditions in work centres into line with new legislation. Implementation and Certification of the Environmental Management System in Aranjuez and Barcelona. Internal audit in work centres. Measurement of noise levels at the Aranjuez centre. Waste reduction study in Aranjuez. Lighting in Aranjuez. Spill analysis in Aranjuez. Replacement of San Fernando transformation centres. 	<ul style="list-style-type: none"> Expansion of the implementation of new environmental legislation to other autonomous regions. Internal audits in work centres. Equipping the waste room at the Anabel Segura centre (Madrid). Measurement of noise levels at the La Finca centre. Certification audits. Separation of urban waste at the Anabel Segura centre. Deactivation of storage tanks at the Torrejón centre. Refrigeration equipment at the Aranjuez centre. Adaptation of the pollutant refrigerant gas R-22 in line with the EC 2037/2000. regulation. 	<ul style="list-style-type: none"> Expansion of the implementation of new environmental legislation to other autonomous regions. Internal audits in work centres Certification audits. Measurement of noise levels at the A Coruña centre. Replacement of air conditioning units that used R-22 gas. Amortization of gas boiler installation in the Aranjuez centre. Inclusion of glass waste into the waste separation system in the San Fernando de Henares centre (Madrid). 	<ul style="list-style-type: none"> Expansion of the implementation of new environmental legislation. Internal audit in work centres. Certification audits. Removal of obsolete equipment from the market. Replacement of air conditioning units that used R-22 gas. Maintenance of air conditioning units. Maintenance of the emergency generator. Self-monitoring of emissions into the environment. Replacement of gas boilers. Hazardous waste treatment management. Spill analysis. Waste collection. Removal of equipment. Consultancy for the implementation of an integral QESH management system in the four centres in Colombia. Installation of automatic revolving doors in order to maintain a constant temperature and reduce energy consumption in the head office in Arroyo de la Vega (Alcobendas, Madrid). 	<ul style="list-style-type: none"> Extension of the overhaul of environmental legislation. Expansion of the use of LED lighting. Charging points for electric cars. Efficiency devices for water sources. Internal audit of centres. Certification audits. Removal of obsolete equipment from the market. Replacement of air conditioning units that used R-22 gas Maintenance of air conditioning units. Installation of solar water heating systems. Replacement of diesel boilers. Waste collection. Hazardous waste treatment management. Improved storage facilities for hazardous waste. Awareness building among our professionals.
557.612 €	42.231 €	511.078 €	511.078 €	755.059 €

Environmental Consumption	Shareholders		Employees	Clients	Suppliers	Partners	Environment		Knowledge Institutions	Society	
	Electricity	Diesel	Natural Gas	Drinking Water	Well Water	Dangerous Residues	Non-Dangerous Residues	Recyclable Ink Cartridges	Vegetable Oils	Direct CO ² Emissions	Indirect CO ² Emissions
	kWh	l	m ³	m ³	m ³	Kg	Kg	Kg	l	t	t
Germany	210,253	Not applicable	Not applicable	443	Not applicable	Not available	Not available	Not available	Not available	Not applicable	85
Algeria	2,417	Not applicable	Not applicable	5	Not applicable	Not available	Not available	Not available	Not available	Not applicable	2
Argentina	4,422,883	Not applicable	Not applicable	7,390	Not applicable	Not available	Not available	Not available	Not available	Not applicable	1,342
Australia	116,002	Not applicable	Not applicable	244	Not applicable	Not available	Not available	Not available	Not available	Not applicable	107
Bolivia	1,216	Not applicable	Not applicable	378	Not applicable	Not available	Not available	Not available	Not available	Not applicable	1
Brazil	11,596,716	Not applicable	Not applicable	26,678	Not applicable	Not available	Not available	Not available	Not available	Not applicable	944
Bulgaria	4,833	Not applicable	Not applicable	10	Not applicable	Not available	Not available	Not available	Not available	Not applicable	2
Colombia	859,646	Not applicable	Not applicable	5,306	Not applicable	Not available	Not available	Not available	Not available	Not applicable	129
Costa Rica	21,750	Not applicable	Not applicable	46	Not applicable	Not available	Not available	Not available	Not available	Not applicable	1
Chile	451,651	Not applicable	Not applicable	2,750	Not applicable	Not available	Not available	Not available	Not available	Not applicable	133
China	161,919	Not applicable	Not applicable	341	Not applicable	Not available	Not available	Not available	Not available	Not applicable	128
Dubai	7,250	Not applicable	Not applicable	15	Not applicable	Not available	Not available	Not available	Not available	Not applicable	6
El Salvador	19,334	Not applicable	Not applicable	41	Not applicable	Not available	Not available	Not available	Not available	Not applicable	4
Slovakia	130,502	Not applicable	Not applicable	275	Not applicable	Not available	Not available	Not available	Not available	Not applicable	29
The USA	227,170	Not applicable	Not applicable	478	Not applicable	Not available	Not available	Not available	Not available	Not applicable	189
Spain	58,421,247	258,394	270,352	101,135	13,344	33,847	748,946	2,923	1,015	1,204	20,435
ISO14001 Certified Centres	42,570,828	252,757	270,352	72,531	13,344	33,847	748,946	2,923	1,015	1,189	14,891
Other Non-certified Centres	15,850,419	5,637	0	29,104	0	0	0	0	0	15	5,544
The Philippines	643,830	Not applicable	Not applicable	41	Not applicable	Not available	Not available	Not available	Not available	Not applicable	280
France	26,584	Not applicable	Not applicable	56	Not applicable	Not available	Not available	Not available	Not available	Not applicable	2
Hungary	21,750	Not applicable	Not applicable	46	Not applicable	Not available	Not available	Not available	Not available	Not applicable	7
India	65,251	Not applicable	Not applicable	137	Not applicable	Not available	Not available	Not available	Not available	Not applicable	62
Italy	470,850	Not applicable	Not applicable	641	Not applicable	Not available	Not available	Not available	Not available	Not applicable	190
Kazakhstan	4,833	Not applicable	Not applicable	10	Not applicable	Not available	Not available	Not available	Not available	Not applicable	3
Kenya	128,085	Not applicable	Not applicable	270	Not applicable	Not available	Not available	Not available	Not available	Not applicable	41

Shareholders

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Latvia	14,500	Not applicable	Not applicable	31	Not applicable	Not available	Not available	Not available	Not available	Not applicable	2
Malaysia	9,667	Not applicable	Not applicable	20	Not applicable	Not available	Not available	Not available	Not available	Not applicable	6
Morocco	38,667	Not applicable	Not applicable	81	Not applicable	Not available	Not available	Not available	Not available	Not applicable	27
Mexico	3,031,593	Not applicable	Not applicable	5,538	Not applicable	Not available	Not available	Not available	Not available	Not applicable	1,641
Moldavia	132,918	Not applicable	Not applicable	280	Not applicable	Not available	Not available	Not available	Not available	Not applicable	63
Oman	16,917	Not applicable	Not applicable	36	Not applicable	Not available	Not available	Not available	Not available	Not applicable	14
Panama	220,620	Not applicable	Not applicable	936	Not applicable	Not available	Not available	Not available	Not available	Not applicable	50
Peru	478,170	Not applicable	Not applicable	7,123	Not applicable	Not available	Not available	Not available	Not available	Not applicable	82
Portugal	403,386	Not applicable	Not applicable	625	Not applicable	1.000	15	21	Not available	Not applicable	168
ISO14001 Certified Centres	285,065	Not applicable	Not applicable	494	Not applicable	1.000	15	21	Not available	Not applicable	119
Other Non- certified Centres	118,321	Not applicable	Not applicable	131	Not applicable	Not available	Not available	Not available	Not available	Not applicable	49
The United Kingdom	62,834	Not applicable	Not applicable	132	Not applicable	Not available	Not available	Not available	Not available	Not applicable	32
The Czech Republic	263,420	Not applicable	Not applicable	555	Not applicable	Not available	Not available	Not available	Not available	Not applicable	139
The Dominican Republic	62,834	Not applicable	Not applicable	132	Not applicable	Not available	Not available	Not available	Not available	Not applicable	39
Romania	265,837	Not applicable	Not applicable	560	Not applicable	Not available	Not available	Not available	Not available	Not applicable	114
Turkey	16,917	Not applicable	Not applicable	36	Not applicable	Not available	Not available	Not available	Not available	Not applicable	7
Uruguay	210,253	Not applicable	Not applicable	443	Not applicable	Not available	Not available	Not available	Not available	Not applicable	62
Venezuela	2,216,004	Not applicable	Not applicable	13,804	Not applicable	Not available	Not available	Not available	Not available	Not applicable	462
Zambia	9,667	Not applicable	Not applicable	20	Not applicable	Not available	Not available	Not available	Not available	Not applicable	0
Zimbabwe	2,417	Not applicable	Not applicable	5	Not applicable	Not available	Not available	Not available	Not available	Not applicable	1
Total	85,472,592	258,394	270,352	180,594	13,344	34,847	748,961	2,987	1,015	1,204	27,033

Other CO² Emissions

Direct CO ² emissions generated by company transportation (company vehicles) (t)	5,767
Indirect CO ² emissions generated by external transportation (third party vehicles) (t)	12,892,430

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Commitments made
in the Annual Report 2010

Progress made in 2011

Objectives for 2012

Continuing the certification process of Indra work centres at a rate of 2 to 3 centres per year. In particular, the objective set for 2011 is the certification of the Erandio and Baracaldo in Spain.

Definition of an 'Environmental Module', which guarantees compliance with local environmental legislation, as a requirement of the Corporate Environmental Management System for non-certified centres.

The modules will first be implemented in two centres in Spain (Valencia) and two work centres in Latin America and will later be extended to other centres over the next few years.

ISO 14001 Certification of the Baracaldo and Erandio centres.

Definition of an 'Environmental Module' and its implementation in centres in Valencia and Argentina.

Continuing the certification process of Indra work centres at a rate of 2 to 3 centres per year. In particular, the objective set for 2012 is the certification of the Julian Camarillo (Madrid), Leganes (Madrid), and Santa Perpetua (Barcelona) centres in Spain.

Implementation of an 'Environmental Module' in 5 new centres in Spain and 2 in Brazil.

Continuing to build awareness among our professionals. Campaigns are planned aimed at reducing CO2 emissions and the consumption of white paper.

Awareness building campaigns were run focused on regulating temperature and lighting.
Exclusive use of ecologically sound paper in work centres in Spain.

Continuing to build awareness among our professionals.

Continuing to make progress with the measurement and reduction of the company's CO2 emissions

Implementation of energy efficiency in buildings and Green IT initiatives.

Commencing research into the carbon footprint of Indra and a selection of its products.

Strengthening our range of products and services that contribute towards environmental sustainability.

Look up "Innovation" chapter to find some solutions and services developed with environmental meaning.

Strengthening our range of products and services that contribute towards environmental sustainability.

Shareholders

Employees

Clients

Suppliers

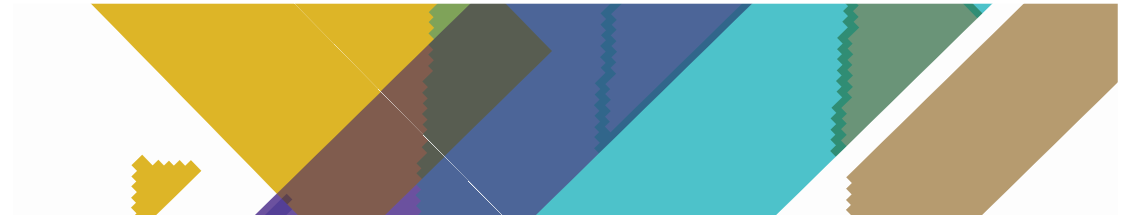
Partners

Environment

Knowledge Institutions

Society

KNOWLEDGE INSTITUTIONS



Universities Business Schools Research Institutes

MAIN POLICIES AND INITIATIVES CURRENTLY IN PLACE:

- University Relations Manager: In 2005, a University Relations Manager was appointed to coordinate relations with learning institutions. A work group was created to monitor and develop these activities.
- Agreements and University Chairs: Formalization of relations with Knowledge Institutions.

Further information at

<http://www.indracompany.com/sostenibilidad-e-innovacion/instituciones-del-conocimiento>

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Main agreements and collaborations with universities, research institutes, foundations and business schools.

It is the innovation and talent of our professionals that makes Indra what it is and it is also this that forms the foundation of the company's strategy. As a consequence, universities, research institutes and other knowledge institutions can be seen as strategic partners for the company in our operations, as they are a source of highly-qualified professionals and key collaborators in the development of innovation and R&D projects.

In fact, universities are the primary source of knowledge on which Indra's Open Innovation Model is based. As a result, "we support universities as the driving force behind a competitive economy".

Therefore, Indra's strategy consists of establishing solid, permanent and mutually beneficial collaboration relationships with these institutions. These collaborations are often formalized through framework agreements and University Chairs.

Types of Collaboration between Universities and Indra

- **Talent capturing** (Incorporation planning, awards, grants, employment forums).
- **Training and knowledge sharing** (Participation in Bachelor's and Master's degree courses, open days, visits to Indra, institutional participation in conferences, etc.).
- **R&D&I Activities** (Direct funding, Avanza projects, projects with CENIT, the National Strategic Consortium for Technical Research, etc.).
- **Strategic Activities** (Accessing new markets, strategic alliances).

AGREEMENTS AND UNIVERSITY CHAIRS

The company's university chairs are a demonstration of our willingness to establish long-term collaborations between universities and Indra. The activities of these chairs belong to a diverse range of fields related to areas of strategic interest to Indra.

New University Chairs to promote R&D

In 2011, Indra signed new agreements to fund four new University Chairs at various universities in Spain. Two of these chairs are related to accessible technologies and the other two have a more general purpose.

Indra and the University of Oviedo created the Innovative Technology Development Chair, the main objective of which is to carry out specific R&D&I projects in the field of real-time management system tools for critical systems that require the ability to react to changes in circumstances in a definite and short period of time and that can be applied, for example, to air or rail traffic control, security, the energy sector or telecommunications.

These initiatives aim to foster collaboration between both institutions, promote technological transference and to organize joint knowledge-sharing activities, as well as facilitating the university students' education and giving them the opportunity to gain work experience at Indra.

In addition, Indra and the University of Alcalá (UAH) established the Indra-UAH Chair in Information and Communication Technologies, Security and Defence, which represents the culmination of over 20 years of relationship, including training schemes and work experience opportunities for the university's students.

Within the university chair framework, Indra awarded prizes to the best research projects in Telecommunication Technical Engineering in the specialized fields of Telematics and Electronic Systems. Other support activities were put into practice to promote participation in projects on an international level. In addition, three training courses were run for UAH students.

In future, the chair will continue to promote new R&D&I initiatives through its structured collaboration based on four fundamental pillars: research, development and innovation; knowledge sharing; training and transferring knowledge to society.

New University Chairs in Accessible

In the specific field of Accessible Technologies, Indra also created two new university chairs in 2011, the first of which was in collaboration with the University of Valencia, in order to promote access to technology and the integration of people with disabilities. The objective of this chair is to develop new technologies that facilitate the creation of social networks that offer support to professionals with intellectual disabilities in the workplace.

Along the same lines, the chair created with the University of Salamanca aims to develop projects and innovative solutions that promote access to technology and the integration of people with disabilities by developing new workplace simulation technologies that enable people with motor disabilities to participate more easily in the workforce.

Indra has 15 university chairs at the following Universities:

- General Chair at the Polytechnic University of Madrid.
- Chair at the Polytechnic University of Madrid in Terrestrial Digital Television for people with disabilities.
- Chair at the University of Cantabria in Space Technology.
- Chair at the University of Castilla-La Mancha in Security and Accessible Technologies.
- Chair at the Autonomous University of Madrid in Security.
- Chair at the University of Lleida in Accessible Technologies.
- Chair at the Polytechnic University of Valencia in Healthcare Technologies.
- Chair at the University of Extremadura in Information Technologies applied to people with disabilities.
- Chair at the European University of Madrid in Outsourcing (signed in 2010).
- Chair at the University of Extremadura de Accessible Technologies (signed in 2010).
- Chair at the National University of Córdoba (Argentina) in Accessible Technologies (signed in 2010).
- Chair at the University of Valencia in Accessible Technologies (signed in 2011).
- Chair at the University of Salamanca in Accessible Technologies (signed in 2011).
- Chair at the University of Oviedo in Real-Time systems (signed in 2011).
- Chair at the University of Alcalá in Information and Communication Technologies, Security and Defence (signed in 2011).

Strengthening relationships with knowledge institutions in order to attract professionals

In addition to the company's various agreements and chairs with respect to R&D, Indra also aims to ensure the incorporation of the best professionals in the sector into the company. In 2011, Indra developed a diverse range of initiatives with the objective of improving its talent capturing capacity with respect to Universities. One such initiative, which is described in detail in the 'Employees' chapter (link to the 'Employees' chapter), is worth a particular mention:

- Future Minds: a competition in collaboration with Universia that offers a final prize of incorporation into Indra in one of the countries that runs the competition, namely Spain, Brazil, Mexico, Colombia, Chile and Argentina.
- Recruiting Erasmus Campaign: In 2011, Indra took part in the 'Recruiting Erasmus' project (link to <http://www.recruitingerasmus.com/>) that aims to put students that have some international experience in contact with organizations that might be interested in contracting them.
- The DESTACA scheme: The High Potential Student Development Project at the Polytechnic University of Madrid.
- Recruiting from International MBA courses: Series of visits for MBA students at Business Schools with international study programmes.

AWARDS

Indra received three awards last year which recognize the company's transference and collaboration activities with universities.

- Research Collaboration Award from the Polytechnic University of Madrid (January 2011).
- The Luis Pieri Award for the best Iberoeka project 2011 (December 2011)
- Medal of Honour for the Promotion of Invention from the García Cabrerizo Foundation (November 2011).

Commitments made in the Annual Report 2010

Continuing to promote initiatives that improve the exchange of knowledge and innovation with universities and other Knowledge Institutions.

Continuing to launch initiatives to improve the company's reputation as an employer brand.

Signing framework agreements and /or University Chair agreements in Latin America.

Progress made in 2011

Agreements for four new University Chairs.

The Future Minds and Recruiting Erasmus initiatives, the Destaca Program and the Recruiting International MBA initiative.

No new University Chair agreements were signed in Latin America.

Objectives for 2012

Continuing to promote initiatives that improve the exchange of knowledge and innovation with universities and other Knowledge Institutions.

Continuing to launch initiatives to improve the company's reputation as an employer brand.

Evaluation of new University Chairs in Latin America.

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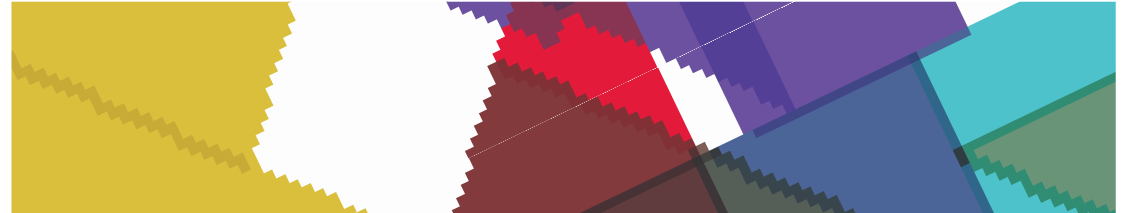
Partners

Environment

Knowledge Institutions

Society

SOCIETY



Local communities

Public administrations

Non-profit organizations

Social networks

MAIN POLICIES AND INITIATIVES IN PLACE:

Narrowing the digital divide: a key element of Indra's Social Action strategy.
University research chairs for Accessible Technologies: collaboration with universities for the development of technology for people with disabilities (www.tecnologiasaccesibles.com).

Corporate Volunteering: Help to the community by our professionals (www.voluntariado.marcaindra.com).

Further information at

<http://www.indracompany.com/sostenibilidad-e-innovacion/Society>

Indra firmly believes that it is possible to find a balance between corporate efficiency, profit generation, high quality employment creation and social welfare. Indra is a socially responsible company, which means that we strive to ensure that striking this balance benefits everybody. This is the foundation of our commitment to society to contribute in the best way that we can: with our technological innovation capacity. Indra's Corporate Responsibility is aligned with the company's strategy and business model.

From this perspective, we believe that it is not possible to develop society as a whole if one part of that society is excluded from the benefits that this development brings. In the case of Indra's contribution, this social exclusion leads to a digital divide. As a result of the company's wide experience in various parts of the world and different markets, Indra understands the scope of this gap with respect to access to new technologies, especially among some of the most vulnerable communities. For this reason, for many years now Indra's social initiatives have focused on narrowing this gap, especially in the case of people with disabilities.

UNIVERSITY RESEARCH CHAIRS IN ACCESSIBLE TECHNOLOGIES

A key feature of our social action is collaboration with other institutions and organizations that share our objectives. A good example of this is our work with universities. An excellent partnership for promoting social development is formed between universities, as institutions that push the boundaries of knowledge, and Indra, as a company that has the power to convert knowledge into innovation, solutions and services for social integration.

This common goal has led to the creation of University Chairs in Accessible Technologies which, in collaboration in most cases with the Adecco Foundation, bring together all of our projects that strive to develop innovative solutions and services in the field of accessibility and social inclusion. In 2011, new University Chairs at the University of Valencia and the University of Salamanca joined the five Chairs that were already in place (at the University of Castilla La Mancha, the University of Extremadura, the University of Lleida, the Polytechnic University of Madrid and, in Argentina, at the National University of Córdoba), which makes a total of seven University Chairs in Accessible Technologies.

At Indra, we believe in the positive value of social diversity for innovation. With this in mind, the projects that the company ran in 2011 continued to develop the progress made in previous years in promoting social and professional integration for people with disabilities, through innovation and technological solutions, in order to provide access to a better quality of life and integration in the workplace.

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Accessible technologies account for 58% of the resources that Indra allocates to social actions and it creates an important impact both in the community in general and within the company itself.

The HeadMouse and VirtualKeyboard Projects

In 2011, Indra continued to optimize the functionalities of two of the company's key accessible technology applications: the HeadMouse and the VirtualKeyboard. The HeadMouse project involves a virtual mouse that enables a computer mouse to be controlled via a webcam by moving the head and face. The VirtualKeyboard project enables text to be written with any device that can control the cursor on the screen, such as a mouse, joystick or touchpad. Both applications are extremely intuitive and require no previous training in order to use them.

The warm reception that these applications have received worldwide can be highlighted by a single statistic: by the end of the year, more than 340,000 people had downloaded both tools, free of charge. Most of these users were based in Spain and Latin America (Brazil, Chile, Mexico, Colombia and Argentina).

These two solutions that aim to improve accessibility to new technologies and to the workplace for people with severe disabilities are the result of the collaboration between the University of Lleida and the Adecco Foundation, within the framework of the University Chair in Accessible Technologies. The use of both tools in conjunction optimizes the working environment for people with disabilities and facilitates access to jobs based on the use of new technologies.

At the end of the year, the new versions of both applications were launched, the HeadMouse 4.1 and the VirtualKeyboard 3.1, which enables a single click to be translated into a sequence of keys, known as a macro. For users with

motor disabilities, this removes the need to access a virtual keyboard and type a sequence of keys in order to carry out a particular repetitive task. These versions can be downloaded free of charge from the Indra website www.tecnologiasaccesibles.com or from <http://robotica.udl.cat>.

In addition, it is important to highlight the fact that the new versions of HeadMouse and VirtualKeyboard incorporate functionalities that respond to improvement suggestions made by users around the world who have downloaded the application. These functionalities were not simply incorporated in the interests of continually improving our solutions, but rather because they adapt to the needs of the people that actually use them and, therefore, need them most.

The MOVI-MAS Project

Getting to know the working environment and making it more accessible is another of the more pressing needs for people in the workplace who have motor disabilities. With the objective of facilitating their integration in the workplace, the Indra-Adecco University Chair at the University of Salamanca has embarked on its first project, known as MOVI-MAS. The objective of this project is to develop a new technological platform for simulations that allows the construction of 3-D representations of a virtual office environment, including the workers and the tasks that they have to carry out in their particular role.

This workplace environment simulation aims to detect potential difficulties that may be faced by a person with disabilities, taking their role and disability into account. It also offers the option of designing an intelligent training plan with the simulator (the system learns to predict future requirements), before the person joins the workforce. The simulation can be personalized to reflect the interaction systems and the services that are offered in a particular workplace, as well as adaptations for the degree and type of disability.

Shareholders

Employees

Clients

Suppliers

Partners

Environment

Knowledge Institutions

Society

As with Indra's other accessible technology projects, great value is placed on the assessment that people with disabilities make of the MOVI-MAS Project. The implementation of a prototype developed in a real environment is planned, which will be evaluated by people who have motor disabilities.

The Social Network Support Project for Professional with Disabilities

The first project to be initiated by the new Indra-Adecco University Chair at the University of Valencia aims to develop new technologies that facilitate the creation of social networks that provide support in the workplace for professionals with intellectual disabilities. To this end, the creation of a new web portal is planned in which the methodology of Person-Centred Planning (PCP) will be applied to the design and professional development. This involves the application of the lessons learned from our experience with the web portal www.miradasdeapoyo.org in the working environment, which was developed previously by the University of Valencia and also applied this methodology.

Through this new portal, each person with a cognitive disability will have access to a support group that will help them to integrate into the working environment. The social network will include the person's family and closest friends, as well as the job coach, the employer and their colleagues.

Through the use of various technological tools, the professional orientation of the person with a disability will be facilitated with generic and visual descriptions of the most common workplaces. It will also enable people with disabilities to draft their curriculum vitae and prepare for interviews, as well as helping them to define their employment goals and develop plans to achieve these goals. In addition, the solution offers mentoring advice throughout the employee's professional career and facilitates coordination between the job coach and the employer, enabling the resolution of problems in real time.

AWARDS AND ACCOLADES

Corporate Citizen of the Americas Award

This award is presented by the Trust for the Americas, a foundation affiliated with the OAS Organization of American States (OAS) and was presented to Indra in recognition of its contribution to sustainable development and to the communities that operate through the company's accessible technologies and, in particular, its HeadMouse and VirtualKeyboard solutions, which involve a free virtual mouse and keyboard for people with motor disabilities. The initiative was selected from all of the social action projects carried out in the Americas.

Best Corporate Social Responsibility Initiative (EOA)

The European Outsourcing Association (EOA) awarded the title of Best Corporate Social Responsibility Initiative to Indra, jointly with CSC-Orange (France Telecom). The EOA recognized Indra's contribution through its accessible technology initiative, which provides access to technology to disadvantaged communities at risk of exclusion. The initiative is based on innovative solutions and services that enhance access to technology for people with disabilities and, therefore, facilitate their social and professional integration.

Cibermax Award for Cooperation in Development

Awarded as part of the third edition of 'CSR Centre Stage', an event organized by the Cybervolunteer Foundation in recognition of the best initiatives in the use of ITC in the field of Corporate Social Responsibility (CSR). Indra was awarded a prize for its accessible technologies.

Best ITC Company of the Year Award

During the 11th Telecommunications Award ceremony in Murcia, Indra received the award for the Best ITC Company of the Year in recognition of its participation in projects to facilitate access to communication technologies for various groups of people with disabilities.

COLLABORATIONS WITH NON-PROFIT ORGANIZATIONS

In the same way as with its accessible technology initiatives, Indra strives to collaborate with non-profit organizations on technological projects, which the company considers to be the most effective way in which it can create maximum benefit both for society in general and for the company itself.

Collaboration with FEAPS

After the development of their website in 2010, last year, we collaborated with FEAPS for the development of Emplea2.0, the first job search portal adapted for people with intellectual disabilities.

Emplea2.0 is a pilot trial with which FEAPS aims to contribute towards the professional integration of people with intellectual disabilities. This is of the utmost importance as, according to research and surveys, within the diverse field of disabilities, people with intellectual disabilities are the group that have the most difficulty to access the labour market.

In addition, Emplea2.0 will be useful for companies that wish to incorporate workers with intellectual disabilities into their teams, and will help them to optimize the selection processes for new employees.

Training and Cultural Integration Program in Brazil

Indra launched a training and cultural integration program in Brazil using its accessible technologies that, in collaboration with the Escola Sao Paulo, has provided training for people with motor disabilities. Five courses in arts and technology were run in total, using the HeadMouse and VirtualKeyboard tools.

VOLUNTEERING AT INDRA

At Indra, we have a decentralized view of Corporate Social Responsibility. We believe that each and every professional working for the company performs a share of this task in the way that they conduct themselves every day - our Code of Ethics and Professional Conduct includes social and environmental aspects - as well as through the commitment of individuals through the Corporate Volunteer Program. The Corporate Volunteer Portal has proven to be a highly effective tool for channelling the desire of our professionals to collaborate in acts of solidarity. This tool has allowed us to coordinate a range of volunteering initiatives. Just as our social action projects focus on technological solutions, our volunteer projects strive primarily to provide IT classes to vulnerable communities at risk of exclusion.

Agreement with the Dalma foundation and the City Council of Alcobendas

The objective of the Agreement that Indra has signed with the Dalma foundation and the City Council of Alcobendas is to provide IT classes to these vulnerable groups. Our volunteering professionals facilitate access to information technology through weekly classes for the elderly, children and communities at risk of exclusion.

More than 100 professionals have participated in the scheduled activities and have given their free time and knowledge to communities with fewer opportunities.

MAIN ASSOCIATIONS AND FOUNDATION TO WHICH INDRA BELONGS

Sector associations

Association	Country
AMETIC	Spain
AEC	Spain
TEDAE	Spain
AMITI	Mexico
ABRID	Brazil
ACTI	Chile
CESSI	Argentina
CUTI	Uruguay
The Uruguay Chamber of Industry	Uruguay
Capatec	Panamá

Associations related to Corporate Responsibility

Association	Country
The Spanish Quality Association	Spain
Forética	Spain
Entorno-WBCSD Foundation	Spain
ICARE (The Chilean Institute for the Rational Administration of Companies)	Chile
The Global Pact	Worldwide

Shareholders

Employees

Clients

Suppliers

Partners

Environment

Knowledge Institutions

Society

INVERSIÓN EN ACCIÓN SOCIAL

Projects to support innovation and develop the Information Society	Activities involved	Project Partner (Foundation, Association...)	Beneficiaries
Fostering cooperation between scientists and producers to respond to Andalusia's innovation and development needs.	Identifying, promoting and financing viable R&D projects from both an economic and social perspective.	The Andalusia Technology Corporation	Society
Contributing to the country's development through the promotion of technological innovation in the company and society in general.	Publishing books and research and participation in working committees.	COTEC Foundation	Society
Promoting initiatives for the creation and development of a national Defence and Security technology application, especially in the fields of electronics, IT and communications.	Funding activities carried out by the Foundation	The Circle of Defence and Security Technologies Foundation	Society
Promoting research, development and distribution of financial studies.	Funding activities carried out by the Foundation for research in the fields of finance and the stock market.	The Financial Studies Foundation	Society
Identifying, developing, promoting and disseminating technologies, processes and consumption habits that improve energy efficiency and sustainability in the fields of industry, construction and transport and in society in general.	Funding activities carried out by the Foundation.	The Energylab Foundation	Society
Conducting a comprehensive study into the interests of Spain and Spaniards in international society, freely available to the whole community.	Organizing congresses, presentations, seminars, conferences and bilateral forums. Publishing El Barómetro, newsletters and work documentation.	The Royal Elcano Institute	Society
Supporting companies in order to innovate and grow in a world that is increasingly dependent on the major challenges of sustainable development.	Funding activities carried out by the Foundation.	The Entorno Foundation	Society
Generating an interdisciplinary platform for issues related to security and businesses, with research studies, training activities, diffusion forums and the creation of a wide documentary base.	Funding activities carried out by the Foundation.	The Business, Security and Society Foundation	Society

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Knowledge Institutions

Society

Providing, promoting, supporting and managing the university's own teaching, technological innovation and cultural awareness activities in the field of ITC.	Postgraduate funding.	Fundetel	University/Society
Developing and sharing knowledge in the field of technology.	Funding summer courses.	The General Polytechnic University of Madrid Foundation	University/Society
Promoting the teaching of aerospace sciences and technologies.	Funding activities carried out by the Foundation.	The Spanish Aeronautic Foundation	Society
Collaborating with the Royal Engineering Academy in order to initiate and develop any activities that contribute to the promotion and diffusion of technologies and, in particular, their application in the business world and in society in general.	Funding activities carried out by the Foundation.	The Pro Rebus Academiae Foundation	Society
Promoting the use and development of information technologies in the field of security and defence.	Funding the University Chair in order to carry out training, research, technological transfer and employment creation activities in information technologies in the field of security and defence.	The University of Alcalá Foundation	University/Society
Promoting the use and development of information technologies in the field of healthcare.	Funding the University Chair in order to carry out training, research, technological transfer and employment creation activities in information technologies in the field of healthcare.	The Polytechnic University of Valencia Foundation	University/Society

Shareholders

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Clients

Suppliers

Partners

Environment

Knowledge Institutions

Society

Corporate Responsibility Support Projects

Fostering equality and anti-discrimination policy and management with respect to diversity in Spain.

Fostering and promoting business activities of a strategic nature that contribute to the overall improvement of the social situation.

Activities involved

Funding activities carried out by the Foundation

Funding activities carried out by the Foundation

Project Partner

(Foundation, Association, etc.)

The Diversity Foundation

The Seres Foundation

Beneficiaries

Society

Society

Entrepreneurial support projects

Supporting innovation and the entrepreneurial spirit.

Collaborating in improved training for young people, providing a forum for reflection and fostering projects of a social nature.

Activities involved

Sponsorship of the Graduate Program.

Funding activities carried out by the Foundation.

Project Partner

(Foundation, Association, etc.)

The Junior Achievement Foundation and the University-Company Foundation

The Príncipe de Girona Foundation

Beneficiaries

Young people

Young people

Cultural support projects

Fostering the study, research and distribution of information regarding military history

Activities involved

Funding the activities carried out by the Foundation.

Project Partner

(Foundation, Association, etc.)

The Military Museum Foundation

Beneficiaries

Society

Disadvantaged community technological development projects

University Chairs in Accessible Technologies for developing innovative solutions and services in the field of accessibility and social inclusion.

Developing innovative solutions and services in the field of accessibility and social inclusion.

Activities involved

Generating innovation jointly with universities in the field of accessibility and social inclusion, through both the development of lines of research and specific projects.

The Toyra project.

Project Partner

(Foundation, Association, etc.)

The Adecco Foundation, University of Lleida, University of Castilla-La Mancha, Polytechnic University of Madrid

The Toledo Paraplegic Hospital and the Rafael del Pino Foundation

Beneficiaries

People with disabilities, University/ Society

People with disabilities, Society

Shareholders

Employees

Clients

Suppliers

Partners

Environment

Knowledge Institutions

Society

Developing innovative solutions and services in the field of accessibility and social inclusion.	Donation to create a website.	APNIB	People with disabilities
Developing innovative solutions and services in the field of accessibility and social inclusion.	Developing an employment portal.	FEAPS	People with disabilities
Donation of equipment.	Donation of IT equipment.		Disadvantaged communities

Disadvantaged community support projects	Activities involved	Project Partner (Foundation, Association, etc.)	Beneficiaries
Seguro Solidarity Awards	Supporting people with disabilities.	ADISGUA (The Guadarrama association of people with disabilities)	People with disabilities
Supporting the development of professional integration activities for people with disabilities.	Donation	Integra Foundation	Disadvantaged communities
Disadvantaged communities	Donation	Stop SanFlipo, WWF, The Red Cross, Fundal, The Police and Armed Forces Assistance Foundation, Development and Assistance, Children and Families Across Borders, AECC, The Fight against AIDS Foundation, The Association of Nuestra Señora del Carmen, ATAM,	Disadvantaged communities

TOTAL INVESTMENT

1,482,458 €

Shareholders

Employees

Clients

Suppliers

Partners

Environment

Knowledge Institutions

Society

Commitments made in the Annual Report 2010

Creation of two new University Chairs in Accessible Technologies in Latin America.

Reinforcing the Corporate Volunteer Program through the Portal.
Launching the Volunteer Program in new countries.

Continuing to promote actions that improve the exchange of knowledge and innovation with non-profit organizations, associations and foundations.

Developing a system of measurement for the impact of the company's social initiatives on the community in general and on the company itself.

Progress made in 2011

Objective postponed until 2012 and 2013.

New volunteer actions have been carried out such as the agreement with the Dalma Foundation and the City Council of Alcobendas.
The launch the Volunteer Program in new countries has been postponed until 2012.

Collaboration with FEAPS.
Cultural training and integration program in Brazil.

Various methodologies have been analysed but the measurement system has not yet been developed.

Objectives for 2012

Development of current technologies.
Creation of new University Chairs.

Reinforcing the Corporate Volunteer Program through the Portal.
Launching the Volunteer Program in new countries.

Continuing to promote initiatives that improve the exchange of knowledge and innovation with non-profit organizations, associations and foundations.

Developing a system of measurement for the impact of the company's social actions on the community in general and on the company itself.

TRANSPARENCY
FOR ALL TO SEE.

**THAT'S A REAL
CHALLENGE.**



05

About the report

Principles on
which this report
is based

Integrated Report

The GRI
Index and the
Global Pact

GRI
Application
Level Check

Letter of
Verification

5.1 ABOUT THE REPORT

PRINCIPLES ON WHICH THIS REPORT IS BASED

The objective of this Report is to explain how the company evolved during 2011, by outlining the most significant policies and initiatives that were put into practice during the year, as well as the most relevant quantitative indicators. For further information about other policies and initiatives that have been implemented in previous years, please visit the Indra website, which contains comprehensive information about the company's Corporate Responsibility Management. However, each of the "Our stakeholders" chapters in the Report contains a summary for the reader of the main policies and initiatives currently in place with respect to each of our interest groups.

This Annual Report has been drafted in accordance with the Global Reporting Initiative (GRI) Guide to Producing Sustainability Reports (the March 2011 edition, version G3.1), to the highest application level (A+), and in compliance with the provisions of the AA1000 APS Assurance Standards (2008 edition).

The economic, social and environmental information contained in this Report has been externally verified by an independent third party. The scope, details of the work involved and conclusions of their corroboration verification are contained in the section entitled Verification Letter. In line with our commitment to continual improvement, since compiling its first Corporate Social Responsibility and Sustainability Report in 2003, Indra has been working to extend the scope of the information reported to all of the group's companies.

The scope of the information presented is outlined at the beginning of each chapter of the Report. The complete list of companies in the Indra group on the 31st December 2011 appears in the chapter "About Indra" in the present Report. For any information of a temporary or organizational nature that differs from the information given at the start of each chapter, the differences are explained alongside the point in question.

As in previous years, this Report has been produced with the participation of the internal managers who are responsible for the relationships with each of the company's stakeholders, which involves not only gathering and verifying information but also constantly improving communication channels between Indra and its various stakeholders.

The procedure for preparing this Report facilitates compliance with the principles that define its content (materiality, stakeholder participation, explanation of the context of sustainability and completeness), as well as with the principles pertaining to the quality of the Report (balance, comparability, accuracy, timeframe, clarity and reliability), as required by the G3 Guidelines, as well as the three founding principles of the AA1000 APS Standard (2008) (responsiveness - a principle exclusive to AA1000; inclusivity; and relevance - common principles with GRI but interpreted according to AA1000).

The information presented in this document is derived from various management and information systems in each of the company's areas. These areas supply information to the Departments of Brand Management, Corporate Responsibility and Internal Communication, which are then responsible for rendering accounts of the company's financial, social and environmental performance, as well as promoting the Corporate Responsibility Master Plan. All information concerning market characteristics or performance represents Indra's own opinions, as drafted by the company's experts.

A number of internal mechanisms are in place in order to monitor the information processed by the management and information systems. Indra makes every effort to improve its systems for generating, gathering and consolidating data, so as to enhance the quality of the information presented in the Sustainability Report.

The following steps were taken between November 2011 and March 2012 in order to produce this Report:

1. Interviews were held in the final quarter of 2011 with each of the managers in charge of relations with the various stakeholders, with a dual purpose: firstly, to update the Corporate Responsibility Master Plan by defining new actions to be implemented or promoted; and secondly, to compile information regarding the company's sustainability in order to render the year's accounts.

As in previous years, in order to produce the "Activities Report", interviews were also conducted with the managers in charge of the company's operations, both in vertical markets and activities, in order to identify the main trends and actions in each of the business areas in which

the company operates. However, continuing the initiative that was implemented in 2008, a particular effort was made to identify the possible social and environmental impacts of Indra's businesses, a summary of which can be found in the "Our Business" section of this Report.

2. A formal request was issued to internal managers responsible for relations with each stakeholder for information concerning the GRI (G3) indicators. In addition, information was compiled concerning policies, programs, initiatives and actions designed to promote responsible values that were introduced throughout the year, both those included in the company's Corporate Responsibility Master Plan and those developed from other strategic lines that have elements of synergy with sustainability and responsibility.

3. After the Report was drafted, it was sent to each internal manager in charge of relations with the various stakeholders, and to those responsible for company's operations, in order to confirm that the information regarding their management area was faithfully recounted.

4. The draft Report was also sent to the Trade Union representatives from the CCOO, UGT, USO, CGT and ATC, in order to take their suggestions into account.

**Explanation of the principle as
defined in the G3 of the GRI or
AA1000 APS (2008)**

How we ensure that this principle is adhered to

Principles regarding the definition of the Report's contents

**Stakeholder participation/
Inclusion**

Identification of the groups and appropriate response to their reasonable expectations and interests, as well as stakeholder participation in the development and achievement of a transparent and strategic response with respect to sustainability.

Indra has several systems in place for regular consultation with the following stakeholder groups: shareholders, employees, customers and suppliers. In addition, the company also maintains communication with knowledge institutions and society as a whole. Indra's main systems for specific consultation with each of its stakeholders are outlined in the corresponding chapters. Departments also have access to their own tools in order to identify and prioritize stakeholders.

Indra's Communication and Marketing department held meetings with the managers in charge of relations with investors, employees, customers, suppliers and partners, the environment, knowledge institutions and society in general in order to identify the aspects to be included in the Report and to track the objectives that were set in previous years. Furthermore, the Report was drafted with the collaboration of the managers in charge of relations with each stakeholder, as well as with consultation with various operations managers were consulted in order to gauge the sustainability of Indra's range of solutions and services.

Indra's objective is to make progress in the formalization of these identification and prioritization processes.

**Materiality/ Relevance
(Principle of GRI and AA1000
APS 2008)**

Factors that are significant, important and relevant and that impact upon our responsibility and the sustainability of our activity.

In accordance with AA1000 APS (2008), materiality must be applied to the business so that material issues take on strategic importance for the company.

Since 2007, Indra has conducted a materiality analysis each year in order to identify which issues are relevant for reporting purposes before drafting the Report. In order to do this, the company analyses the issues covered in the sustainability reports prepared by companies in the IT and Defence sectors. In addition, the company studies press reports in order to identify the issues on which the media have focused, concentrating particularly on any that may potentially damage the company's reputation. Last but not least, the company analyses the factors that are considered relevant by socially responsible investors (such as members of the Dow Jones Sustainability Index), as well as the views of opinion leaders, not only in the sectors where Indra operates but in society as a whole.

The objective of the Corporate Responsibility Master Plan is to identify key issues for the company and actions to be taken. Indra updates the Plan annually taking both external and internal sources into account. In order to do so, the company starts with the previous year's Plan and includes the issues that are considered relevant in the materiality analysis and the recommendations that arise during the previous year's verification process. It also considers the results of surveys that measure the satisfaction of employees, clients and suppliers, summaries of which are included in the respective chapters of the Report. Since 2008, customer and supplier surveys include, for the first time, specific questions aimed at ascertaining the degree of importance they attribute to various aspects of Corporate Responsibility. In addition, standards such as the GRI and the opinions of socially responsible investors are taken into account. Finally, information can be obtained from other, less formal sources (e.g. watchdogs and focus groups, etc).

The process of producing the Report enables the organization to align issues of materiality arising from the Corporate Responsibility Master Plan with the financial information disclosed in the Annual Report.

Indra aims to continue working on improving the process in order to make it more standardized for subsequent editions and to expand the scope of the Report gradually.

<p>Responsiveness (exclusive to Standard AA1000 APS 2008)</p>	<p>The different mechanisms by which the organization responds to its stakeholders' expectations.</p> <p>In line with the AA1000 APS 2008 Standard, this principle, which is of value from a communication and action viewpoint, involves particular emphasis on understanding the response.</p>	<p>Through consultation processes and regular surveys of shareholders, employees, customers and suppliers, Indra includes its stakeholders' expectations and values as part of its Sustainability Management. Indra discloses its stakeholders' expectations and values in the various chapters of the Annual Report. The process of drawing up the Report is outlined in this chapter.</p> <p>The objective of Indra's Corporate Responsibility Master Plan (the compilation process of which is explained above in the section on stakeholder involvement and inclusiveness) is to bring together all of the main actions which provide responses to the needs identified by the various stakeholders.</p> <p>As a result of the dialogue with its stakeholders, Indra has identified that it is essential to improve communication with respect to CSR and sustainability. Furthermore, the company will continue its efforts to improve the documentation of the implementation of its responses and how it tracks the feasibility of each of the actions identified.</p>
<p>Sustainability Context</p>	<p>The ways in which the organization contributes to local, regional and global development.</p>	<p>Indra's vision of responsibility is intrinsically linked to innovation.</p> <p>Our management approaches to our performance in economic, social, human rights, environmental and product terms (presented in the section entitled "Our Approach to Sustainability") include observations relating to this context.</p> <p>Since 2008, Indra has stated the impact (economic, social and environmental) of its activities in the Annual Report.</p>
<p>Completeness</p>	<p>The scope, coverage and time frame of the Report. The reasonable and appropriate presentation of data and relation to quality.</p>	<p>The production process for this Report and internal and external verification help to ensure that the Report is comprehensive.</p>

Principles regarding the quality of the Report

Balance	The Report must reflect the positive and negative aspects in order to enable a rational assessment of the company's overall performance.	<p>The 2011 Report provides data on positive aspects and areas for improvement, as well as future objectives with respect to each stakeholder, as well as the degree of fulfilment of past objectives and commitments.</p> <p>The process of identifying material subjects (see the section on the Materiality principle) also contributes to compliance.</p>
Comparability	The Report must enable the analysis of trends and changes.	The 2011 Report includes a record of data since 2007 to facilitate the analysis of trends. The Report also notifies of any changes in calculation methods.
Accuracy	The Report must be sufficiently accurate and detailed so as to enable assessment of the organization's performance	<p>Indra's aim has been to render accounts at the very highest level of application, A+, and wherever appropriate, to explain when indicators are not applicable, not available or only refer to certain parts of the company.</p> <p>The verification process to which this Report has been subjected ensures the accuracy of the quantitative data and the corroboration of evidence and appropriate conditions for qualitative information.</p>
Timeframe	The Report will be presented on time and according to a regular schedule.	Indra has published a Corporate Responsibility Report every year since 2003. Since the 2008 Report, the Annual Report has replaced the Corporate Responsibility Report as the reporting method for its economic, social and environmental performance. The Annual Report will also be published annually, at the same time as the other annual reports that the company publishes.

Clarity

Information must be presented in a way that is easy to understand and accessible.

Indra produces a digital version of its Report for public access on its website: www.informeannual2011.indra.es

In addition, the company sends this Report to shareholders, main customers, the media, responsible investment institutions and other interested parties who request the Report.

Feasibility

The information compiled in the Report is verified by an independent third party. The data included is supported by documentation and the relevant internal controls.

In line with its commitment to transparency, Indra has requested that independent third parties corroborate the economic, social and environmental information contained in this Report. The scope, description of the work involved and conclusions of this verification are contained in the section entitled Verification Letter.

5.2 ABOUT THE REPORT

INTEGRATED REPORT



On the Pilot Programme

The Integrated Reporting Pilot Programme The Integrated Reporting Pilot Programme is a two-year programme, launched by the International Integrated Reporting Committee (IIRC) in September 2011, for a select group of companies who will be part of the development of the International Integrated Reporting Framework.

Participants work together with peers and the IIRC to develop the practical application of Integrated Reporting and to address the key challenges of this evolution in corporate reporting. The Programme draws on a dedicated group of investors and other stakeholders, in order to understand the perspectives of information users on the content and format of Integrated Reports.

As a cornerstone of the continued development of the draft Framework, the Programme provides invaluable feedback to the IIRC and is helping to create a body of practice of Integrated Reports. For more information visit www.theiirc.org/about/pilot-programme

On the IIRC

The International Integrated Reporting Committee (IIRC) comprises an international cross-section of leaders from the business, investment, accounting, securities, regulatory, academic and standard-setting sectors, as well as from civil society.

The aim is to help with the development of more comprehensive and comprehensible information about organizations, prospective as well as retrospective, to support the transition to a more sustainable, global economy.

The principal role of the IIRC is to:

- Develop an overarching Integrated Reporting Framework, which sets out the scope and key components of Integrated Reporting;
- Reach a consensus among governments, listing authorities, business, investors, accounting bodies and standard setters about the best way to move towards Integrated Reporting;
- Identify priority areas where additional work is needed and provide a plan for development; and
- Promote the adoption of Integrated Reporting by relevant regulators and report preparers.

For more information visit www.theiirc.org

On Integrated Reporting:

Integrated Reporting brings together the material information about an organization's strategy, governance, performance and prospects in a way that reflects the commercial, political, social and environmental context within which it operates. By addressing the material issues for an organization, it provides a clear and concise representation of how an organization creates value, now and in the future. Integrated Reporting combines elements of information currently reported in separate reporting strands (financial, management commentary, governance and remuneration, and sustainability) into a coherent whole, and importantly:

- Shows the connectivity between them; and
- Explains how they affect the ability of the organization to create and sustain value in the short, medium and long term.

Integrated Reporting reflects what can be called "integrated thinking" – the ability of management to monitor, manage and communicate the full complexity of the value creation process and how this contributes to success over time. The effective communication of this process can help investors, and other stakeholders, to understand not only how an organization is performing today, but also how it is likely to perform in the future.

For more information visit www.theiirc.org

INDRA COLLABORATES WITH AECA TO DEFINE AN INTEGRATED BALANCED SCORECARD OF PERFORMANCE INDICATORS

Indra is collaborating with the Spanish Accountancy and Business Administration Association (AECA) and a further four Spanish companies that are taking part in the Integrated Report Pilot Program of the International Integrated Reporting Committee (IIRC). Along with a multi-disciplinary working group that has been formed to research integrated information, Indra is participating in the definition of a basic set of financial and non-financial performance indicators, known as the 'Integrated Balanced Scorecard of Performance Indicators' (CII-FESG). This tool may potentially become a standard for integrated reports and will provide a basis for comparison between companies, in line with the standards of the XBRL Board.

5.3 ABOUT THE REPORT

THE GRI INDEX AND THE GLOBAL PACT

Application Level

STANDARD DISCLOSURES PART I: Profile Disclosures

1. STRATEGY AND ANALYSIS

Profile Disclosure	Description	Reported	Cross-reference/Direct answer Hard copy reference	If applicable, indicate the part not reported	Global Compact
1.1	Statement from the most senior decision-maker of the organization.	●	Chairman's letter Carta del Presidente (AR), pages 8-10		
1.2	Description of key impacts, risks, and opportunities.	●	Management approaches Enfoques de gestión (AR), page 39 Los impactos de nuestra actividad Impacts of our activity (AR), pages 41-43 Solutions for sustainability Soluciones para la sostenibilidad (AR), page 86		

- Fully
- Not
- ◐ Partially

2. ORGANIZATIONAL PROFILE

2.1	Name of the organization.	●	Cover Portada (AR)
2.2	Primary brands, products, and/or services.	●	Main brands Principales marcas (AR), page 17 Solutions and services Soluciones y servicios (AR), page 83 Vertical markets Mercados verticales (AR), page 93
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	●	Group companies Sociedades que componen el grupo (CAA), pages 9-17
2.4	Location of organization's headquarters.	●	Group companies Sociedades que componen el grupo (CAA), pages 9
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	Governance model Modelo de gobierno (AR), page 50
2.6	Nature of ownership and legal form.	●	Solutions and services Soluciones y servicios (AR), page 83
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	Vertical markets Mercados verticales (AR), page 93
2.8	Scale of the reporting organization.	●	Main figures Principales magnitudes (AR), page 5 Global company Empresa global (AR), pages 30-32
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	●	Managing Director's Letter Carta del Consejero Delegado (AR), pages 11-13
2.10	Awards received in the reporting period.	●	Sustainability Sostenibilidad (AR), pages 44-45

3. REPORT PARAMETERS

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	●	Cover Portada (AR) The principles governing this report Principios que rigen este informe (AR), pages 206-207
3.2	Date of most recent previous report (if any).	●	The principles governing this report Principios que rigen este informe (AR), pages 206-207
3.3	Reporting cycle (annual, biennial, etc.)	●	
3.4	Contact point for questions regarding the report or its contents.	●	http://www.indracompany.com/sostenibilidad-e-innovacion/contactos
3.5	Process for defining report content.	●	The principles governing this report Principios que rigen este informe (AR), pages 206-212
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	The principles governing this report Principios que rigen este informe (AR), pages 206-207
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	●	The principles governing this report Principios que rigen este informe (AR), pages 206-207
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	●	The principles governing this report Principios que rigen este informe (AR), pages 206-207
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	The principles governing this report Principios que rigen este informe (AR), pages 206-212 Basis of presentation Bases de presentación (CAA), page 38-40

3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	●	The principles governing this report Principios que rigen este informe (AR), pages 206-207
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	The principles governing this report Principios que rigen este informe (AR), pages 206-207
3.12	Table identifying the location of the Standard Disclosures in the report.	●	Contents Índice (AR), page 7 G3 Content Index
3.13	Policy and current practice with regard to seeking external assurance for the report.	●	Verification letter Carta de verificación (AR)
4. GOVERNANCE, COMMITMENTS, AND ENGAGEMENT			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	Governance model Modelo de gobierno (AR), page 48
4.2		●	Governance bodies Órganos de gobierno (AR), page 48
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	Governance bodies Órganos de gobierno (AR), page 48-49
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	Shareholders Accionistas (AR), page 135 Employee relations Relaciones laborales (AR), page 150 Internal Audit and Control Auditoría interna y control (AR), page 64
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	Compensation model Modelo retributivo (AR), page 59-60
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	Board of Directors Regulation, article 33 "Conflicts of interest" Reglamento del Consejo de Administración, artículo 33 "Conflictos de interés", page 29

4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	●	Board of Directors Regulation, section VII "Appointment and removal of directors" Reglamento del Consejo de Administración, capítulo VII "Designación y cese de los consejeros", pages 21-23
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	Management approaches Enfoques de gestión (AR), page 39 Internal Audit and Control Auditoría interna y control (AR), page 64 Our commitments Nuestros compromisos (AR), page 66-72
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	Functions of the Board of Directors and its Commissions Funciones del Consejo y sus Comisiones (AR), page 52-58
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	Functions of the Board of Directors and its Commissions Funciones del Consejo y sus Comisiones (AR), page xx Compensation model Modelo retributivo (AR), page 59-60
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	●	Management approaches Enfoques de gestión (AR), page 39 Chairman's letter Carta del Presidente (AR), pages 8-10 The principles governing this report Principios que rigen este informe (AR), pages 206-207
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	Chairman's letter Carta del Presidente (AR), pages 8-10 Our commitments Nuestros compromisos (AR), page 66-72 Management approaches Enfoques de gestión (AR), page 39

4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	●	Main associations and foundations to which Indra belongs Principales asociaciones y fundaciones a las que pertenece Indra (AR), page 197 Indra in the leading technological platforms Indra en las principales plataformas tecnológicas (AR), pages 23
4.14	List of stakeholder groups engaged by the organization.	●	Shareholders, employees, customers, providers, partners, environment, knowledge institutions and society Accionistas, empleados, clientes, proveedores, partners, medio ambiente, instituciones del conocimiento y sociedad Our stakeholders Nuestros públicos objetivo (AR), pages 133-134
4.15	Basis for identification and selection of stakeholders with whom to engage.	●	The principles governing this report Principios que rigen este informe (AR), pages 206-212
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	The principles governing this report Principios que rigen este informe (AR), pages 206-212
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	●	The principles governing this report Principios que rigen este informe (AR), pages 206-212

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G3 DMA	Description	Fully	Cross-reference/Direct answer Hard copy reference	If applicable, indicate the part not reported	Global Compact
DMA EC	Disclosure on Management Approach EC	●	Management approaches Enfoques de gestión (AR), page 39		
Aspects	Economic performance	●	Main figures Principales magnitudes (AR), page 5		
	Market presence	●	Our business Nuestros negocios (AR), page 82		
	Indirect economic impacts	●	Los impactos de nuestra actividad Impacts of our activity (AR), pages 41-43		
DMA EN	Disclosure on Management Approach EN	●	Management approaches Enfoques de gestión (AR), page 39		
Aspects	Materials	●	Environment Medio ambiente (AR), pages 173-174		
	Energy	●	Environment Medio ambiente (AR), pages 173-174		
	Water	●	Environment Medio ambiente (AR), pages 173-174		
	Biodiversity	●	Indra's offices are located on urban sites, and do not therefore impact on protected natural areas or areas of high biodiversity value Indra tiene sus sedes en terrenos urbanos, por tanto no impacta en espacios naturales protegidos y/o sobre la biodiversidad		
	Emissions, effluents and waste	●	Environment Medio ambiente (AR), pages 173-174		
	Products and services	●	Environment Medio ambiente (AR), pages 173-174		

	Compliance	●	Environment Medio ambiente (AR), pages 173-174
	Transport	●	Environment Medio ambiente (AR), pages 173-174
	Overall	●	Environment Medio ambiente (AR), pages 173-174
DMA LA	Disclosure on Management Approach LA	●	Management approaches Enfoques de gestión (AR), page 39
Aspects	Employment	●	Human rights Derechos humanos (AR), pages 70-71
	Labor/management relations	●	Human rights Derechos humanos (AR), pages 70-71
	Occupational health and safety	●	Human rights Derechos humanos (AR), pages 70-71
	Training and education	●	Human rights Derechos humanos (AR), pages 70-71 Sustainability balance scorecard Cuadro de mando de sostenibilidad
	Diversity and equal opportunity	●	Human rights Derechos humanos (AR), pages 70-71
DMA HR	Disclosure on Management Approach HR	●	Management approaches Enfoques de gestión (AR), page 39
Aspects	Investment and procurement practices	●	Human rights Derechos humanos (AR), pages 70-71

	Non-discrimination	●	Human rights Derechos humanos (AR), pages 70-71
	Freedom of association and collective bargaining	●	Human rights Derechos humanos (AR), pages 70-71
	Child labor	●	Human rights Derechos humanos (AR), pages 70-71
	Forced and compulsory labor	●	Human rights Derechos humanos (AR), pages 70-71
	Security practices	●	Human rights Derechos humanos (AR), pages 70-71
	Indigenous rights	●	Human rights Derechos humanos (AR), pages 70-71
DMA SO	Disclosure on Management Approach SO	●	Management approaches Enfoques de gestión (AR), page 39
Aspects	Community	●	Society Sociedad (AR), page 191-192
	Corruption	●	Our commitments Nuestros compromisos (AR), page 66-72
	Public policy	●	Our commitments Nuestros compromisos (AR), page 66-72
	Anti-competitive behavior	●	Our commitments Nuestros compromisos (AR), page 66-72
	Compliance	●	Our commitments Nuestros compromisos (AR), page 66-72
DMA PR	Disclosure on Management Approach PR	●	Management approaches Enfoques de gestión (AR), page 39

Aspects			
Customer health and safety		●	Customers Clientes (AR), page 158-159
Product and service labelling		●	Customers Clientes (AR), page 158-159
Marketing communications		●	Indra does not make any mention of laws, standards on products or voluntary codes in its marketing communications Indra no realiza mención alguna a leyes, estándares sobre productos o códigos voluntarios en sus comunicaciones de marketing.
Customer privacy		●	Information security management at Indra Gestión de la seguridad de la información en Indra Customers Clientes (AR), page 162
Compliance		●	Customers Clientes (AR), page 158-159

STANDARD DISCLOSURES PART III: Performance Indicators

ECONOMIC

Performance Indicator	Description	Reported	Cross-reference/Direct answer Hard copy reference	If applicable, indicate the part not reported	Global Compact
ECONOMIC PERFORMANCE					
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	Sustainability Sostenibilidad (AR), pages 40		

EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	● Not available	Our stakeholders Nuestros públicos objetivo (AR), pages 133-134 Vertical markets Mercados verticales (AR), page 93 Our commitments Nuestros compromisos (AR), page 71	Whether management has quantitatively estimated the financial implications. Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term. Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a medio plazo.
EC3	Coverage of the organization's defined benefit plan obligations.	●	Indra does not have retirement plans Indra no posee planes de jubilación Sustainability balance scorecard Cuadro de mando de sostenibilidad	
EC4	Significant financial assistance received from government.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	
MARKET PRESENCE				
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	○	Sustainability balance scorecard Cuadro de mando de sostenibilidad	

<p>EC6</p>	<p>Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.</p>	<ul style="list-style-type: none"> ● "Local" refers to the same region where Indra has operations "Local" se refiere a la región en la que Indra tiene operaciones Although Indra does not have an explicit policy on preference for local suppliers, the common practice of the company is preferring locally based suppliers, as it is showed by the indicator "Spending in local suppliers" Aunque Indra no posee una política explícita de contratación de proveedores locales, la práctica habitual de la compañía es favorecer las compras a proveedores locales, tal y como ilustra el indicador de "Gasto correspondiente a proveedores locales en lugares donde se desarrollen operaciones significativas" Sustainability balance scorecard Cuadro de mando de sostenibilidad Providers Proveedores (AR), page 164
<p>EC7</p>	<p>Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.</p>	<ul style="list-style-type: none"> ● "Senior management" are employees at the highest level of organizational management who have the responsibilities of managing the company. "Dirección" son empleados al más alto nivel de gestión de la organización y que tienen responsabilidades sobre la gestión de la compañía. Although Indra does not have an explicit policy on preference for managers from the local community, the common practice of the company is hiring managers from local communities, as it is showed by the "proportion of managers from the local community" indicator Aunque Indra no posee una política explícita de contratación de directores de la comunidad local, la práctica habitual de la compañía es favorecer la contratación de personal indígena, tal y como ilustra el indicador de "proporción de directivos procedentes de la comunidad local" Sustainability balance scorecard Cuadro de mando de sostenibilidad

INDIRECT ECONOMIC IMPACTS

EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	●	Society Sociedad (AR), page 198-202
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	●	Management approaches Enfoques de gestión (AR), page 39 Los impactos de nuestra actividad Impacts of our activity (AR), pages 41-43

ENVIRONMENTAL

MATERIALS

EN1	Materials used by weight or volume.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	
EN2	Percentage of materials used that are recycled input materials.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	Principle 8, Principle 9
Energy				
EN3	Direct energy consumption by primary energy source.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad Indra does not have significant renewable primary sources Indra no posee fuentes primarias de energía renovable significativas	

EN4	Indirect energy consumption by primary source.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	The corresponding primary energy consumed in its production.	
		Not available		Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term. Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a medio plazo.	
EN5	Energy saved due to conservation and efficiency improvements.	●	Environment Medio ambiente (AR), pages 182	Total amount of energy saved in joules or multiples taking into consideration energy saved due to process redesign, conversion and retrofitting of equipment, and changes in personnel behavior.	Principle 8, Principle 9
		Not available		Current information systems does not permit to obtain this data. Indra will study the possibility of implanting such information systems in the mid term. Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a medio plazo.	

EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	<p>●</p> <p>Not available</p>	<p>Quantified reductions in the energy requirements of products and services achieved during the reporting period If use-oriented figures are employed (e.g. energy requirements of a computer): assumptions about underlying consumption patterns or normalization factors referring to available industry standards</p>	<p>Principle 8, Principle 9</p>
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	<p>●</p>	<p>Environmental spending and investment Gastos e inversiones ambientales (AR), page 182 Sustainability balance scorecard Cuadro de mando de sostenibilidad</p>	<p>Principle 8, Principle 9</p>
WATER				
EN8	Total water withdrawal by source.	<p>●</p>	<p>Sustainability balance scorecard Cuadro de mando de sostenibilidad</p>	
EN9	Water sources significantly affected by withdrawal of water.	<p>●</p>	<p>Sustainability balance scorecard Cuadro de mando de sostenibilidad Indra's offices are located on urban sites, and do not therefore impact on protected natural areas or areas of high biodiversity value Indra tiene sus sedes en terrenos urbanos, por tanto no impacta en espacios naturales protegidos y/o sobre la biodiversidad</p>	

EN10	Percentage and total volume of water recycled and reused.	●	Indra does not recycle or reuse significant volumes of water Indra no recicla o reutiliza volúmenes significativos de agua
Biodiversity			
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	○ Not material	Indra's offices are located on urban sites, and do not therefore impact on protected natural areas or areas of high biodiversity value Indra tiene sus sedes en terrenos urbanos, por tanto no impacta en espacios naturales protegidos y/o sobre la biodiversidad
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	●	Los impactos de nuestra actividad Impacts of our activity (AR), pages 41-43

EN13	Habitats protected or restored.	○ Not material		Indra's offices are located on urban sites, and do not therefore impact on protected natural areas or areas of high biodiversity value Indra tiene sus sedes en terrenos urbanos, por tanto no impacta en espacios naturales protegidos y/o sobre la biodiversidad
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	○ Not material		Indra's offices are located on urban sites, and do not therefore impact on protected natural areas or areas of high biodiversity value Indra tiene sus sedes en terrenos urbanos, por tanto no impacta en espacios naturales protegidos y/o sobre la biodiversidad
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	○ Not material		Indra's offices are located on urban sites, and do not therefore impact on protected natural areas or areas of high biodiversity value Indra tiene sus sedes en terrenos urbanos, por tanto no impacta en espacios naturales protegidos y/o sobre la biodiversidad
EMISSIONS, EFFLUENTS AND WASTE				
EN16	Total direct and indirect greenhouse gas emissions by weight.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	
EN17	Other relevant indirect greenhouse gas emissions by weight.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	●	Environment Medio ambiente (AR), pages 181 Providers Proveedores (AR), page 166	Principle 8, Principle 9

EN19	Emissions of ozone-depleting substances by weight.	●	<p>Some of the air-conditioning equipments use R-22 gas, which is considered as a ozone-depleting substance. Indra is replacing those equipments, as can be seen in the "Environment" chapter of the Annual Report. Information systems of Indra does not permit to report on the emissions of R-22 gas.</p> <p>Algunos de los equipos de refrigeración de Indra utilizan el gas R-22, que se considera destructor de la capa de ozono. La compañía esta realizando inversiones para la sustitución progresiva de estos equipos, tal y como se puede observar en el capítulo de "Medio ambiente" del Informe Anual. Los sistemas de información de la compañía no permiten reportar sobre la cantidad de gas R-22 emitido.</p>
EN20	NOx, SOx, and other significant air emissions by type and weight.	●	<p>The natural gas and gasoil boilers produce low levels (no significant) of NOx and SOx. The emissions are included in the GHG indicator. Data on CO2e and POPs are included in the Balance Scorecard. No other significant emissions are made.</p> <p>Las calderas de gas natural y gasoil producen niveles bajos (no significativos) de NOx y SOx. Las emisiones se incluyen en el indicador de gases de efecto invernadero. La información sobre emisiones de CO2 equivalente y de COPs se incluyen en el cuadro de mando. No se producen ningún otro tipo de emisiones significativas.</p>

EN21	Total water discharge by quality and destination.	●	Indra's offices are located on urban sites, and discharges are made through the urban network. Water consumption coincides with discharge of water as the only waste water and industrial processes are not in the activities of Indra. Indra tiene sus sedes en terrenos urbanos, los vertidos se hacen a través de la red urbana. El consumo de agua coincide con el vertido de agua, que son sólo aguas residuales urbanas y no hay procesos industriales.	Principle 8
EN22	Total weight of waste by type and disposal method.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad Non-hazardous wastes are treated through recycling or trash processing. Hazardous wastes are recovered by authorised managers. No composting, incineration, deep-well injection or waste storage is done. Los residuos no peligrosos se gestionan mediante reciclaje o tratamiento de basuras. Los residuos peligrosos son recuperados por gestores autorizados. No se realiza compostaje, reutilización, incineración, inyección en pozos profundos o almacenamiento de residuos.	
EN23	Total number and volume of significant spills.	●	There have been no significant spills registered No se han registrado derrames significativos	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	●	No waste is transported, imported, exported or treated directly by the company La compañía no transporta, importa, exporta o trata ningún residuo directamente	

EN25

Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.



Indra's offices are located on urban sites, and discharges are made through the urban network. Water consumption coincides with discharge of water as the only waste water and industrial processes are not in the activities of Indra.

Indra tiene sus sedes en terrenos urbanos, los vertidos se hacen a través de la red urbana. El consumo de agua coincide con el vertido de agua, que son sólo aguas residuales urbanas y no hay procesos industriales.

PRODUCTS AND SERVICES

EN26

Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.



Sustainability balance scorecard | Cuadro de mando de sostenibilidad
Environmental spending and investment | Gastos e inversiones ambientales (AR), page 182

Principle 8,
Principle 9

EN27

Percentage of products sold and their packaging materials that are reclaimed by category.



Indra has contracted the company Ecotic to manage the end-of-useful life disposal of equipment, which is placed on the market. Indra tiene contratado con la empresa Ecotic la gestión de las retiradas al final de su vida útil de los equipos que se ponen en el mercado.

Principle 8,
Principle 9

COMPLIANCE

EN28

Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.



Sustainability balance scorecard | Cuadro de mando de sostenibilidad

TRANSPORT

EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad Providers Proveedores (AR), page 166
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Overall

EN30	Total environmental protection expenditures and investments by type.	●	Environmental spending and investment Gastos e inversiones ambientales (AR), page 96 No investments are made or expenses incurred for the processing of wastewaters or emissions. No se realizan inversiones o gastos para tratamiento de aguas residuales o tratamiento de emisiones.
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SOCIAL: LABOR PRACTICES AND DECENT WORK

EMPLOYMENT

LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	
LA2	Total number and rate of employee turnover by age group, gender, and region.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	Principle 6
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	
LA15	Return to work and retention rates after parental leave, by gender.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	

LABOR/MANAGEMENT RELATIONS

LA4	Percentage of employees covered by collective bargaining agreements.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	Principle 3
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	●	It depends on the legislation of the countries where the company has operations. In Spain, the main location of the company by workforce, the minimum notice period is 30 days. Depende de la legislación de los países donde la compañía tiene operaciones. En España, la localización principal por volumen de plantilla, el periodo mínimo de preaviso es de 30 días.	Principle 3

OCCUPATIONAL HEALTH AND SAFETY

LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	● Not material	Sustainability balance scorecard Cuadro de mando de sostenibilidad	The indicator is not broken down by gender because it is not considered material No se considera material el desglose por género
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	●	Workplace risk prevention Prevención de riesgos laborales (AR), pages xx	
LA9	Health and safety topics covered in formal agreements with trade unions.	●	No agreements has been made with trade unions in Spain No se han realizado acuerdos con sindicatos en España	

TRAINING AND EDUCATION

LA10	Average hours of training per year per employee by gender and by employee category.	● Not available	Sustainability balance scorecard Cuadro de mando de sostenibilidad	The indicator is not broken down by gender or employee category Current information systems does not permit to obtain this data. Indra will study the possibiilty of implanting such information systems in the short term. Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a corto plazo.	Principle 6
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	●	Employees Empleados (AR), pages 145-146 There are not assistance programs in place to support employees who are retiring. No existen programas de asistencia para trabajadores al final de su vida laboral		
LA12	Percentage of employees receiving regular performance and career development reviews by gender.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad		
DIVERSITY AND EQUAL OPPORTUNITY					
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad Governance model Modelo de gobierno (AR), page 48-49		Principle 6
LA14	Ratio of basic salary of men to women by employee category, by significant locations of operation.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad		Principle 6

SOCIAL: HUMAN RIGHTS

DIVERSITY AND EQUAL OPPORTUNITY

HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	●	Suppliers Proveedores (AR), page xx Since the Code of Ethics for Suppliers will be in place since 2012, no screening has been made yet Puesto que el Código Ético de Proveedores entrará en vigor en 2012, todavía no se ha realizado ningún control	Principle 1, Principle 2
HR2	Percentage of significant suppliers and contractors and other business partners that have undergone screening on human rights and actions taken.	●	Suppliers Proveedores (AR), page xx Since the Code of Ethics for Suppliers will be in place since 2012, no screening has been made yet Puesto que el Código Ético de Proveedores entrará en vigor en 2012, todavía no se ha realizado ningún control	Principle 1, Principle 2
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	○		The Code of Ethics and Professional Conduct was implanted in 2010, so the is no training indicators yet El Código Ético y de Conducta Profesional fue implantado en 2010 por lo que todavía no se dispone de indicadores de formación

NON-DISCRIMINATION

HR4	Total number of incidents of discrimination and actions taken.	●	Internal Audit and Control Auditoría interna y control (AR), page 64	Principle 1, Principle 6
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FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	● Not available	Human rights Derechos humanos (AR), pages 70-71	No identification of significant suppliers at risk have been made No se ha realizado una identificación de proveedores significativos en riesgo There is no specific policy. Indra will study the possibility of develop such policy in the mid term No se dispone de una política específica. Se valorará la posibilidad de desarrollar una a medio plazo	Principle 1, Principle 3
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CHILD LABOR

HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	● Not available	Human rights Derechos humanos (AR), pages 70-71	No identification of significant suppliers at risk have been made No se ha realizado una identificación de proveedores significativos en riesgo	Principle 1, Principle 5
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FORCED AND COMPULSORY LABOR

HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	● Not available	Human rights Derechos humanos (AR), pages 70-71	No identification of significant suppliers at risk have been made No se ha realizado una identificación de proveedores significativos en riesgo	Principle 1, Principle 4
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SECURITY PRACTICES

HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	○ Not material		Indra considera que la actividad de su personal de seguridad no supone un riesgo para los derechos humanos	
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INDIGENOUS RIGHTS

HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	●	Internal Audit and Control Auditoría interna y control (AR), page 64
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ASSESSMENT

HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments	●	Internal Audit and Control Auditoría interna y control (AR), page 61-64
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REMEDIATION

HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	●	Internal Audit and Control Auditoría interna y control (AR), page 64
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SOCIAL: SOCIETY

LOCAL COMMUNITY

S01	Percentage of operations with implemented local community engagement, impact assessments, and development programs	●	Society Sociedad (AR), page 192-196 Vertical markets Mercados verticales (AR), page 93
S09	Operations with significant potential or actual negative impacts on local communities.	●	Los impactos de nuestra actividad Impacts of our activity (AR), pages 41-43
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities	●	Los impactos de nuestra actividad Impacts of our activity (AR), pages 41-43

CORRUPTION

S02	Percentage and total number of business units analyzed for risks related to corruption.	●	Managing the risk of corruption at Indra La gestión del riesgo de corrupción en Indra (AR), page 66-67	Principle 10
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S03	Percentage of employees trained in organization's anti-corruption policies and procedures.	●	Internal Audit and Control Auditoría interna y control (AR), page 64	The percentage of total number of management and non-management employees who have received anti-corruption training during the reporting period.	Principle 10
		Not available		The Code of Ethics and Professional Conduct was implanted in 2010, so the is no training indicators yet	
				El Código Ético y de Conducta Profesional fue implantado en 2010 por lo que todavía no se dispone de indicadores de formación	
S04	Actions taken in response to incidents of corruption.	●	Managing the risk of corruption at Indra La gestión del riesgo de corrupción en Indra (AR), page 66-67		Principle 10
PUBLIC POLICY					
S05	Public policy positions and participation in public policy development and lobbying.	●	Our commitments Nuestros compromisos (AR), page 67-68 http://soprweb.senate.gov/index.cfm?event=selectfi%20elds		
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	●	The Code of Ethics and Professional Conduct prohibits contributions to political parties or related institutions. In 2011, Indra recorded no contributions of this kind. El Código Ético y de Conducta Profesional prohíbe realizar contribuciones a partidos políticos o instituciones relacionadas. Durante 2011, Indra no ha registrado ninguna contribución de este tipo.		

ANTI-COMPETITIVE BEHAVIOR

S07	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad
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COMPLIANCE

S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	Sustainability balance scorecard Cuadro de mando de sostenibilidad
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SOCIAL: PRODUCT RESPONSIBILITY

CUSTOMER HEALTH AND SAFETY

PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	●	As Indra's activity is based on the development of personalized solutions and customer services, health and safety requirements are set by the customer and are often determined by the customer's local legislation. More generally, products with hardware components marketed in the European Union are subject to the health and safety requirements established in the CE mark. La actividad de Indra se basa en el desarrollo de soluciones y prestación de servicios personalizados al cliente, por lo que los requisitos en cuanto a seguridad y salud vienen marcados por el propio cliente y a menudo responden a la legislación local del cliente. Con carácter más general, aquellos productos con componentes de hardware comercializados en la Unión Europea se someten a los requisitos de seguridad y salud establecidos en el Mercado CE.
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PR2

Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.



No significant incidents concerning health and safety impacts of products and services have been recorded in 2011, nor in terms of penalties, warnings or non-compliance with voluntary codes.

No se han registrado incidentes significativos relacionados con los impactos sobre la seguridad y la salud de los productos y servicios en 2011, en términos de sanciones, advertencias o incumplimiento de códigos voluntarios.

PRODUCT AND SERVICE LABELLING

PR3

Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.



As Indra's activity is based on the development of personalized solutions and customer services, production information requirements are set by the customer. Nevertheless, Indra's methodology generally demands that solutions include a user manual and maintenance manual that, as noted, may be supplemented by other documentation should customer needs require it.

La actividad de Indra se basa en el desarrollo de soluciones y prestación de servicios personalizados al cliente, por lo que los requisitos en cuanto a información del producto vienen marcados por el propio cliente. No obstante, con carácter general, la metodología de Indra establece acompañar las soluciones con un Manual de Usuario y con un Manual de Mantenimiento que, como ya se ha explicado, podrá ser complementado por otro tipo de documentación en el caso de que los requisitos del cliente así lo exijan.

PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	<p>No significant incidents concerning product and service information and labeling have been recorded in 2011, nor in terms of penalties, warnings or non-compliance with voluntary codes.</p> <p>No se han registrado incidentes significativos relacionados con información o etiquetado de productos y servicios en 2011, en términos de sanciones, advertencias o incumplimiento de códigos voluntarios.</p>
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	●	<p>Customer satisfaction Satisfacción del cliente (AR), page 161</p> <p>Sustainability balance scorecard Cuadro de mando de sostenibilidad</p>
MARKETING COMMUNICATIONS			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	●	<p>Indra does not make any mention of laws, standards on products or voluntary codes in its marketing communications.</p> <p>Indra no realiza mención alguna a leyes, estándares sobre productos o códigos voluntarios en sus comunicaciones de marketing.</p>
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●	<p>No significant incidents concerning marketing communications have been recorded in 2011, nor in terms of penalties, warnings or non-compliance with voluntary codes.</p> <p>No se han registrado incidentes significativos relacionados con comunicaciones de marketing en 2011, en términos de sanciones, advertencias o incumplimiento de códigos voluntarios.</p>

CUSTOMER PRIVACY

PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	○	<p>Current information systems does not permit to obtain this data. Indra will study the possibiilty of implanting such information systems in the mid term.</p> <p>Los sistemas de información actuales de la compañía no permiten obtener esta información. Se valorará la posibilidad de implantar herramientas de cálculo para este indicador a medio plazo.</p>
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COMPLIANCE

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	●	<p>Indra's Administration Department has no record of significant sanctions or fines concerning the provision and use of products and services.</p> <p>El Departamento de Administración de Indra no tiene constancia de sanciones o multas relacionadas con la provisión y el uso de productos y servicios</p>
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Legend | Leyenda

AR

Annual Report | Informe Anual

CCA

Consolidated Annual Accounts | Cuentas Anuales Consolidadas

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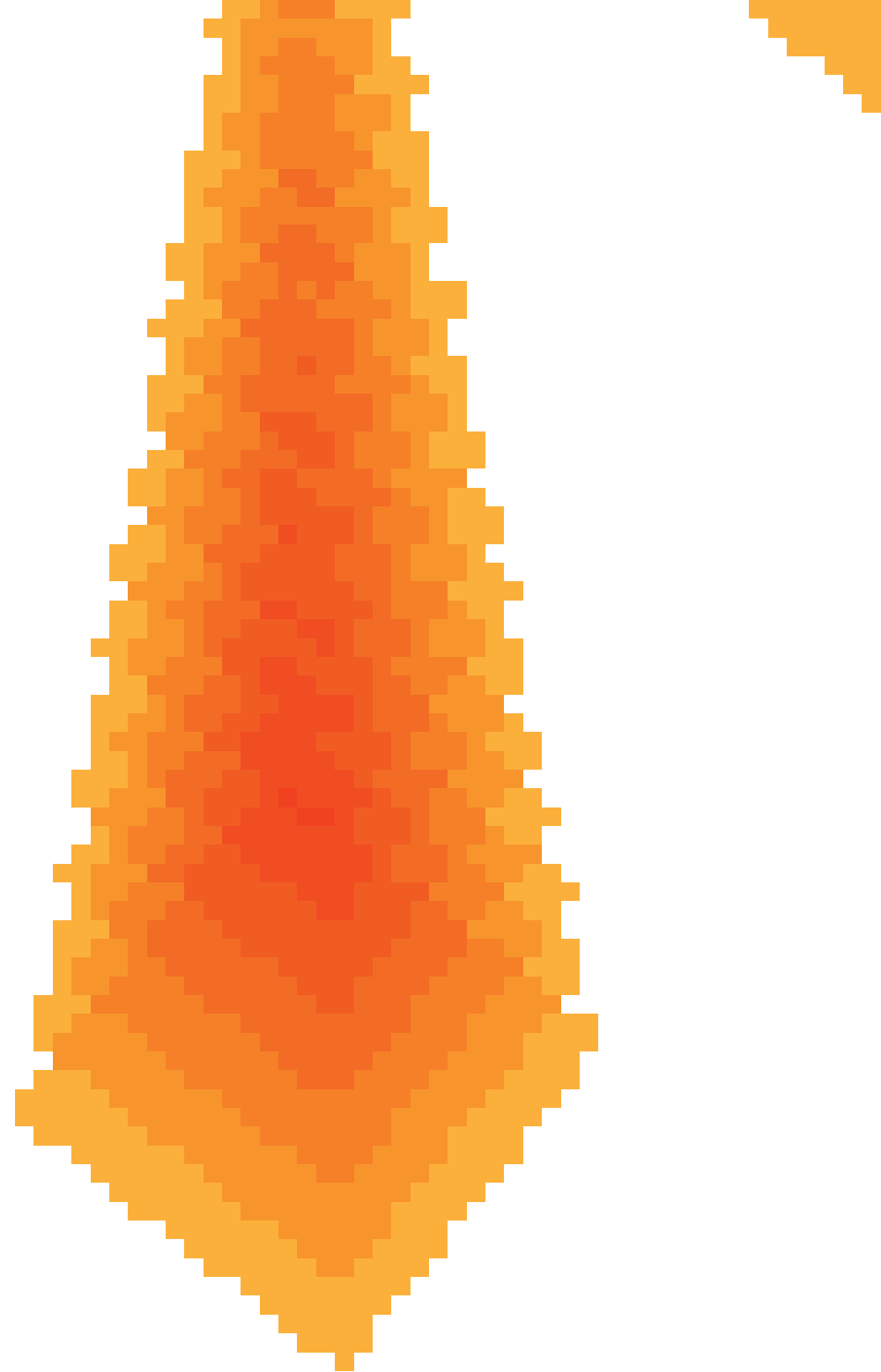


06

Indicators

Financial
Information

Sustainability Balanced
Scorecard



6.1 INDICATORS

FINANCIAL INFORMATION

Assets	Note	2011	2010 (restated)	01.01.10 (restated)
Property, plant and equipment	6	167,357	142,627	140,375
Investment property	7	4,550	5,264	-
Goodwill	8	624,586	456,327	440,187
Other intangible assets	9	243,263	193,063	117,752
Equity-accounted investees	11	9,012	7,113	5,807
Non-current financial assets	12	57,424	43,385	35,588
Deferred tax assets	33	137,959	50,261	31,269
Total nn-current assets		1,244,151	898,040	770,978
Inventories	13	330,424	238,573	197,528
Other financial assets	14	74,235	59,441	44,336
Current tax assets	33	58,155	12,971	14,273
Trade and other receivables	15	1,725,804	1,610,518	1,379,823
Cash and cash equivalents	16	81,947	128,983	66,500
Assets held for sale	17	10,139	205	205
Total current assets		2,280,704	2,050,691	1,702,665
Total assets		3,524,855	2,948,731	2,473,643

Equity and Liabilities	Note	2011	2010 (restated)	01.01.10 (restated)
Subscribed capital	18	32,826	32,826	32,826
Share premium	18	375,955	375,955	375,955
Reserves	18	(978)	11,109	14,185
Treasury shares	18	(15,187)	(18,593)	(14,165)
Translation differences	18	4,247	4,866	2,115
Retained earnings	18	467,901	396,309	325,292
Profit for the year attributable to the parent company	18	180,999	188,521	195,590
Equity attributable to the owners of the parent company		1,045,763	990,993	931,798
Non-controlling interests	18	21,437	23,028	45,335
Total equity		1,067,200	1,014,021	977,133
Debt with financial institution	20	314,355	248,213	101,852
Other non-current financial liabilities	21	91,782	6,246	4,836
Government grants	22	32,602	25,620	18,526
Provisions for liabilities and charges	23	109,321	19,800	16,878
Deferred tax liabilities	33	79,546	50,725	38,232
Total non-current liabilities		627,606	350,604	180,324
Debt with financial institutions	24	281,202	155,633	99,199
Trade and other payables	25	1,247,983	1,166,133	1,013,335
Current tax liabilities	33	20,333	18,081	23,501
Other liabilities	26	280,531	244,259	180,151
Total current liabilities		1,830,049	1,584,106	1,316,186
Total equity and liabilities		3,524,855	2,948,731	2,473,643

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Note	2011	2010 (restated)
Revenues	27	2,688,495	2,557,042
Work carried out by the group for assets		64,477	64,761
Other income		38,670	9,634
Changes in inventories of finished goods and work in progress		91,096	38,985
Materials and Other Supplies	28	-885,552	-948,988
Personnel expenses	29	(1,194,027)	(1,080,959)
Other operating expenses		-487,979	-345,455
Other losses on non-current assets	30	-1,793	-1,034
Amortisation and depreciation	6 & 9	-45,608	-42,071
Results from operating activities		267,779	251,915
Finance income		4,168	1,454
Finance expenses		-41,896	-20,593
Share of profit/(loss) of investees		2,205	136
Net finance expense		-35,523	-19,003
Profit of equity-accounted investees	11	1,040	729
Profit before income tax		233,296	233,641
Income tax	33	-52,229	-45,702
Profit for the year		181,067	187,939
Attributable to the parent		180,999	188,521
Attributable to non-controlling interests	18	68	(582)
Basic and diluted earnings per share (in Euros)	19	1.1133	1.1605

	Note	2011	2010 (restated)
Profit for the year		181,067	187,939
Other comprehensive income			
Translation differences		(89)	3,007
Cash flow hedges		-9,126	-2,307
Tax effect		2,738	692
Other comprehensive income for the year, net of income tax		6,477	1,392
Total comprehensive income for the year		174,590	189,331
Attributable to the parent		174,080	189,581
Attributable to non-controlling interests		510	(250)

Consolidated Statements of Changes in Equity for the years ended 31 December 2011 and 2010 (Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Subscribed capital	Share premium	Other reserves	Treasury shares	Translation differences	Retained earnings	Total	Non-controlling interests	Total
01.01.10 (restated)	32,826	375,955	14,185	(14,165)	2,115	520,882	931,798	45,335	977,133
Distribution of profit for 2009									
Dividends	-	-	-	-	-	-106,789	-106,789	(89)	-106,878
Treasury share transactions (note 18)	-	-	-1,283	-4,428	-	-	-5,711	-	-5,711
Acquisitions from non-controlling interests (note 18)	-	-	-	-	-	-19,003	-19,003	-22,327	-41,330
Other increases and decreases	-	-	-102	-	-	1,219	1,117	359	1,476
Total comprehensive income for the year	-	-	-1,691	-	2,751	188,521	189,581	-250	189,331
Balance at 31.12.10 (restated)	32,826	375,955	11,109	-18,593	4,866	584,830	990,993	23,028	1,014,021
Distribution of profit for 2010									
Dividends	-	-	-	-	-	-110,897	-110,897	-442	-111,339
Treasury share transactions (note 18)	-	-	-4,363	3,406	-	-	-957	-	-957
Acquisitions from non-controlling interests (note 18)	-	-	-	-	-	-5,999	-5,993	-2,543	-8,536
Other increases and decreases	-	-	-1,424	-	-	-39	-1,463	884	-579
Resultado global total del ejercicio	-	-	-6,300	-	-619	180,999	174,080	510	174,590
Balance at 31.12.11	32,826	375,955	-978	-15,187	4,247	648,900	1,045,763	21,437	1,067,200

La memoria adjunta es parte integrante de las Cuentas Anuales Consolidadas.

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	2011	2010 (restated)
Profit before income tax	233,296	233,641
Adjustments for:		
- Amortisation and depreciation, provisions and grants	54,818	54,994
- Other losses on non-current assets	-412	898
- Share of profit/(loss) of associates	-1,040	-729
- Net finance expense	37,728	19,138
+ Dividends received	-	128
Operating profit before change in working capital	324,390	308,070
Change in trade and other receivables	-43,841	-237,762
Change in inventories	-90,617	-40,125
Change in trade and other payables	-17,814	133,249
Cash flows used in operating activities	-152,272	-144,638
Income tax paid	-75,202	-54,425
Net cash flows from operating activities	96,916	109,007
Payments for acquisition of non-current assets:		
Property, plant and equipment	-42,074	-22,278
Intangible assets	-85,288	-69,579
Investments	-48,242	-49,272
Proceeds from sale of non-current assets:		
Property, plant and equipment	-	1,857
Intangible assets	1,247	947
Investments	2,867	-
Interest received	3,760	1,126
Other cash flows from investing activities	14,885	14,684
Cash flows used in investing activities	-152,845	-122,515

	2011	2010 (restated)
Changes in treasury shares	-3,596	-6,436
Dividends of subsidiaries paid non-controlling interests	-278	-
Dividends of the parent company	-110,897	-106,789
Increase in grants	7,863	3,191
Increase in borrowings	146,444	201,828
Interest paid	-31,048	-13,775
Changes in other financial assets	-	90
Net cash flows from financing activities	8,488	78,109
Net increased / decrease in cash and cash equivalents	-47,441	64,601
Cash and cash equivalents at beginning of the year	128,983	66,500
Effect of exchange differences	405	-2,118
Net increase / decrease in cash and cash equivalents	-47,441	64,601
Cash and cash equivalents at year end	81,947	128,983

6.2 INDICATORS

SUSTAINABILITY BALANCED SCORECARD

Indicators		2007	2008	2009	2010	2011	Observations
Shareholders	Investor relations						
	Institutional investors seen during the year	337	349	380	433	423	
	Number of telephone enquiries addressed by the Shareholders Office	2,299	2,052	1,410	1,715	1,388	
	One-on-one meetings	256	259	285	364	290	
	Number of analysts' reports	225	306	241	322	360	
	Institutions tracking Indra in the year	27	29	29	31	31	
	Research institutions that closed the year with a positive buy recommendation.	20	15	9	9	8	
Visits to shareholder's magazine						2,663	

Composition of Board of Directors					
Number of Indra directors	15	15	15	14	15
External directors	13	13	13	12	12
Independent directors	7	7	7	7	7
Proprietary directors	6	6	6	5	5
Number of Indra executive directors	2	2	2	2	3
Number of women on Indra Board of Directors	2	3	3	3	3
Board Profile					
Proportion of women on Board of Directors	13%	20%	20%	21%	20%
Nationalities represented on Board of Directors	1	2	2	2	2
Average length in post (years)	4.73	5	5.25	5.64	6.64
Number of men/women directors: > 60 years of age				3 0	4 0
Number of men/women directors: between the ages of 50 and 59				7 2	7 3
Number of men/women directors: between the ages of 40 and 49				0 1	0 0
Number of men/women directors: between the ages of 30 and 39				1 0	1 0
Performance of Board of Directors					
Average attendance to Board meetings	88.9%	85.45%	91.52%	91.77%	91%
Average directors' remuneration	119,500	139,733	139,383	144,872	152,414
Financial performance					
Sales (millions of €)	2,167.6	2,379.6	2,513.2	2,557.0	2,688.5
EBIT (millions of €)	223.475	270.53	285.4	251.9	267.8
Order backlog (millions of €)	2,241.8	2,428.3	2,578.9	2,899.2	3,230.9
Cash position (millions of €)	-150.3	-148.7	-134.5	-274.9	-513.6
Attributable profit (millions of €)	148	182	195.6	188.5	181
Operating cash flow (millions of €)	248.9	308.8	337.9	308.1	324.4
Dividend (euros/share)	0.78	0.5	0.66	0.68	0.68

Shareholders

General profiles					
Workforce	23,482	24,806	26,175	28,608	35,730
% of graduates and highly qualified personnel	77	76	83	85	82
Management	320	455	508	502	523
Diversity					
Percentages of men/women employees by employment category: Total	64 36	64 36	64 36	65 35	64 36
Percentages of men/women employees by employment category: Senior Management	-	-	-	87 13	88 12
Percentages of men/women employees by employment category: Management	-	-	-	77 23	78 22
Percentages of men/women employees by employment category: Level 3 technical employees	-	-	-	69 31	69 31
Percentages of men/women employees by employment category: Level 2 technical employees	-	-	-	66 34	67 33
Percentages of men/women employees by employment category: Level 1 technical employees	-	-	-	62 38	64 36
Men/women director wage ratio (%)	112,9%	103,8%	113,4%	123%	123,8%
Men/women manager wage ratio (%)	106,9%	104,7%	108,7%	111%	107,6%
Men/women manager wage ratio (%)	101,5%	103,1%			106,2%
Men/women level 3 technical employee wage ratio (%)			104%	107,4%	105%
Men/women level 2 technical employee wage ratio (%)	104%	101%	102%	105%	103,4%
Men/women level 1 technical employee wage ratio (%)			102%	111%	110%
Minimum wage at Indra/Minimum wage at country ratio (%)					
At Spain					251%
At EU					328%
At USA and Canadá					199%
At Latinamerica					217%

Employees	Africa, Asia and Pacific					381%
	Average age of employees	35	36	36	36	36
	Average age of executives	46	47	48	46	47
	Men Women: > 60 years of age	108 24	164 36	199 52	187 47	239 62
	Men Women: between the ages of 55 and 60	402 134	412 138	483 161	533 192	661 248
	Men Women: between the ages of 50 and 55	691 261	729 282	826 353	945 416	1195 533
	Men Women: between the ages of 45 and 50	1162 538	1228 616	1325 700	1517 785	1898 1029
	Men Women: between the ages of 40 and 45	1699 915	1734 920	1891 1041	2214 1157	2820 1466
	Men Women: between the ages of 35 and 40	2565 1430	2923 1591	3254 1933	3737 2263	4495 2741
	Men Women: between the ages of 30 and 35	3756 2412	3875 2364	3955 2353	4288 2361	5060 2815
	Men Women: between the ages of 25 and 30	3540 2090	3804 2157	3838 2208	3882 2226	4893 2702
	Men Women: between the ages of 20 and 25	991 701	1054 691	903 613	1108 638	1652 1039
	Men Women: < 20 years of age	37 25	43 45	58 29	78 34	97 85
	Number of nationalities	-	-	-	80	90
	Average of local employees (%)	-	-	-	93	95
	Proportion of executives from local community (%)	-	-	-	93	95
	Breakdown of employees by geographical area (%): Spain	78	77	70	71	59
	Breakdown of employees by geographical area (%): rest of EU	4	4	4	4	4
	Breakdown of employees by geographical area (%): Latin America	14	16		23	34
	Breakdown of employees by geographical area (%): North America	2	1	20		0.3
	Breakdown of employees by geographical area (%): Africa, Asia and Pacific	3	3	3	2	2
	% of disabled employees in workforce	-	-	-	0.71%	0.97%
	Retention rate following paternal/maternal leave	-	-	-	96.8%	98.5%

Commitment and motivation							
Employees	Average seniority	5.8	5.5	6.2	6.14	5.38	
	% of employees in variable remuneration system	20	20	21	19	16	
	Unwanted external rotation (%)	18.8	13.3	5	7.2	8.9	
	Unwanted external rotation by age range and gender (%)						
	Men Women: > 60 years of age	-	-	-	1.6 0.0	0.9 1.8	
	Men Women: between the ages of 55 and 60				1.9 1.8	0.8 1.9	
	Men Women: between the ages of 50 and 55				0.7 1.7	1.4 0.9	
	Men Women: between the ages of 45 and 50				2.1 2.0	2.2 1.8	
	Men Women: between the ages of 40 and 45				3.4 2.7	3.6 3.0	
	Men Women: between the ages of 35 and 40				4.9 3.8	6.3 3.5	
	Men Women: between the ages of 30 and 35				9.9 6.5	11.3 7.6	
	Men Women: between the ages of 25 and 30				15.2 11.6	16.2 14.4	
	Men Women: between the ages of 20 and 25				18.9 17.6	19.0 17.0	
	Men Women: < 20 years of age				2.7 0.0	8.2 9.8	
	Unwanted external rotation by geographical area (%)						
Spain				4.47	5.4		

Employees	Rest of EU	-	-	-	13.9	12.2	
	Latin America	-	-	-	17,21	16.6	
	North America	-	-	-	3.4	4.2	
	Africa, Asia and Pacific	-	-	-	17.9	13.9	
	Total rotation	-	-	-	-	24.6	
	% of people promoted	8.5	6.2	13	19.8	15.9	
	% of women promoted (over total number promoted in company)				6.6	9.2	
	Number of employees in performance-based evaluation system	11,078	18,841	19,566	18,668	21,386	
	% women % men in skill-based evaluation system				44.4		
	% of employees with permanent contract				85.5		
	Training and knowledge						
	Total training hours received (including online)	394,020	456,749	535,186	501,797	657,540.06	
	Training hours received online	106,971	83,169	137,045	90,750	122,726.7	
	Training actions	1,532	1,491	2,224	4,666	5,521	
	Number of persons attending training	15,055	20,922	25,215	38,279	89,738	
	% of training expense over total pay	2.48	2.63	2.5	1.63	2%	
	Evaluation of training: student satisfaction (1-5)	4	4.1	4	3.8	4	
	Professionals in talent development programs (%)	-	-	-	5	2	
	Recruitment appeal						
	Number of spontaneous employment applications received	19,312	21,882	22,660	57,201	137,025	

Employees	Rest of EU	-	-	-	13.9	12.2	
	Latin America	-	-	-	17,21	16.6	
	North America	-	-	-	3.4	4.2	
	Africa, Asia and Pacific	-	-	-	17.9	13.9	
	Total rotation	-	-	-	-	24.6	
	% of people promoted	8.5	6.2	13	19.8	15.9	
	% of women promoted (over total number promoted in company)				6.6	9.2	
	Number of employees in performance-based evaluation system	11,078	18,841	19,566	18,668	21,386	
	% women % men in skill-based evaluation system					44.4	
	% of employees with permanent contract					85.5	
	Training and knowledge						
	Total training hours received (including online)	394,020	456,749	535,186	501,797	659,710	
	Training hours received online	106,971	83,169	137,045	90,750	120,567	
	Training actions	1,532	1,491	2,224	4,666	5,521	
	Number of persons attending training	15,055	20,922	25,215	38,279	89,738	
	% of training expense over total pay	2.48	2.63	2.5	1.63	2%	
	Evaluation of training: student satisfaction (1-5)	4	4.1	4	3.8	4	
	Professionals in talent development programs (%)	-	-	-	5	2	
	Recruitment appeal						
	Number of spontaneous employment applications received	19,312	21,882	22,660	57,201	137,025	
	Average number of applications received per vacancy	93	74	112	61	45	
	Net job creation	13,567	1,324	1,369	2,433	7,122	
	Conciliation						
	Number of employees in Teleworking programme	82	95	110	132	225	
	Professionals with "My desktop" services	-	-	-	6,011	6,102	
	% of employees satisfied with teleworking	100	99	96	99	100	
	Number of employees taking maternity leave	174	236	465	594	1,018	
Number of persons with reduction in working hours	-	-	-	532	1,132		

Social benefits						
	% employees accessing social security supplement in case of illness	99.4	99.3	99.4	76.73	64.42
	% employees accessing social security supplement in case of accident	100	100	100	71	64.45
	% employees provided with food vouchers	52	46	36	32	35.34
Work-related accidents with and without sick leave (excluding accidents occurring on the way to or from work)						
	Number of accidents	-	-	-	250	245
	Spain	149	304	254	211	207
	Rest of EU	-	-	-	3 (*)	0 (*)
	Latin America	-	-	-	36 (*)	38 (*)
	North America	-	-	-	NO INFO.	NO INFO.
	Africa, Asia and Pacific	-	-	-	NO INFO.	0 (*)
	Frequency	-	-	-	6.53	4.2
	Spain	6.8	10.16	7.79	6.36	6.1
	Rest of EU	-	-	-	4.2 (*)	0 (*)
	Latin America	-	-	-	8.18 (*)	1.6 (*)
	North America	-	-	-	NO INFO.	NO INFO.
	Africa, Asia and Pacific	-	-	-	NO INFO.	0 (*)
	Incidence	-	-	-	11.33	7.89
	Spain	10.83	16.58	13.23	-	10.11
	Rest of EU	-	-	-	10.83 (*)	0 (*)
	Latin America	-	-	-	16.32 (*)	3.73 (*)
	North America	-	-	-	NO INFO.	NO INFO.
	Africa, Asia and Pacific	-	-	-	NO INFO.	0 (*)
	Seriousness	-	-	-	0.05	0.02
	Spain	0.04	0.05	0.04	0.03	0.02
	Rest of EU	-	-	-	0.02 (*)	0 (*)
	Latin America	-	-	-	0.19 (*)	0.03 (*)
	North America	-	-	-	NO INFO.	NO INFO.
	Africa, Asia and Pacific	-	-	-	NO INFO.	0 (*)

(*) Partial information, without information in any companies

(**) Hours formation only of Spain of the years 2007-2010.

Employees	Average duration	-	-	-	7.73	5.88		
	Spain	4.26	5.22	4.59	4.66	4.06		
	Rest of EU	-	-	-	4.49 (*)	0 (*)		
	Latin America	-	-	-	22.76 (*)	15.96 (*)		
	North America	-	-	-	NO INFO.	NO INFO.		
	Africa, Asia and Pacific	-	-	-	NO INFO.	0 (*)		
	Fatal accidents	0	0	0	0	0		
	Training hours in workplace risk (**)	15,285.73	23,420.25	23,104.00	29,292.40	78,967.16		
	Code of ethics and professional conduct							
	Number of messages through Direct Channel	-	-	-	17	0		
Collective bargaining								
% of employees covered by collective bargaining agreements	-	-	90	93	95			
Customer profile								
Customers	Number of customers per year	1,120	1,447	1,569	1,586	2,269	The informations between 2005 and 2009 are different to the brought in Previous Reports, due to a change of criterion. The new information includes only the clients assets in the fiscal year.	
	Number of public-sector customers	366	459	493	493	612		
	Number of private-sector customers	754	988	1,076	1,093	1,657		
	Number of new customers	833	632	379	357	631		
	Revenue from the top 35 customers (millions of euros)	937	968	1,026	982	991		
	Customer satisfaction and loyalty (1-5)	3.8	3.6	3.8	3.7	3.9		
	Diversity							
	Number of countries where Indra has references	94	100	106	114	117		
	Sales in Spain (millions of euros)	1,470	1,567	1,613	1,566	1,526		
	Sales in rest of EU (millions of euros)	357	387	449	394	410		
Sales in US and Canada (millions of euros)	57	53	32	28	36			
Sales in Latin America (millions of euros)	197	229	264	372	485			
Sales in Asia, rest of Europe and rest of world (millions of euros)	86	143	156	197	232			

(*) Partial information, without information in any companies

(**) Hours formation only of Spain of the years 2007-2010.

	IT security					
	Number of hacker intrusions	0	0	0	0	0
	Customer information revealed accidentally	0	0	0	0	0
Suppliers	Supplier profile					
	Distribution of suppliers in Spain	75.3	75.6	75.7	73.8	66.6
	Distribution of suppliers in rest of EU	14.6	15.3	11.8	12.9	10.7
	Distribution of suppliers in Latin America	5	0.6	2.6	5.3	16.4
	Distribution of suppliers in North America	5	4.5	5.5	3.6	2.8
	Distribution of suppliers in Africa, Asia and Pacific	4.5	4	4.4	4.4	3.7
	Expense of local suppliers	-	-	-	78%	79%
	Supplier satisfaction and loyalty (1-5)					
	Rating (supplier satisfaction)	4.2	4.1	4.0	3.9	4.1
Partners	Partner profile					
	Number of partnerships in place	110	125	126	146	174
	Partner satisfaction and loyalty (1-5)					
	Rating (partner satisfaction)	-	-	3.4	3.5	3.6
Environment	Resource consumption, waste generation and emissions					
	Electricity (kWh)	85,394,816	75,177,536	94,055,774	86,579,584	85,472,592
	Gas oil C (l)	274,402	899,438	269,839	484,077	258,394
	Natural gas (m ³)	243,316	816,481	352,018	377,425	270,352
	Total energy consumed (GJ)	327,777	338,100	363,015	345,576	328,477
	Drinking water (m ³)	77,956	188,232	308,530	249,042	180,594
	Non-drinking water (m ³)	22,003	17,451	44,887	20,864	13,344

Environment	Hazardous waste (Kg)	82,314	40,762	40,979	51,669	34,847
	Non-hazardous waste (Kg)	612,524	722,582	715,214	781,039	748,961
	Recyclable toner (un)	2,018	2,574	2,430	-	-
	Recyclable toner (Kg)	-	-	-	5,676	2,987
	Vegetable oils (l)	625	750	790	948	1,015
	% of employees in environmentally certified workplaces	-	47.5%	49.4%	52.1%	48.6%
	Proportion of recycled paper used (%)	-	-	-	26.6	19.2
	Direct CO ² emissions (T CO ² e)	1,263	1,443	1,389	2,012	1,204
	Indirect CO ² emissions through electricity consumed (T CO ² e)	-	-	32,321	30,227	27,033
	Direct CO ² emissions from transport (own vehicles) (t)	-	-	536	1,416	5,767
	Indirect CO ² emissions from transport (third-party vehicles) (t)	-	-	10,807,871	10,476,242	12,892,430
	Emissions of Persistent Organic Pollutants (POPs) (t)	-	-	-	<0.151	>0.151
	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (€)	-	0	0	0	300
	Expenses and environmental investments	557,612	42,231	511,078	398,216	755,059
	Number of conversations in the service of instantaneous messenger company	-	-	4.69	10.3	13.6
	Knowledge institution	Innovation and collaboration with knowledge centres				
RDI investment (€M)		136	152	175	184	189
% RDI investment of sales		6.3%	6.4%	7.0%	7.2%	7.8%
Number of agreements with universities and business schools		103	120	147	155	200
Social action						
Investment in Social Action	1,073,302	1,382,802	1,319,065	1,472,987	1,482,458	
Knowledge institution	Sanctions and fines					
	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations (€)	26,577	321,025	559,774	545,853	630,815

Knowledge institution	Número de sanciones no monetarias Number of non-monetary sanctions	-	-	-	0	1
	Cases settled through dispute resolution mechanisms	-	-	-	3	1
	Legal actions for anti-competitive behavior or monopolistic practices	-	-	-	0	0
	Capital Grants (€)	-	-	-	-	101,216
	Tax reliefs or credits (€)	-	-	-	-	31,992,557
	Financial value for investment grants (€)	-	-	-	-	27,536,795
	Financial value for financial assistance form ECAs	-	-	-	-	0
	Financial value for financial incentives	-	-	-	-	0

Indicators		2007	2008	2009	2010	2011
Shareholders	Investor relations					
	Institutional investors seen during the year	100%	100%	100%	100%	100%
	Number of telephone enquiries addressed by the Shareholders Office	100%	100%	100%	100%	100%
	One-on-one meetings	100%	100%	100%	100%	100%
	Number of analysts' reports	100%	100%	100%	100%	100%
	Institutions tracking Indra in the year	100%	100%	100%	100%	100%
	Research institutions that closed the year with a positive buy recommendation.	100%	100%	100%	100%	100%
	Visits to shareholder's magazine	-	-	-	-	100%
	Composition of Board of Directors					
	Number of Indra directors	100%	100%	100%	100%	100%
	External directors	100%	100%	100%	100%	100%
	Independent directors	100%	100%	100%	100%	100%
	Proprietary directors	100%	100%	100%	100%	100%
	Number of Indra executive directors	100%	100%	100%	100%	100%
	Number of women on Indra Board of Directors	100%	100%	100%	100%	100%
	Board Profile					
	Proportion of women on Board of Directors	100%	100%	100%	100%	100%
	Nationalities represented on Board of Directors	100%	100%	100%	100%	100%
	Average length in post (years)	100%	100%	100%	100%	100%
	Number of men/women directors: > 60 years of age	100%	100%	100%	100%	100%
	Number of men/women directors: between the ages of 50 and 59	100%	100%	100%	100%	100%
	Number of men/women directors: between the ages of 40 and 49	100%	100%	100%	100%	100%
	Number of men/women directors: between the ages of 30 and 39	100%	100%	100%	100%	100%
Performance of Board of Directors	100%	100%	100%	100%	100%	
Average attendance to Board meetings	100%	100%	100%	100%	100%	
Average directors' remuneration	100%	100%	100%	100%	100%	

	Shareholders	Employees	Customers	Environment	Society
Financial performance					
Sales (millions of €)	100%	100%	100%	100%	100%
EBIT (millions of €)	100%	100%	100%	100%	100%
Order backlog (millions of €)	100%	100%	100%	100%	100%
Cash position (millions of €)	100%	100%	100%	100%	100%
Attributable profit (millions of €)	100%	100%	100%	100%	100%
Operating cash flow (millions of €)	100%	100%	100%	100%	100%
Dividend (euros/share)	100%	100%	100%	100%	100%
General profiles					
Workforce	100%	100%	100%	100%	100%
% of graduates and highly qualified personnel	87%	99%	89%	88%	89%
Management	100%	99%	100%	100%	100%
Diversity					
Percentages of men/women employees by employment category: Total	100%	100%	100%	100%	100%
Percentages of men/women employees by employment category: Department	-	-	-	100%	100%
Percentages of men/women employees by employment category: Management	-	-	-	100%	100%
Percentages of men/women employees by employment category: Level 3 technical employees	-	-	-	100%	100%
Percentages of men/women employees by employment category: Level 2 technical employees	-	-	-	100%	100%
Percentages of men/women employees by employment category: Level 1 technical employees	-	-	-	100%	100%
Men/women director wage ratio (%)	57%	61%	89%	99%	93%
Men/women manager wage ratio (%)	57%	61%	89%	99%	93%
Men/women manager wage ratio (%)	57%	61%	89%	99%	93%
Men/women level 3 technical employee wage ratio (%)	57%	61%	89%	99%	93%
Men/women level 2 technical employee wage ratio (%)			89%	99%	93%
Men/women level 1 technical employee wage ratio (%)	57%	61%	89%	99%	93%
Minimum wage at Indra/Minimum wage at country ratio (%)			89%	99%	93%
At Spain	-	-	-	-	93%
At EU	-	-	-	-	93%
At USA and Canadá	-	-	-	-	93%
At Latinamerica	-	-	-	-	93%

Employees	Africa, Asia and Pacific	-	-	-	-	93%	
	Average age of employees	87%	99%	100%	100%	93%	
	Average age of executives	87%	99%	100%	100%	93%	
	Men Women: > 60 years of age	100%	100%	100%	100%	100%	
	Men Women: between the ages of 55 and 60	100%	100%	100%	100%	100%	
	Men Women: between the ages of 50 and 55	100%	100%	100%	100%	100%	
	Men Women: between the ages of 45 and 50	100%	100%	100%	100%	100%	
	Men Women: between the ages of 40 and 45	100%	100%	100%	100%	100%	
	Men Women: between the ages of 35 and 40	100%	100%	100%	100%	100%	
	Men Women: between the ages of 30 and 35	100%	100%	100%	100%	100%	
	Men Women: between the ages of 25 and 30	100%	100%	100%	100%	100%	
	Men Women: between the ages of 20 and 25	100%	100%	100%	100%	100%	
	Men Women: < 20 years of age	100%	100%	100%	100%	100%	
	Number of nationalities	-	-	-	100%	100%	
	Average of local employees (%)	-	-	-	100%	100%	
	Proportion of executives from local community (%)	-	-	-	100%	100%	
	Breakdown of employees by geographical area (%): Spain	100%	100%	100%	100%	100%	
	Breakdown of employees by geographical area (%): rest of EU	100%	100%	100%	100%	100%	
	Breakdown of employees by geographical area (%): Latin America	100%	100%	100%	100%	100%	
	Breakdown of employees by geographical area (%): North America	100%	100%	100%	100%	100%	
	Breakdown of employees by geographical area (%): Africa, Asia and Pacific	100%	100%	100%	100%	100%	
	% of disabled employees in workforce	-	-	-	100%	100%	
	Retention rate following paternal/maternal leave	-	-	-	100%	100%	
	Commitment and motivation						
	Average seniority	97%	99%	100%	100%	99%	
	% of employees in variable remuneration system	87%	99%	100%	100%	100%	
	Unwanted external rotation (%)	96%	99%	100%	100%	100%	
	Unwanted external rotation by age range and gender (%)	100%	100%	100%	100%	100%	
	Men Women: > 60 years of age	100%	100%	100%	85%	100%	
	Men Women: between the ages of 55 and 60	100%	100%	100%	85%	100%	
	Men Women: between the ages of 50 and 55	100%	100%	100%	85%	100%	
	Men Women: between the ages of 45 and 50	100%	100%	100%	85%	100%	
Men Women: between the ages of 40 and 45	100%	100%	100%	85%	100%		

Employees	Men Women: between the ages of 35 and 40	100%	100%	100%	85%	100%	
	Men Women: between the ages of 30 and 35	100%	100%	100%	85%	100%	
	Men Women: between the ages of 25 and 30	100%	100%	100%	85%	100%	
	Men Women: between the ages of 20 and 25	100%	100%	100%	85%	100%	
	Men Women: < 20 years of age	100%	100%	100%	85%	100%	
	Unwanted external rotation by geographical area (%)	100%	100%	100%	100%	100%	
	Spain	100%	100%	100%	85%	100%	
	Rest of EU	100%	100%	100%	85%	100%	
	Latin America	100%	100%	100%	85%	100%	
	North America	100%	100%	100%	85%	100%	
	Africa, Asia and Pacific	100%	100%	100%	85%	100%	
	Total rotation	100%	100%	100%	-	87%	
	% of people promoted	53%	93%	100%	83%	86%	
	% of women promoted (over total number promoted in company)	-	-	-	80%	86%	
	Number of employees in performance-based evaluation system	59%	99%	100%	83%	80%	
	% women % men in skill-based evaluation system	-	-	-	-	80%	
	% of employees with permanent contract	-	-	-	100%	100%	
	Training and knowledge						
	Total training hours received (including online)	72%	61%	66%	89%	94%	
	Training hours received online	72%	61%	66%	89%	94%	
	Training actions	72%	61%	66%	89%	94%	
	Training actions	72%	61%	66%	89%	94%	
	% of training expense over total pay	72%	61%	66%	89%	94%	
	Evaluation of training: student satisfaction (1-5)	72%	61%	66%	89%	94%	
	Professionals in talent development programs (%)	-	-	-	59%	94%	
	Recruitment appeal						
	Number of spontaneous employment applications received	53%	51%	64%	94%	85%	
	Average number of applications received per vacancy	53%	51%	64%	94%	85%	
Net job creation	100%	100%	100%	100%	100%		

Conciliation							
Employees	Number of employees in Teleworking programme	100%	100%	100%	89%	91%	
	Professionals with "My desktop" services	-	-	-	89%	91%	
	% de empleados satisfechos con el teletrabajo % of employees satisfied with teleworking	100%			89%	91%	
	Number of employees taking maternity leave	65%	51%	69%	89%	85%	
	Number of persons with reduction in working hours	-	-	-	89%	85%	
	Social benefits						
	% employees accessing social security supplement in case of illness	60%	61%	58%	90%	98%	
	% employees accessing social security supplement in case of accident	60%	61%	58%	90%	98%	
	% employees provided with food vouchers	60%	61%	58%	90%	98%	
	Work-related accidents with and without sick leave (excluding accidents occurring on the way to or from work)						
	Number of accidents	-	-	-	95%	98%	
	Spain	-	-	-	-	98%	
	Rest of EU	-	-	-	-	98%	
	Latin America	-	-	-	-	98%	
	North America	-	-	-	-	98%	
	Africa, Asia and Pacific	-	-	-	-	98%	
	Frequency	70%	74%	73%	95%	98%	
	Spain	-	-	-	-	98%	
	Rest of EU	-	-	-	-	98%	
	Latin America	-	-	-	-	98%	
North America	-	-	-	-	98%		
Africa, Asia and Pacific	-	-	-	-	98%		
Incidence	70%	74%	73%	95%	98%		
Spain	-	-	-	-	98%		
Rest of EU	-	-	-	-	98%		
Latin America	-	-	-	-	98%		
North America	-	-	-	-	98%		
Africa, Asia and Pacific	-	-	-	-	98%		
Seriousness	70%	74%	73%	95%	98%		
Spain	-	-	-	-	98%		
Rest of EU	-	-	-	-	98%		

Employees	Latin America	-	-	-	-	98%	
	North America	-	-	-	-	98%	
	Africa, Asia and Pacific	-	-	-	-	98%	
	Average duration	70%	74%	73%	95%	98%	
	Spain	-	-	-	-	98%	
	Rest of EU	-	-	-	-	98%	
	Latin America	-	-	-	-	98%	
	North America	-	-	-	-	98%	
	Africa, Asia and Pacific	-	-	-	-	98%	
	Fatal accidents	70%	74%	73%	95%	98%	
	Training hours in workplace risk	70%	74%	73%	95%	98%	
	Code of ethics and professional conduct						
	Number of messages through Direct Channel	-	-	-	76%	100%	
Collective bargaining							
% of employees covered by collective bargaining agreements	-	-	100%	100%	100%		
Customers	Customer profile						
	Number of customers per year	92%	93%	97%	99%	99%	
	Number of public-sector customers	92%	93%	97%	99%	99%	
	Number of private-sector customers	92%	93%	97%	99%	99%	
	Number of new customers	92%	93%	97%	99%	99%	
	Revenue from the top 35 customers (millions of euros)	100%	100%	100%	100%	100%	
	Customer satisfaction and loyalty (1-5)	100%	100%	100%	100%	100%	
	Diversity						
	Number of countries where Indra has references	100%	100%	100%	100%	100%	
	Sales in Spain (millions of euros)	100%	100%	100%	100%	100%	
	Sales in rest of EU (millions of euros)	100%	100%	100%	100%	100%	
	Sales in US and Canada (millions of euros)	100%	100%	100%	100%	100%	
	Sales in Latin America (millions of euros)	100%	100%	100%	100%	100%	
	Sales in Asia, rest of Europe and rest of world (millions of euros)	100%	100%	100%	100%	100%	
	IT security						
	Number of hacker intrusions	100%	100%	100%	100%	100%	
	Customer information revealed accidentally	100%	100%	100%	100%	100%	

Suppliers	Supplier profile					
	Distribution of suppliers in Spain	84%	87%	95%	100%	100%
	Distribution of suppliers in rest of EU	84%	87%	95%	100%	100%
	Distribution of suppliers in Latin America	84%	87%	95%	100%	100%
	Distribution of suppliers in North America	84%	87%	95%	100%	100%
	Distribution of suppliers in Africa, Asia and Pacific	84%	87%	95%	100%	100%
	Expense of local suppliers in places with significant operations	-	-	-	84%	100%
	Supplier satisfaction and loyalty (1-5)					
	Rating (supplier satisfaction)	100%	100%	100%	100%	100%
Partners	Partner profile					100%
	Number of partnerships in place	78%	74%	74%	100%	100%
	Partner satisfaction and loyalty (1-5)					
	Rating (partner satisfaction)	-	-	100%	100%	100%
Environment	Resource consumption, waste generation and emissions					
	Electricity (Kwh)	-	100%	100%	100%	100%
	Gas oil C (l)	-	100%	100%	100%	100%
	Natural gas (m3)	-	100%	100%	100%	100%
	Total energy consumed (Gj)	-	-	-	-	-
	Drinking water (m3)	-	100%	100%	100%	100%
	Non-drinking water (m3)	-	100%	100%	100%	100%
	Hazardous waste (Kg)	-	48%	49%	55%	50%
	Non-hazardous waste (Kg)	-	48%	49%	55%	50%
	Recyclable toner (un)	-	48%	49%	-	-
	Recyclable toner (Kg)	-	-	-	55%	50%
	Vegetable oils (l)	-	48%	49%	55%	50%
	% of employees in environmentally certified workplaces	-	100%	100%	100%	100%
	Proportion of recycled paper used (%)	-	-	-	50%	43%
	Direct CO2 emissions (T CO2e)	-	100%	100%	100%	100%
	Indirect CO2 emissions through electricity consumed (T CO2e)	-	-	100%	100%	100%
	Direct CO2 emissions from transport (own vehicles) (t)	-	-	100%	100%	100%
	Indirect CO2 emissions from transport (third-party vehicles) (t)	-	-	100%	100%	100%
	Emissions of Persistent Organic Pollutants (POPs) (T)	-	-	-	100%	100%

Environment	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	82%	81%	82%	84%	100%
	Gastos e inversiones medioambientales	82%	81%	82%	84%	50%
	Número de conversaciones en el servicio de mensajería instantánea	82%	81%	82%	84%	100%
Knowledge institution	Innovation and collaboration with knowledge centres					
	RDI investment (€M)	100%	100%	100%	100%	100%
	% RDI investment of sales	100%	100%	100%	100%	100%
	Number of agreements with universities and business schools	100%	100%	100%	100%	100%
Society	Social action					
	Investment in Social Action	100%	100%	100%	100%	100%
	Sanctions and fines					
	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	100%	100%	100%	100%	100%
	Number of non-monetary sanctions	-	-	-	100%	100%
	Cases settled through dispute resolution mechanisms	-	-	-	100%	100%
	Legal actions for anti-competitive behavior or monopolistic practices	-	-	-	100%	100%
	Capital Grants	-	-	-	-	100%
	Tax reliefs or credits	-	-	-	-	100%
	Financial value for investment grants	-	-	-	-	100%
Financial value for financial assistance form ECAs	-	-	-	-	100%	
Financial value for financial incentives	-	-	-	-	100%	

	2007	2008	2009	2010	2011
Number of accidents	-	-	-	250	245
Spain	149	304	254	211	207
Rest of EU	-	-	-	3 (*)	0 (*)
Latin America	-	-	-	36 (*)	38 (*)
North America	-	-	-	SIN DATOS	SIN DATOS
Africa, Asia and Pacific	-	-	-	SIN DATOS	0 (*)
Frequency	-	-	-	6.53	4.2
Spain	6.8	10.16	7.79	6.36	6.1
Rest of EU	-	-	-	4,2 (*)	0 (*)
Latin America	-	-	-	8,18 (*)	1,6 (*)
North America	-	-	-	SIN DATOS	SIN DATOS
Africa, Asia and Pacific	-	-	-	SIN DATOS	0 (*)
Incidence	-	-	-	11.33	7.89
Spain	10.83	16.58	13.23	10.83	10.11
Rest of EU	-	-	-	8,24 (*)	0 (*)
Latin America	-	-	-	16,32 (*)	3,73 (*)
North America	-	-	-	SIN DATOS	SIN DATOS
Africa, Asia and Pacific	-	-	-	SIN DATOS	0 (*)
Seriousness	-	-	-	0.05	0.02
Spain	0.04	0.05	0.04	0.03	0.02
Rest of EU	-	-	-	0,02 (*)	0 (*)
Latin America	-	-	-	0,19 (*)	0,03 (*)
North America	-	-	-	SIN DATOS	SIN DATOS
Africa, Asia and Pacific	-	-	-	SIN DATOS	0 (*)
Average duration	-	-	-	7.73	5.88
Spain	5.26	5.22	4.59	4.66	4.06
Rest of EU	-	-	-	4,49 (*)	0 (*)
Latin America	-	-	-	22,76 (*)	15,96 (*)
North America	-	-	-	SIN DATOS	SIN DATOS
Africa, Asia and Pacific	-	-	-	SIN DATOS	0 (*)
Fatal accidents	0	0	0	0	0
Training hours in workplace risk (**)	15,285.73	23,420.25	23,104.00	29,292.4	78.967.16

(*) datos parciales, sin datos en algunas empresas

(**) Horas formación sólo de España de los años 2007-2010.



Statement GRI Application Level Check

GRI hereby states that **Indra** has presented its report "2011 Annual Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 16 May 2012

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "A+" has been added to this Application Level because **Indra** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 10 May 2012. GRI explicitly excludes the statement being applied to any later changes to such material.



KPMG Asesores S.L.
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28046 Madrid

Independent Assurance Report to the Management of Indra Sistemas, S.A.

(Free translation from the original in Spanish.
In case of discrepancy, the Spanish language version prevails.)

We performed a limited assurance review on the non-financial information contained in Indra Sistemas, S.A. (hereinafter Indra) Annual Report for the year ended 31 December 2011 (hereinafter "the Report").

Indra management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3.1) of the Global Reporting Initiative as described in the section entitled Principles on which this report is based. This section details the self-declared application level, which has been confirmed by Global Reporting Initiative. Management is also responsible for the information and assertions contained within the Report; for the implementation of processes and procedures which adhere to the principles set out in the AA1000 AccountAbility Principles Standard 2008 (AA1000 APS); for determining its objectives in respect of the selection and presentation of sustainable development performance; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and to issue an independent report based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board and also in accordance with the guidance set out by the Accountants Institute of Spain (*Instituto de Contadores Jurados de Cuentas de España*). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement and that we comply with the independence requirements included in the International Ethics Standards Board for Accountants Code of Ethics which outlines detailed requirements regarding integrity, objectivity, confidentiality and professional qualifications and conduct. We have also conducted our engagement in accordance with AA1000 Accountability Assurance Standard 2008 (AA1000 AS) (Type 2), which covers not only the nature and extent of the organisation's adherence to the AA1000 APS, but also evaluates the reliability of performance information as indicated in the scope.

A limited assurance engagement on a sustainability report consists of making inquiries to Management, primarily to the persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate through the following procedures:

- Inquiries of management to gain an understanding of Indra's processes for determining the material issues for their key stakeholder groups.
- Interviews with relevant Indra staff concerning the application of sustainability strategy and policies.
- Interviews with relevant Indra staff responsible for providing the information contained in the Report.
- Analysing the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Indra.
- Verifying that the financial information reflected in the Report was taken from the annual accounts of Indra, which were audited by independent third parties.

The extent of evidence gathering procedures performed in a limited assurance engagement is less than that for a reasonable assurance engagement, and therefore also the level of assurance provided. Also, this report should not be considered an audit report.

Our multidisciplinary team included specialists in AA1000 APS, stakeholder dialogue, social, environmental and economic business performance.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the data included in the Indra Sistemas, S.A. Annual Report for the year ended 31 December 2011 have not been reliably obtained, that the information has not been fairly presented, or that significant discrepancies or omissions exist, nor that the Report is not prepared, in all material respects, in accordance with the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative as described in the Principles on which this report is based section of the Report. Additionally, and also based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that as a result of Indra Sistemas, S.A. implementing the procedures described in section Principles on which this report is based, any material issues have been omitted as applies to the principles of inclusivity, materiality and responsiveness as included in the AA1000 AccountAbility Principles Standard 2008.

Under separate cover, we will provide Indra management with an internal report outlining our complete findings and areas for improvement. Without prejudice to our conclusions presented above, we present some of the key observations and areas for improvement below:

In relation to the INCLUSIVITY principle

Indra carries out, on an annual basis and since 2003, the identification and dialogue with its key stakeholders through the actions included in its Corporate Responsibility and Reputation Master Plan. In this process, Indra has been progressively involving the areas of the company which have a more direct relationship with them. Indra should keep defining a plan that allows making progress towards the formalization of responsibilities, deadlines and resources for the identification, update and periodic communication with these stakeholders.

In relation to the MATERIALITY principle

Indra has developed quarterly CSR Committees that jointly with the different areas of the company, are intended to prioritize and establish deadlines and responsibilities of the actions contained in the Corporate Responsibility and Reputation Master Plan. It is recommended that the Committee keep working on improving the process of establishment of common criteria for the identification and prioritization of the major challenges faced by Indra, as well as defining responses. In addition, the areas should continue increasing their contribution to the identification of priorities, deadlines and responsibilities.

In relation to the RESPONSIVENESS principle

In recent years, Indra has been working on increasing the involvement of different stakeholders groups in the design of responses to their needs. It is also making progress in defining a set of monitoring indicators allowing the measurement of the impact and satisfaction generated by the measures developed to solve these needs. With this purpose, it is recommended that Indra continue working on this line to extend the methodologies developed throughout the organization.

KPMG Asesores, S.L.

(Signed)

José Luis Blasco Vázquez

17 May 2012