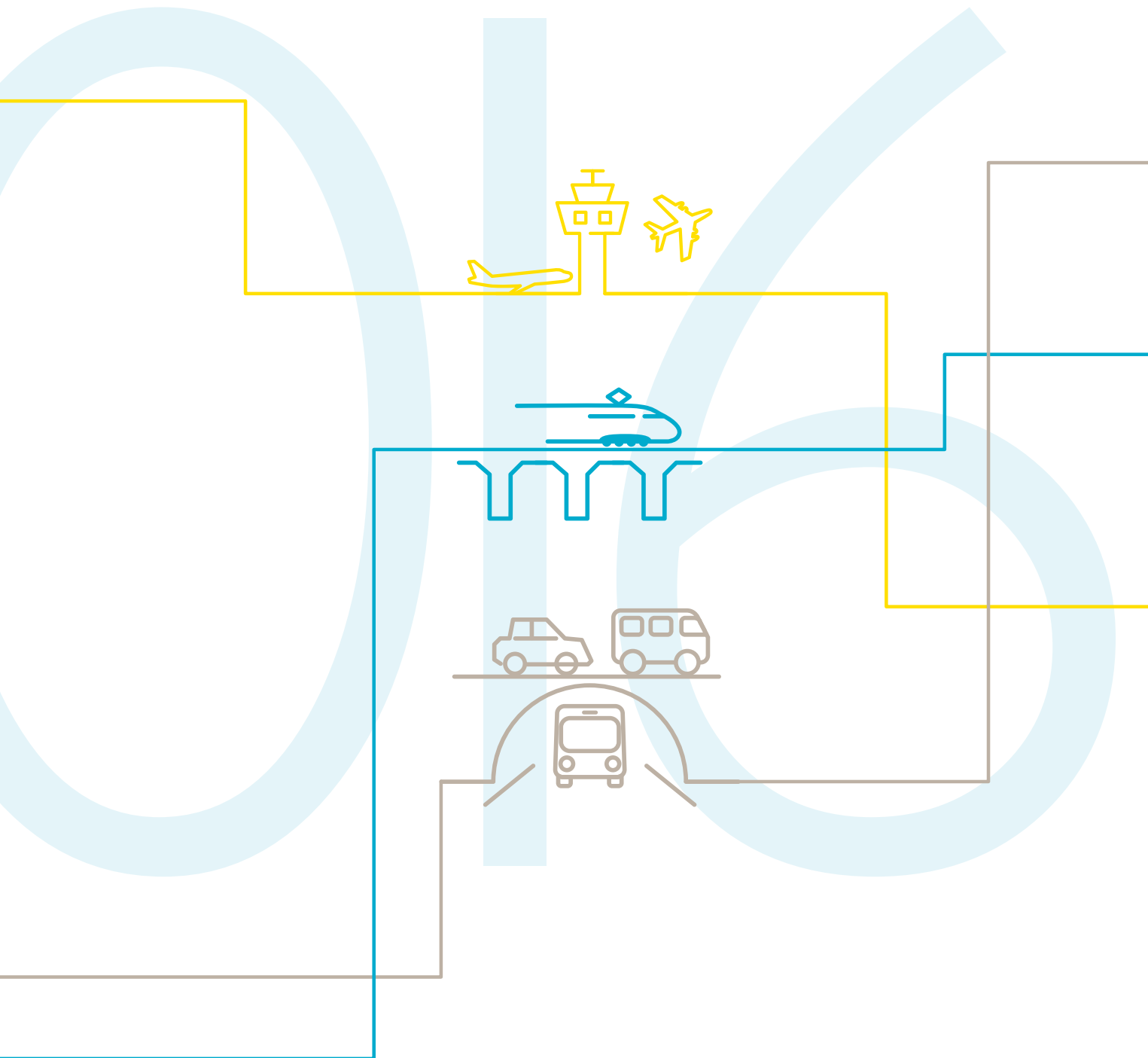


2016

Annual REPORT

Transforming mobility





Letter from the Chairman



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LETTER FROM THE CHAIRMAN



Isaac Martín-Barbero

Dear shareholders, clients and employees:

The 2016 economic data demonstrate the positive situation that the company is currently enjoying. Turnover this year totalled 206.68 million euros, almost 6% more than last year. Our strategic management model also had a positive impact on operating results, leading to a 15% increase over the last year (9.66 million euros in 2016 over 8.13 million in 2015).

In terms of services and markets, 2016 was a year of consolidation. After completing the process digitalize the company's corporate tools, which required considerable effort and investment to improve internal project management, this year the company was able to dedicate more resources to strengthening commercial management. Links were used to establish bonds through cooperation, and we found partners with which to generate new alliances. We expanded our borders and incorporated new products and services. It has undoubtedly been a fruitful time for our engineers and specialists, who have gained even more experience, assertiveness, and strength.

Projects that began years ago in regions such as the United Kingdom, Turkey, Mexico or Cape Verde were continued with extensions or new orders, strengthening our presence in those countries. We are starting to work once again in North and Central America, in addition to Mexico, and we are optimistic about the possibilities in the United States. In the South, we are still present in Brazil, Colombia and Peru, and are returning to Argentina, taking part in an emblematic road project in Buenos Aires. In Europe, we continue to work intensively on high-speed rail in the UK, on ERTMS deployment in the EU, and with the European Space Agency, and are adding projects from Denmark for the first time.

This consolidation has a lot to do with the confidence and credibility of the services that we offer as a whole.

Our focus on specialized teams in different disciplines, our international experience, and the support of innovative technologies such as BIM, has led to new and better opportunities. For example, the British government has entrusted us with a second contract for the HS2 high-speed rail, and the Mexican government has awarded us two new projects to expand Mexico City's metro and supervise the development of its new international airport. In Asia, we are advising the Malaysian government on rail regulations. In the Middle East, we are continuing our work on two airports in the UAE and two in the Sultanate of Oman.

In the future, we will continue this consolidation process with business intelligence. We will add new skills based on information technologies to our specialized solutions. This new technology will allow us to respond more efficiently and economically to the demands of the traditional markets, offering new value-added products and services. The competitive advantage (both technical and economic) of digital transformation will enable us to better understand our clients, anticipate their needs and offer better services.

And last but not least, we must mention our commitment to the environment, human and labour rights and the fight against corruption, demonstrated once again in our renewed adherence to the Ten Principles of the Global Compact that we originally signed eight years ago. In 2016, Ineco took a another step in developing these principles, continuing the compliance plan initiated the previous year, that will go on in 2017.

Thanks to the trust and support of our shareholders and clients, as well as the commitment of each and every one of the great professionals that make up the company, Ineco today is a leader in improving mobility, developing sustainable, safe and innovative solutions.

Isaac Martín-Barbero
Chairman



ABOUT INECO



“Ineco is a company with almost fifty years of experience. We have a commitment not only to our past, but also to the knowledge that we have acquired and to the references that we have gained, as well as to ongoing improvement. We are advancing towards an innovative, digital, and rapidly-changing future. We are facing this challenge with a transparent, collaborative organization that seeks the highest possible technical quality for our customers, applying professional ethics aimed at contributing to the improvement of society, the ultimate recipient of the projects on which we work.”

Ana Rojo, General Director of Production
and Engineering Solutions

boutin



WHO WE ARE



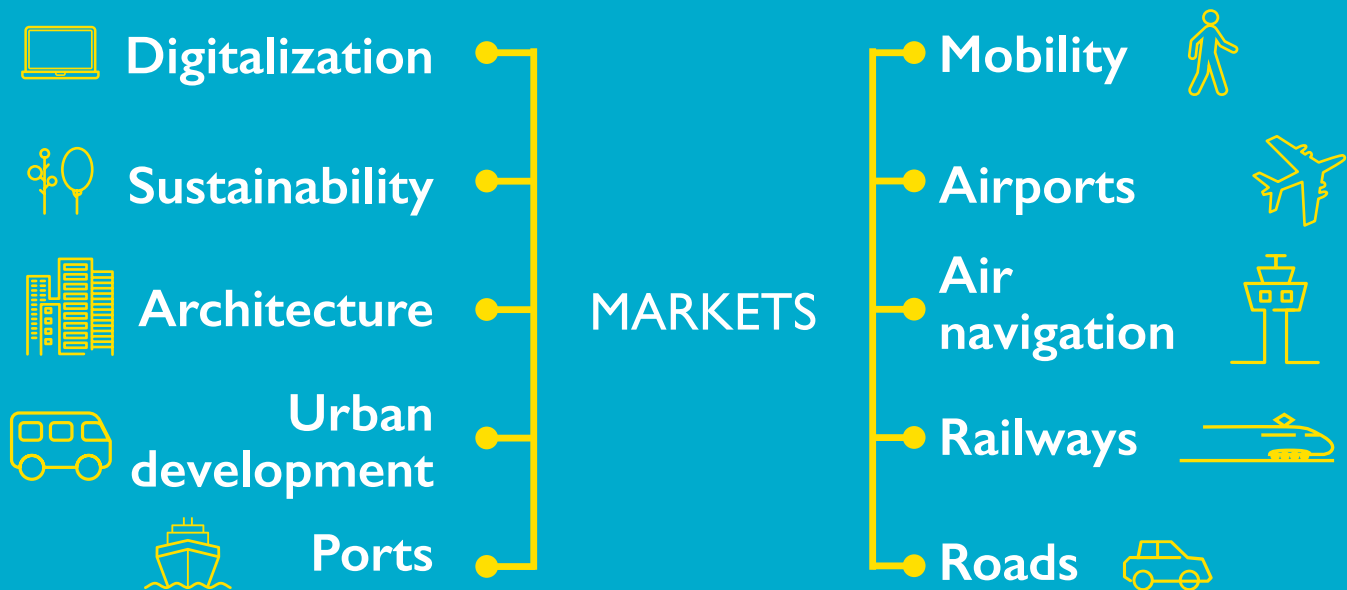
Innovative mobility solutions and safe and sustainable transport

For fifty years, Ineco has been working to improve people's mobility through the development of safe and sustainable transport infrastructure. Our integrated, innovative, high-tech solutions have made us world leaders in the industry, executing projects in more than fifty countries. We have a team of close to 2,500 highly specialized technicians to respond to all types of transport challenges.

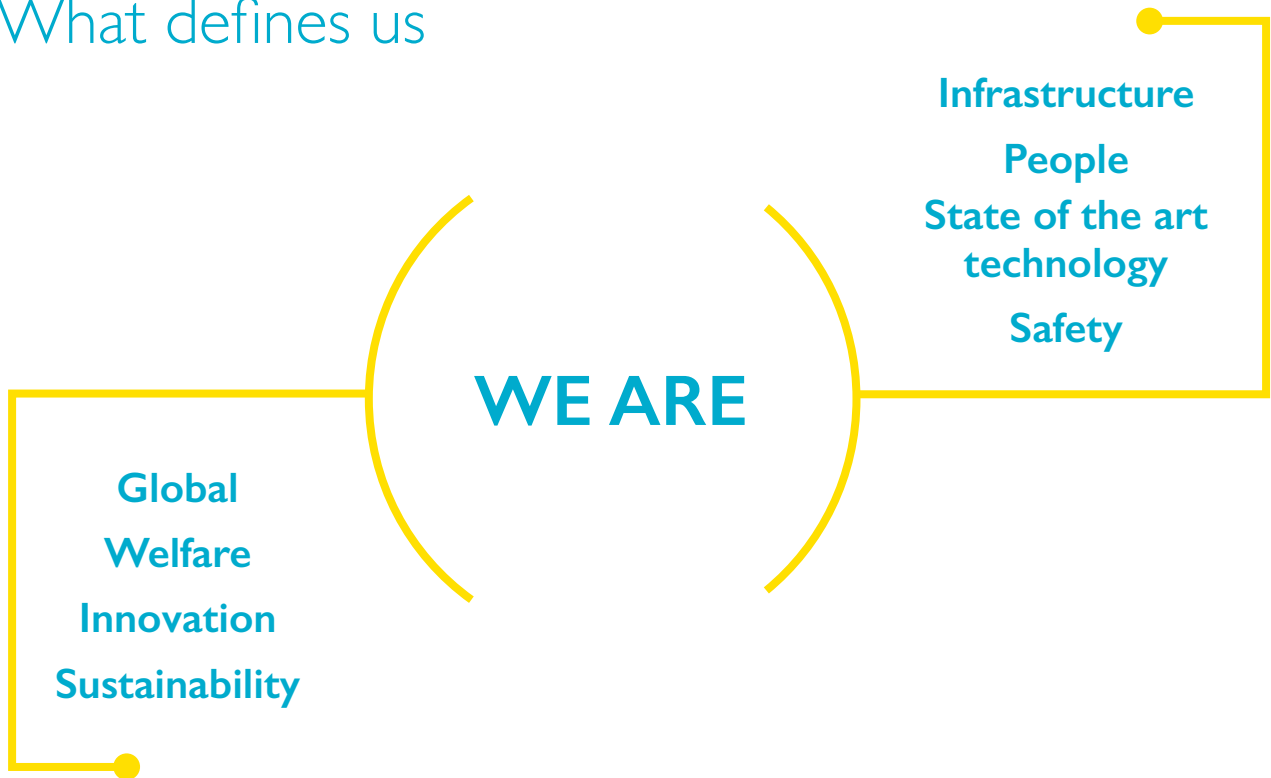
More than
50
countries

Close to
2,500
professionals

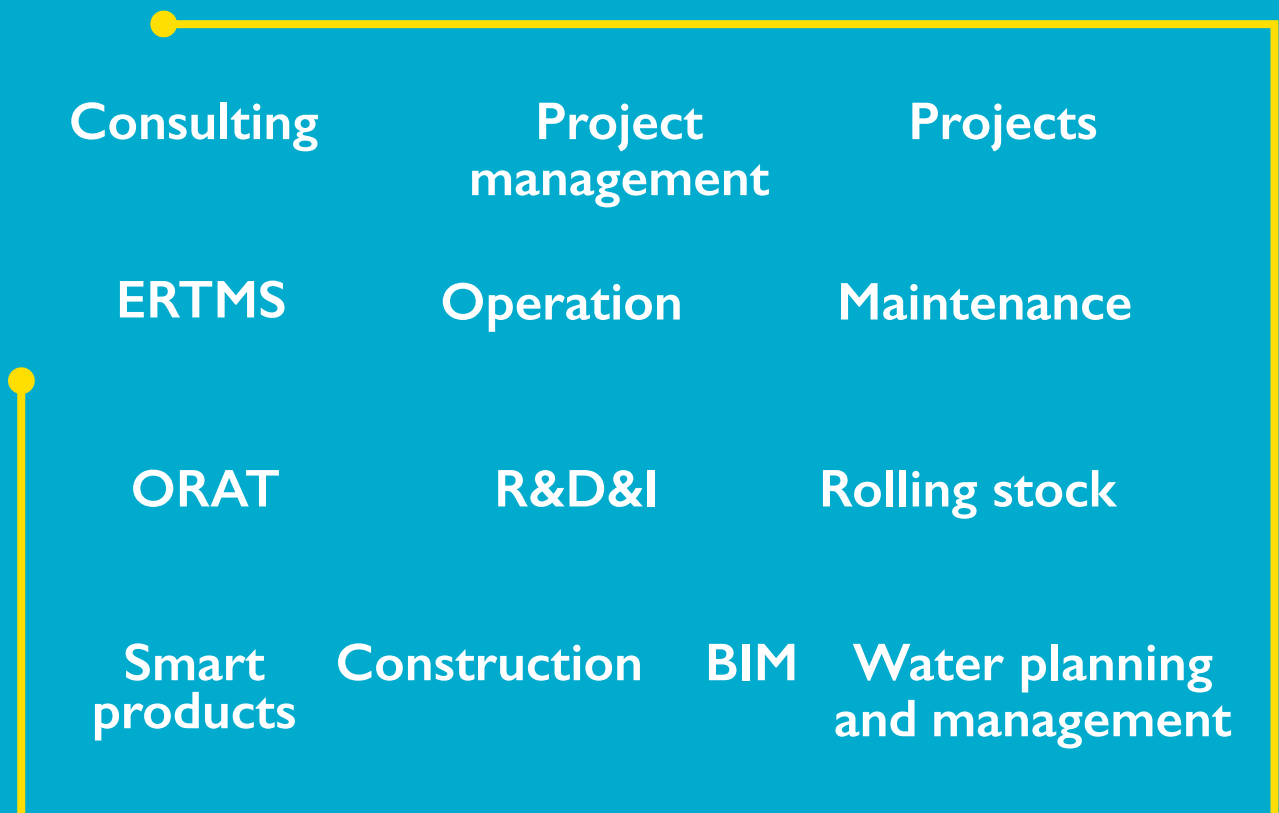
50
years of
experience



What defines us



SOLUTIONS



OUR MANAGEMENT TEAM

June 2017

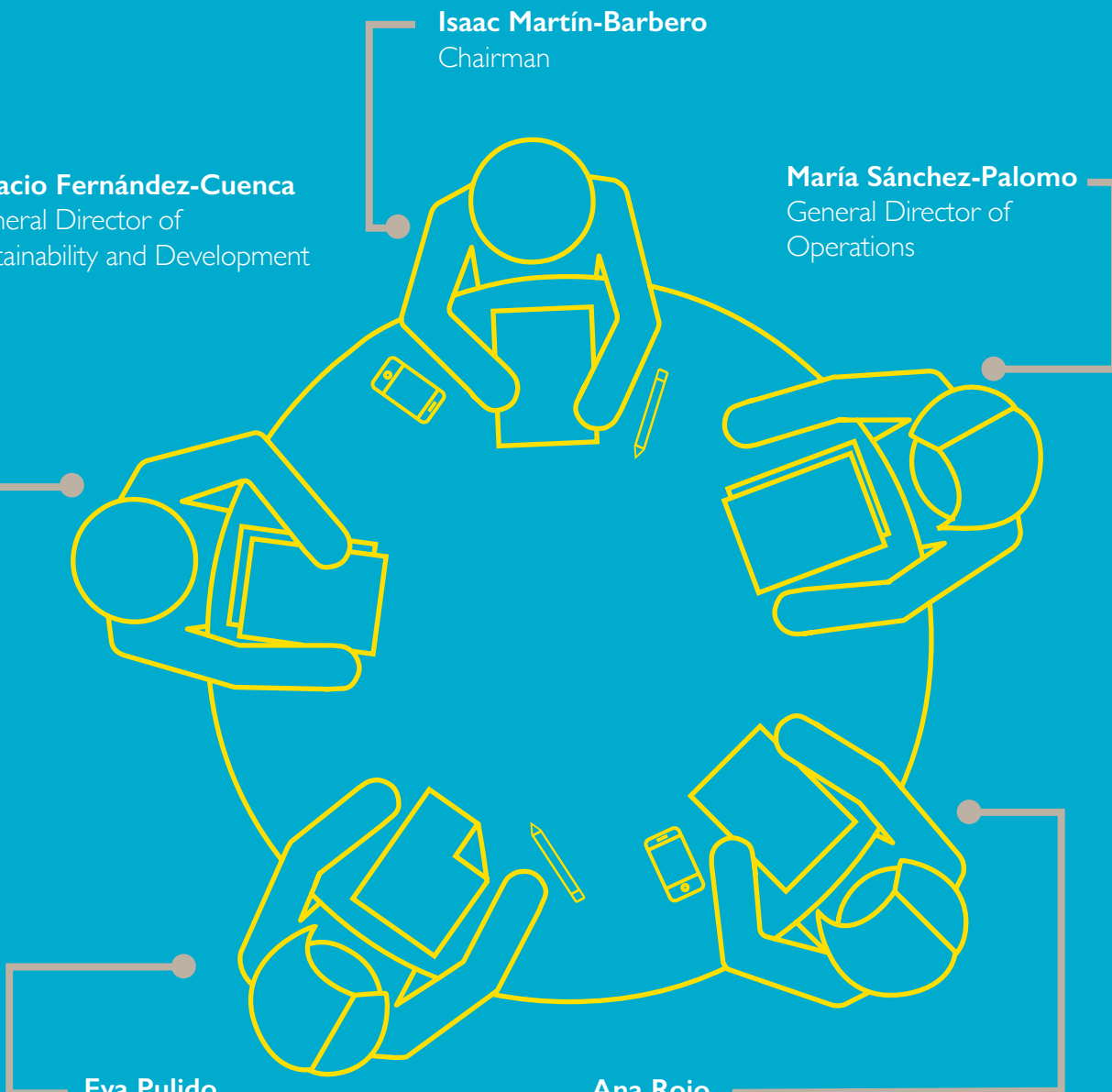
Isaac Martín-Barbero
Chairman

Ignacio Fernández-Cuenca
General Director of
Sustainability and Development

María Sánchez-Palomo
General Director of
Operations

Eva Pulido
General Director of Transformation,
Internationalization and Innovation

Ana Rojo
General Director of Production
and Engineering Solutions



STRATEGIC MODEL

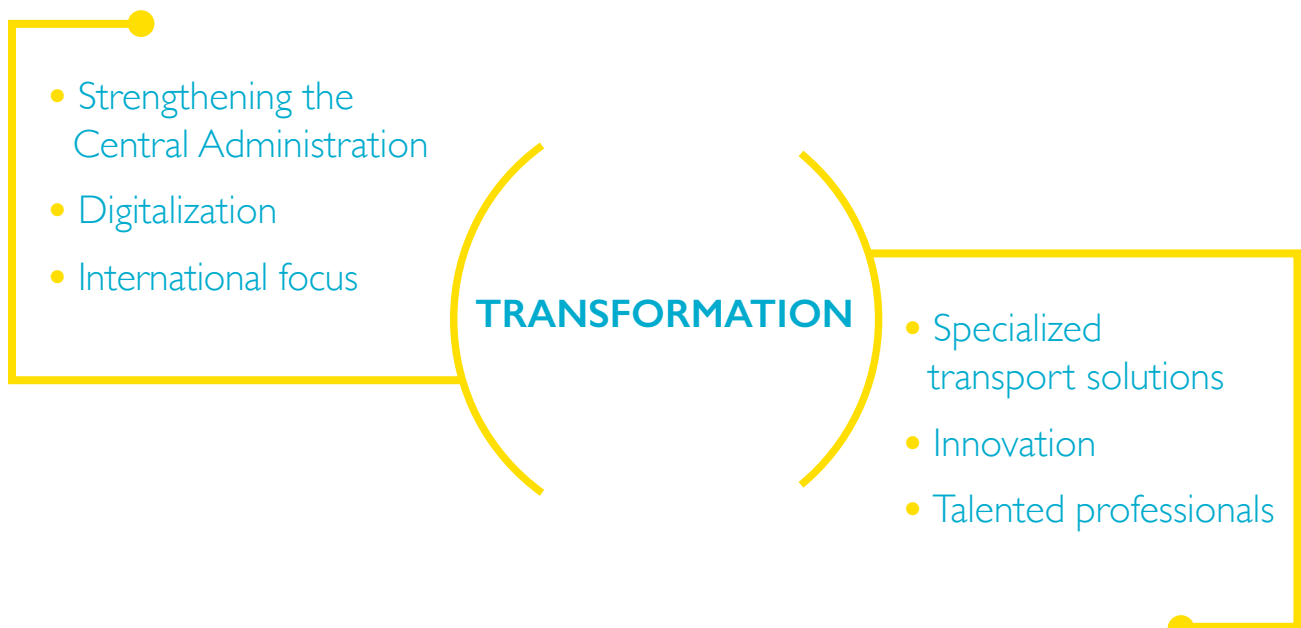
The company's goal is to position itself as a prominent node in the world's best network in the area of mobility and safe and sustainable transport. This objective must be achieved based on a strategic model that evolves in step with the market and is able, on one hand, to drive its international activity, and on the other, to consolidate its firm commitment to its shareholders in the development of Spain's infrastructure.

Ineco has made the strengthening of the Central Administration a priority, maintaining its level of excellence in the design, execution, commissioning, and maintenance of the country's principal infrastructure. The digital transformation of world around us has prompted the company to bolster its capacity in digitalization applied to mobility, enabling it to deepen its specialization in transport and offer a range of services adapted to the new conditions.

This transformation is also reflected in the company's international focus, as it directs its efforts at markets in which its specialization has a greater impact and makes it possible to execute projects in strategic sectors using the most advanced solutions.

Looking towards 2017, the company's focus is to accelerate its growth in the field of digital transformation, adjusting its specialized solutions in transport and mobility to the new conditions, to firmly commit to innovation as the transversal discipline that enables it to anticipate market trends, and to expand its business development capacity to position itself as one of the world's top companies in its sector.

The talent of Ineco's professionals is key to achieving this. A team made up of specialists in all areas of engineering and consulting that reinvents itself every day to adapt to the needs of its customers and offer them innovative, sustainable, and safe solutions to provide efficient mobility.



MISSION

To contribute to the sustainable development of transport infrastructure and the generation of value and wealth in the countries in which we operate, offering a range of consulting and engineering services and solutions that is competitive, experienced, and aimed at achieving results for customers and shareholders.

VALUES

Experience
Knowledge
Commitment
Global Approach
Multi-disciplinarity
Flexibility
Innovation
Teamwork
Efficiency
Service-orientation

VISION

To be the world's leading firm specialized in the provision of transport engineering and consulting services, being recognized for our technological capacity and production excellence as one of the world's principal engineering companies.

OUR FIGURES



December 2016

In 2016, Ineco generated 206.68 million euros of revenue, over 5% more than the previous year. We have seen revenue growth in both railway and intermodal transport business activities, while in aviation we have remained more or less the same, close to 50 million euros.

Turnover
206.68
million euros

Operating
income
9.66
million euros

Workforce
2,405
employees

2016 Revenue by geographic region

Region	Annual production
Europe	159,747,445 €
Spain	151,711,618 €
Asia	31,575,322 €
America	12,231,089 €
Africa	2,973,685 €
Oceania	155,191 €
Total	206,682,732 €

Revenue by activity

Activity	2016	2015
Railways	123,003,662 €	114,463,099 €
Aviation	49,822,861 €	54,520,732 €
Intermodal	33,856,209 €	26,406,939 €
Total	206,682,732 €	195,390,770 €

2016 Distribution of portfolio by activity

Activity	National	International
Railways	64.2%	48.5%
Aviation	8.6%	16.6%
Intermodal	27.3%	34.9%

Revenue from provision of services

Service	2016	2015
Public sector	186,557,214 €	161,163,015 €
Private sector	20,125,518 €	34,227,755 €
Total	206,682,732 €	195,390,770 €





More than 50 countries

Every year, Ineco expands its presence in the world with more new projects outside our borders. In 2016, Ineco continued to grow in the main markets in which it has been growing since it first expanded outside of Spain.

Ineco consolidated its position in North and Central America, mostly in Panama, Costa Rica, and also in Mexico, where it has a subsidiary (Inecomex). In South America, the company maintained its leading position with a stable presence in Brazil

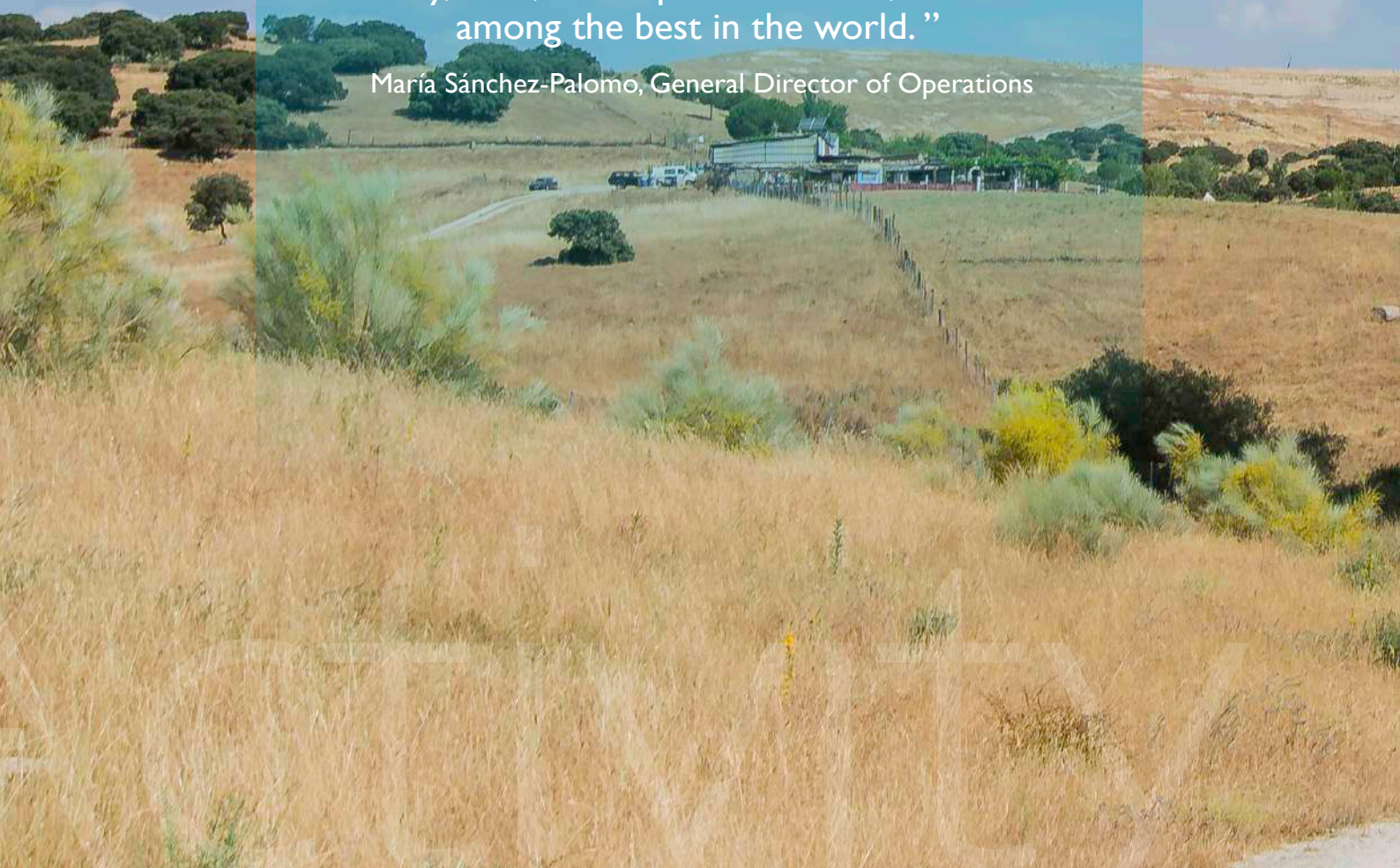
(where it also has a subsidiary-Ineco do Brasil), Colombia and Peru, and with its return to Argentina after a brief absence.

Another key region for Ineco is the Middle East, where it is working on important rail and airport projects. In Europe, Ineco consolidated its position considerably in the United Kingdom, Turkey and the European Commission, and made its entry into Denmark. Lastly, the company continues to expand into the Asian market with important railroad projects.

ACTIVITY

“Our company finished 2016 by consolidating its presence abroad with new projects, such as the supervision of the works for the new Mexico City International Airport and Costa Rica’s National Transport Plan. These projects join other important ones such as the Makkah-Madinah line, an example of the leadership of Spanish industry in high-speed rail. On the other hand, information technologies, which are the key to the digital transformation, have been strengthened in our activity and hold a preferential position among our business lines. All in the context of priority and service orientation towards our shareholder clients in the completion of high-speed works and the maintenance and improvement of Spain’s railway, road, and airport networks, which are among the best in the world.”

María Sánchez-Palomo, General Director of Operations





AVIATION



The company's aeronautical activity in 2016 once again included airport expansions, improved operational safety and the optimization of airspace within the context of returning stability in the domestic market and the dynamism of emerging regions such as the Middle East. All this has resulted in economic results that remain in line with previous years, with average revenues of about 50 million euros.



Record of stability

Air transport, in both Spain and the rest of the world, once again showed its resilience against the global economic situation in 2016. Since 2013, it has generally continued to evolve positively, albeit at a moderate pace. According to the International Civil Aviation Organization (ICAO), the strength of the sector comes from its enormous importance for trade and tourism and its multiplier effect. It estimates that air transport directly and indirectly employs 58.1 million people, contributing more than 2.4 billion dollars to the world's Gross Domestic Product (GDP), growing 6% in 2016 and carrying more than 3.7 billion passengers. Spain was no exception, with traffic through Spanish airports increasing 11% during the last year, with a total of 230 million passenger, according to data from the Ministry of Public Works.

Spain is the world's third most popular tourist destination by revenue and the most competitive according to the World Economic Forum. This means that air transport is strategic, not only to guarantee the mobility of island residents and the connectivity of the rest of the territory, but also because 2016 was once again a record year for tourism, with 75.3 million international visitors (contributing approximately 11% to Spain's GDP). Four out of every five tourists arrive by plane to one of the 46 airports in the network run by Aena, the Spanish airport operator.

In this context of stability, Ineco has continued its aeronautical work both in Spain and abroad, especially in Europe and the Middle East (Abu Dhabi, Kuwait, Oman), Asia-Pacific (Singapore, Taiwan, Samoa) and Africa (Cape Verde and Mozambique), and America (Peru, Colombia). The company's main areas of work include airport expansions, improved safety and airspace optimization. In 2016, the aeronautics division maintained average revenues at the same levels as the last three years (about 50 million euros) and third place in the distribution of the customer base, although with greater weight than in 2015: 8.6% nationally, almost three percentage points higher than 2015, and 16.6% internationally, compared to 12.3% the previous year.

In 2016, Ineco, with nine projects, consolidated its presence in the Middle East, the region of the world with the greatest increase in air traffic according to the ICAO:

11.2% over the previous year. This growth generates the need to expand and improve both infrastructure and air navigation. For example, in Abu Dhabi, the company has expanded the contracts in place for Operational Readiness, and Airport Transfer (ORAT) of the new terminal being built in the capital's airport. Work also continued on the project management for the Fujairah expansions, started in 2015, and the Kuwait KIA, which began in 2011, along with the design of the flight procedures for the Muscat and Salalah airports in Oman (started in 2013), among other ongoing projects.

In the Asia-Pacific sphere, Ineco continued its air navigation contracts at Changi Airport in Singapore and in Kaohsiung City, Taiwan, where it is conducting a study for the Port Authority in regard to the possible effect of new port cranes (up to 140 metres in height) on the operational safety of the nearby airport. In addition, in 2016, the design work was completed for the resurfacing of the landing strips of the Faleolo International Airport in Samoa (Oceania).

In Africa, the company continued its operations in Cape Verde, where it has been present for fourteen years. During the past year, Ineco developed a total of six projects in the country, including both airports and air navigation. Some of the more important projects included the supervision of the renovation and expansion work on the terminals of the Sal and Boa Vista airports, where work was also done to analyse the runway pavement for the improved capacity once reaches the end of its life span. In addition, GNSS-based (satellite-guided) landing procedures were also developed, such as the system in San Vicente. Master Plans for the São Nicolau and Fogo aerodromes were drafted. In Mozambique, work to improve and upgrade air traffic management system for the Mozambique State Airport agencies continued.

In the Americas, Ineco is part of an international consortium which, in September 2016, won the contract to supervise the construction of the New Mexico City International Airport terminal (NAICM), which will be built east of the city and have capacity for up to 125 million passengers per year. The consortium will be responsible for the technical and administrative supervision of the





construction of the terminal building (designed by the architects Fernando Romero and Foster+Partners), the control tower, an intermodal land transport centre and the main land access.

In the meantime, other airport projects were completed in Peru and Colombia. While the airport in the Peruvian capital of Lima awaits continuation of its expansion process, supervised by Ineco with its local partner, progress was made at the Chiclayo airport, located in the fourth largest city in Peru, where Ineco is working on the pre-investment studies, at the profile and feasibility level, for the modernization of the airport. These analyses, started in 2014, will enable the definition and planning of the improvement and expansion work. Since 2011, Colombia's Rafael Nunez Airport, in Cartagena de Indias, has also been expanding and modernizing under Ineco's technical coordination and supervision. In recent years, Ineco has developed various consultancy studies, including the Master Plan. In 2016, work continued on the new Rescue and Firefighting Services (RFFS) building, also designed by Ineco, and on the extension of the runway.

In Europe, Ineco signed several contract renewals for the Galileo programme with the European Agency for Global Navigation Satellite Systems (GSA), while in Spain, it has continued to provide services to its shareholder customers, ENAIRE and Aena, and institutional customers, such as the State Agency of Air Safety (AESA) and the General Directorate of Civil Aviation.

Ineco carried out a number of projects for the AESA, including the inspection of airports such as Teruel or Ciudad Real (private), requested by the new owner; studies of associated risks and the presence of fauna in airport environments; the continued compliance control of aeronautical easements and different studies on the propagation of electromagnetic waves for radio navigation aids.

In 2016, Ineco completed work for the General Directorate of Civil Aviation (DGAC) to support the

preparation and processing of the Airport Regulation Document (DORA), which led to the adoption of the document by the Cabinet of Ministers on January 27, 2017. This is a far-reaching rule, since it establishes a new legal framework for the airport sector in Spain until 2021. Ineco also continued to provide the DGAC with support services for the development and implementation of urban plans, the development of a computer software tool and the processing of urgent expropriation dossiers.

In general, 2016 was a year of stability for the national airport business, during which, after Aena's IPO in 2015, the need to strengthen the regulatory and control mechanisms of the aeronautical authority with a network of partially privatized airports was proposed.

Some of the more important Aena projects included the technical assistance for the drafting of the project to provide the southern docking area of the passenger terminal building of the Barcelona-El Prat airport with more boarding gates for wide-body aircraft for non-Schengen flights; the adaptation of the Adolfo Suarez Madrid-Barajas airport to the new European regulations; the renovation and commissioning of the new Aena network; and the updating of the master plans of the airports of Palma de Mallorca, Tenerife South, Lanzarote, Fuerteventura, Burgos, Huesca-Pirineos, Jerez, La Gomera, La Palma, Logrono-Agoncillo and Melilla, as well as other studies, such as the functional design of the T1, T2 and T3 buildings of the Barajas airport.

As part of the work related to the implementation and monitoring of the energy efficiency and savings plan for Aena's airports, Ineco signed framework agreements in 2016 for the installation of energy efficient lighting at Madrid-Barajas, Palma de Mallorca, Alicante and Malaga, and the drafting of a photovoltaic plan for Fuerteventura, Lanzarote, Tenerife South and Gran Canaria.

Some of the more important work that Ineco did for non-institutional clients included the maintenance and development of Aena's web and intranet software, done

for Atos and Accenture, and radio interference studies for Airbus in its Getafe factory.

In the area of **air navigation in Spain**, Ineco continued to provide support in a multitude of projects for almost all ENAIRE units.

In the field of air traffic operations management, different options were evaluated to redesign the flows and sectors in the Barcelona air-control centres. Ineco participated in the analysis of potential improvements of the capacities of the airports in Madrid, Barcelona and Palma de Mallorca. Ineco also collaborated on the development of the application regulations for unmanned aircraft (RPAS) and unmanned balloon operations, including projects with the AESA, EASA, Eurocontrol and CANSO.

Regarding the development of the air navigation system, Ineco has been working jointly with MITRE (the main source of technical support from the FAA, the Federal Aviation Administration of the United States) to review the block area procedures at the Madrid Barajas Adolfo Suarez airport, as well as to calculate the runway capacity for the different proposed options.

As part of the airspace structuring and organization work, Ineco participated in the restructuring of the RNAV I departure and arrival manoeuvres at the Ibiza airport and the implementation of Performance-Based Navigation (PBN) systems in the airports in Vigo, Palma de Mallorca and Asturias.

In operational safety work, more than 50 safety studies were carried out in response to changes in the Air Navigation System, and audio-visual material was developed for the training and dissemination of the operational safety culture in the Air Traffic Management environment ("*Al otro lado de la frecuencia*" - "*On the other side of the frequency*" campaign) in the Canary Islands, Seville and Palma control centres, as well as in Valencia and Santiago. Training videos were prepared for TRM (Team Resource Management) in the five air traffic control centres in Spain and the airports in Malaga, Madrid and Barcelona.

Ineco also provided support to ENAIRE in the area of security, with 87 security programmes and evaluation of the risk levels in 102 air navigation facilities, including the Control Centres of Madrid, Barcelona, Palma de Mallorca, the Canary Islands and Seville.

In terms of aeronautical communications, Ineco participated in the commissioning of new VDL mode 2 frequencies at the Adolfo Suarez Madrid-Barajas airport to provide data-link services, and participated in the meetings of the Eurocontrol RAFT (Radio Frequency Function) group, which dealt with issues related to monitoring, management, planning, etc. of the radio frequencies of the CNS system.

Other projects in 2016 included more than 100 studies of the effects of radio installations, such as those done

in Barcelona to make the Renfe Cercanías access to the airport works compatible with the CNS systems. In addition, for the first time in Spain, ADS-B stations were installed at the Alicante and Granada airports.

Together with ENAIRE, and as part of the European SESAR programme (the "single sky"), Ineco contributed to the development of the first draft of a joint "road map" between Europe and the United States. Ineco was also involved in the definition and analysis of new innovative manoeuvres based on GNSS systems (SBAS and GBAS).

Other important projects include the drafting of the project for the deployment of the SIRA system in the Central-North and South Regions, as well as the different air-to-ground communications centres and control towers and the updating of the system wherever it has been deployed, such as in the Canary Islands, the East Region and the Balearic Islands.

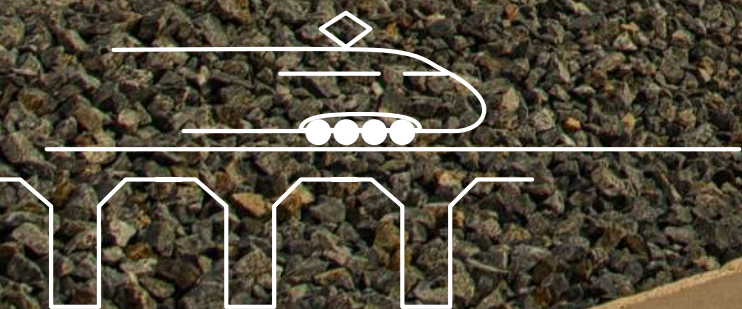
Finally, as part of the work to automate the air traffic control system, Ineco actively participated in the analysis, specification, testing and commissioning of the COMETA B SCV-IP and the SACTA version 3.Z5.60 Linux and AirGround Data Link (FANS/ATN) in the Canary Islands communications centres and the commissioning of the ICARO continuity and contingency system in the Barcelona communications centre.

For the next year, Ineco's challenges in the aeronautical area as a whole, in both airports and the navigation area, are to consolidate its presence in the most dynamic markets, such as in the Middle East. Also, in nearby markets, such as Spain and Europe, Ineco's challenges include strengthening links with strategic clients such as the European Agency for Global Navigation Satellite Systems (GSA), and shareholders and institutions, including them in innovative proposals and tools, such as BIM (Building Information Modelling) with new products and services.



RAILWAYS

Ineco carries railways in its genes. Rail continues to be the company's most important sector by volume and revenue, with average annual growth from 114 million euros in 2015 to 123 million euros in 2016. In Spain, Ineco works closely with Adif, Renfe and the Ministry of Public Works. Abroad, it works with countries such as the United Kingdom, Saudi Arabia, Egypt, Mexico, Peru, Colombia, Panama, Denmark, Iran, Malaysia and Turkey, among others.



Railway DNA

In 2016, Ineco continued developing railways both inside Spain and abroad, applying the expertise it has accumulated over more than four decades working with both conventional and high-speed networks: suburban transport, urban transport (metros, trams), regional, medium distance... etc. In addition, more and more countries are now considering high-speed lines, such as India and Egypt, or are already building them, such as the United Kingdom, with the HS2 London-Birmingham; Saudi Arabia, which is well along on the Haramain project; or Turkey, with the remodelling of conventional lines such as the Samsun-Kalin or the Ankara-Istanbul. And in addition to all of these, there is Spain, which is finalizing one of the world's most cutting-edge high-performance network that already includes almost 3,000 kilometres, the second largest after China.

In 2016, Ineco continued working in all of these countries, in planning, supervising, drafting projects or maintenance, as well as in all areas of technical railway knowledge. As it has always done, in 2016, Ineco provided its specialized services to its shareholder clients, Adif and Renfe, and collaborated with them on the development of the Spanish railway system. Spain is a territory that poses many technical challenges, with its difficult relief and different track gauges, which were overcome with innovative solutions such as the "third rail", automatic gauge change technology, etc. All of this work has generated an enormously valuable wealth of knowledge that Ineco applies not only to the national network, but to systems in other countries around the world.

The overall improvement of the global and national economies had a positive impact on the company's performance in the railway sector; with revenues increasing again in 2016 to over 123 million euros, compared to just over 114 million in 2015. Ineco also saw increases in contracts (just over 19%) and production (5.75%) compared to 2015, in an area that accounts for the bulk of the company's activity. In 2016, the railway sector represented almost 65% of the national portfolio and more than 48% of the international portfolio.

In 2016, Ineco worked on rail projects on four continents: In Europe, it continued working another year on the HS2 (High Speed Two), the high-speed line between London and Birmingham in the United Kingdom. Another important development was the company's entry into Denmark, where Ineco will prepare the operational scenarios for the commissioning of the ERTMS (European Rail Traffic Management System). Ineco will work for the Danish public company, Banedanmark (BDK), which is carrying out an ambitious programme to renovate the country's railway signalling. This contract joins the work already underway for the ERTMS deployment plan in Europe, carried out by ERA and the European Commission, which continued in 2016.

In Turkey, where the company has been supervising the high-speed tunnelling work on the Ankara-Istanbul conventional line (Inönü-Köseköy section) since 2011, a contract was signed to provide institutional advice and strengthen the Turkish rail system. In this country, positioned as a bridge between Europe and the East, Ineco, as part of a consortium, will supervise the rehabilitation work on the 377.8 km railroad between Samsun, on the shores of the Black Sea, and Kalin, in the centre of the country, until 2019.

On the Asian continent, work progressed on the Haramain High-Speed Rail line in Saudi Arabia, which Ineco has been working on since 2011 as part of the Spanish-Saudi consortium in charge of the second phase of the line. Work also continued on two feasibility studies for high-speed lines in India (one in the Delhi-Kolkata section and another between Bombay and Nagpur), which began in 2015. In Egypt, another study was carried out for the future high-speed corridor between the cities of Cairo and Luxor, with branches to Aswan and Hurghada on the Red Sea.

In Malaysia, Ineco is participating in an advisory contract for the implementation of a vertical separation model for the country's railways, working with other companies in charge of the infrastructure and the operation of the trains. In addition, a legal framework and various regulatory policies will be created in both the passenger and freight sectors. In Iran, the company will work on the electrification of the line between Tehran and Mashad, as part of a consortium. The contract includes two main tasks: the design and drafting of specifications for 18 months, and a second task of monitoring the work for 24 months.

In Latin America, Ineco is conducting the Independent Safety Assessment (ISA) of Panama's L1 and L2 Metro lines for the Alstom company. Work will be completed in 2019. Another Metro under expansion is in Mexico



City, specifically Line 12, which will be extended by a new 4.6-kilometre section with three new stations. Ineco, through its subsidiary, Inecomex, and with a local partner, will manage the expansion project until 2018. In Peru, the pre-investment study for the Central Bi-Oceanic Railway Corridor began. This is a macro-project to connect Peru and Brazil through Bolivia, which would allow goods to be transported over 4,000 kilometres. In 2016, Ineco also supervised the rolling stock for the Metro de Medellín (20 CAF trains) in Colombia. In Brazil, for SP Metrô, Ineco also supervised the manufacture and commissioning of 26 new trains for Line 5-Lilas, which will be extended 11.4 km and include 11 stations.

In Spain, the company continued to provide its services to Renfe, the railway operator; and Adif, the railway infrastructure administrator, for the projects and works to improve or construct, as well as maintain, both conventional and high-speed networks.

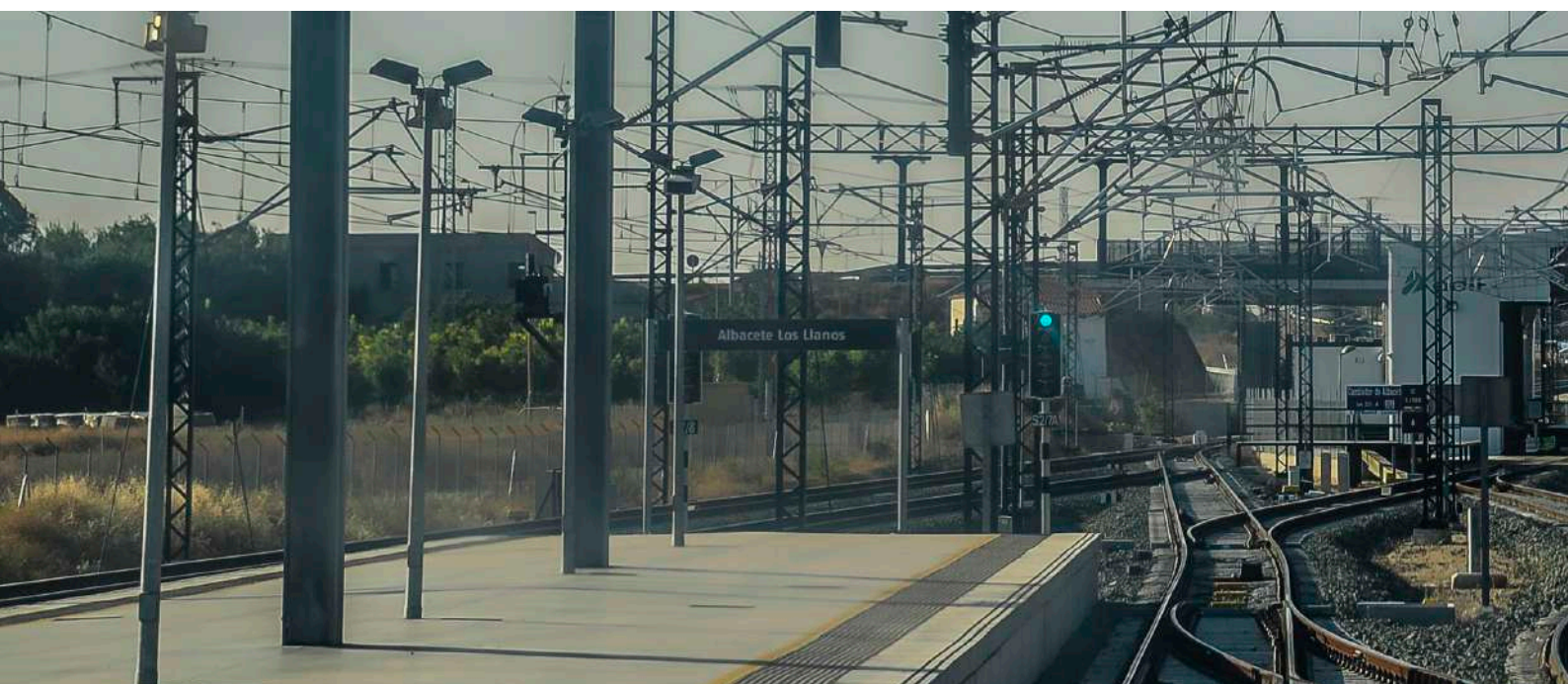
In terms of project drafting, it is worth mentioning the participation (in the area of civil engineering) in the design of the new Ourense station; the informative study of the Palencia-Alar del Rey stretch of the Cantabria line and a project for several interventions in the Chamartín station. In addition, Ineco provided support services to Adif for the construction, supply logistics and design of all new high-speed lines (Galicia, Basque Country, Extremadura, Cantabria, etc.) and related work, such as gauge changeover railway yards, etc.

Also, in railway installations, Ineco worked to develop signalling projects, systems for detecting and protecting trains through the ERTMS system, fixed and mobile

GSM-R telecommunications systems and centralized traffic control centres for all types of lines, as well as security installations on stretches of the conventional network. Ineco also worked to define the necessary tasks for the general energy supply and distribution network to the different consumers (those on the lines as well as those related to the previous installations), the construction of technical buildings and civil protection and security systems: video surveillance, access control, anti-intrusion, and civil protection in tunnels. In terms of energy, the company continued working on energy-calculation projects, electric traction substations, overhead contact lines and remote power controls for both high-speed and conventional networks. In all these areas, Ineco provided technical assistance services for the supervision of the work, as in the case of the Astigarraga-Irun section, or on the high-speed line to Extremadura.

In 2016, Ineco also continued to provide Adif with technical project management and environmental management services on both the conventional and high-speed networks. Due to its technical complexity, it is worth mentioning the collaboration on the implementation of the “third rail” both on the Mediterranean Corridor and in other projects. Also, during the past year, Ineco continued to provide technical assistance for renovations of conventional lines, such as the Almoraima-Algeciras stretch, the San Roque station, the Torrelavega-Santander stretch, etc.

In the maintenance field, which is vital to ensure operability and the safety of the railway traffic, the company worked in all lines of service. In 2016, some of the more important included the Sevilla-Cádiz section, in addition to the manoeuvrability services and maintenance work



performed on the gauge changeover. Other notable work included the supervision of the Operations Control Centre (OCC) facilities of Atocha, Zaragoza and Albacete, and the management of the latter's remote energy control service. Ineco also provided technical assistance in the design and deployment of every high-speed line Operations Control Centre (OCC) that have been put into service to date.

Another area where the company is leading the sector is the mandatory testing and certification processes prior to the commissioning of newly constructed or remodelled lines. In Spain, Ineco was a pioneer in obtaining ENAC certification as an Independent Safety Assessor. In 2016, Ineco carried out a multitude of these jobs, including Independent Safety Assessments, which are mandatory according to Order FOM/167/2015 of February 6, 2015. These included the commissioning of standard gauge in the Nules variant in the Mediterranean Corridor; the Rio Duero-Valladolid stretch, Phase 0, and the Medina del Campo High-speed station, Phase I.

At the same time, another significant service was the collaboration with the railway infrastructure administrator on the implementation of the new Circulation Regulations, and specifically, the new criteria for the installation of speed limit signs and fixed indicator signals.

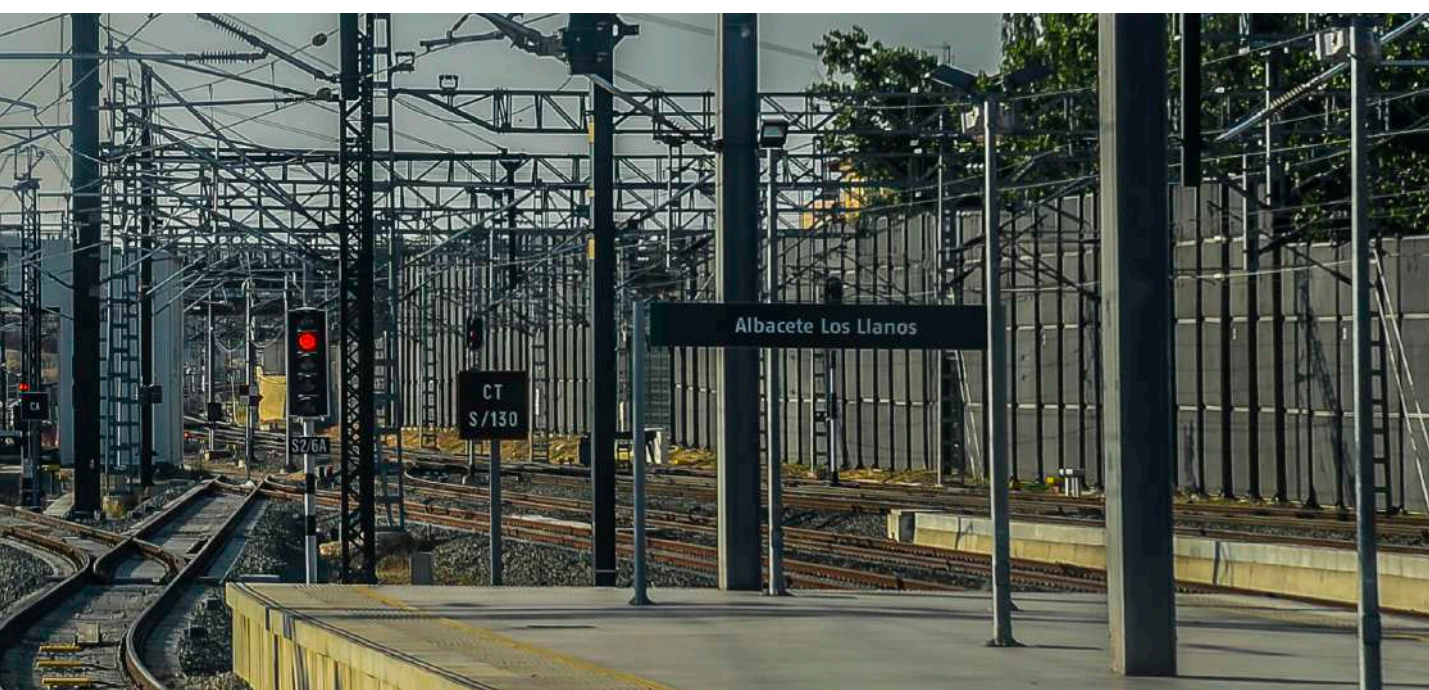
Ineco worked on more than 68 projects in 2016 for railway operator Renfe, including the support for the 2015-2017 Improvement Plan for 72 Cercanías (commuter) stations, the collaboration in the international request for tenders for the purchase of a new generation of high-speed trains and the development of Information and Communication Technologies related to railway operation.

In addition, the company also provided services to the Ministry of Public Works on almost 50 projects, both in terms of safety and infrastructure planning.

Finally, in 2016, Ineco also developed more than 140 projects, especially as an Independent Safety Assessor for various local and regional administrations and other non-shareholders, such as Grand Canary Railways, Government of Catalonia Railways, the Metros of Madrid, Barcelona and Malaga, and private companies, especially technology companies.

The main challenges in the railway sector for 2017 are, at the national level, to continue collaborating with Adif and Renfe on improving and renovating the conventional network infrastructure (Cercanías, the implementation of the third rail in the Mediterranean Corridor and Astigarraga-Irun, Catalonia's 306 Plan) and in the completion of high-speed works that are underway (Antequera-Granada, the Basque "Y", lines to Extremadura, Galicia, Cantabria, access to Asturias, etc.). Abroad, the challenges are to complete and expand on ongoing projects: the HS2, Haramain, etc-and to participate in other new projects, with special emphasis on the Middle East and Southeast Asia.

Staying on the cutting edge of technology is another inescapable goal for Ineco in the next year and the years to come: use of BIM, laser-scanner studies in tunnels, modelling the aerodynamic effects in tunnels, line gauge studies to be able to work with different rail freight operators, Mobile Mapper systems for recording linear infrastructures, drone work, collaboration on integrated transport systems, smart cities, mobile applications...



INTERMODAL AND ROADS

Ineco is working on a variety of intermodal projects for its clients that cover diverse tasks and objectives: architecture, sustainability and the environment, urban mobility, ports and information technologies (IT). The area also includes roads with projects in the Spanish network, as well as other countries such as Mexico, Brazil and Argentina. During 2016, Ineco also worked for Malta, Croatia, Colombia, Costa Rica, Ecuador, Peru and Oman, with a positive year-on-year increase in revenue for the third consecutive year, growing from 26.4 million euros in 2015 to 33.8 million in 2016.



For smart mobility

In today's global world, the interconnection between modes of transport is vital to ensure the effectiveness of transport systems, where urban and interurban roads play a key role in the mobility of people and goods. These systems must also be properly planned to optimize the large investments required and to anticipate increases in demand. Ineco's teams, made up of professionals from a variety of fields, have been carrying out this work for years, drafting studies and different multimodal projects and plans, using (and even developing ad hoc) the most advanced technological tools. This multidisciplinary knowledge also applies to a wide variety of work, from building construction to environmental studies, to the development of digital solutions, which include, among others, those related to "smart cities".

Ineco's intermodal and roads area covers all these fields of activity, showing a positive balance: in 2016, revenue grew for the third consecutive year, from 26.4 million euros in 2015 to 33.8 million in 2016. The growth was also seen as a percentage of the company's portfolio, accounting for 27.3% of the national portfolio and 34.9% of the international portfolio, compared to 21.8% and 21.2%, respectively, in 2015.

Some of the more important international projects related to planning included the transport models developed for Malta and Croatia. In Malta, the transport authority opened a request for tenders in 2014 that was won by a consortium made up of Ineco, an Italian company and a Maltese company. The consortium developed a model using the specialized CUBE software, on which the National Strategy and the 2025 Transport Master Plan were based, which included the analysis of all modes of transport in different scenarios. On the other hand, Croatia, after joining the European Union in 2013, decided to revise and update its long-term transport strategy, which dated back to 1999. To this end, it commissioned an international consortium of five companies to develop its National Transportation Model, with the aim of accompanying and supporting the formulation of the new Croatian Transport Development Strategy. Work began in 2014 and the model was developed over the next 24 months.

On the other side of the Atlantic, Ineco signed a contract with the Inter-American Development Bank to manage the Infrastructure and Transport Programme (PIT) in Costa Rica, a country where Ineco has already completed several projects, including the National Transportation Plan. Another country where the company has been working for some time is Peru, where in 2016, a new project was launched: the pre-investment study for the Central Bi-oceanic Railway Corridor. It is a proposal to connect the country with Brazil via Bolivia



over a 4,000-kilometre route, and to promote the transportation of goods to the ports.

Meanwhile, in Spain, work continued on the Transport and Logistics Observatory in Spain for the Ministry of Public Works, which included the preparation of the annual report, maintenance and improvement of the database, etc.

In the area of urban transport, in 2016, Ineco successfully concluded the preparation of the Strategic Bus Transportation Plan in Oman for the Mwasalat public transport operator, which led to a reorganization of the main land transport system in the Sultanate.

At the same time, in the field of the environment, Ineco recently expanded its activity to include waste management, with jobs such as the Waste Management Plan of Quito, with a horizon of 2025, and the Panama Waste Management Plan, on which Ineco has been working for the past year. This plan will establish the guidelines, objectives and main lines of action for the sustainable management of urban solid waste throughout the country. To this end, the existing constraints were analysed and the actions necessary to solve the current and future problems of waste management were defined. The time horizon of the Plan is 10 years. In Spain, Ineco collaborated with the Ministry of Agriculture, Food and the Environment on projects for the protection of bird wildlife on high-voltage power lines.

Ports and their connections to land transport networks were another area of the company's intermodal activity in 2016. In Spain, Ineco continued to collaborate with the public agency Puertos del Estado on the development of the new port services specifications and on the process of renewing the concessions. With the Port Authority of Valencia, Ineco began providing technical assistance for the work to increase draft at the Levante Quay. In addition, it continued to collaborate with some port authorities on the development of CEF European aid applications, and to provide assessment services on railway matters, technical assistance and coordination on health and safety services.

As part of its intermodal work, Ineco also develops building and architectural projects. In 2016, it continued its collaboration with the Directorate General of Architecture, Housing and Land of the Ministry of Public Works. For the Ministry of Foreign Affairs and Cooperation, Ineco finalized the inspections and reviews of 66 properties owned in 17 countries throughout America and also began work on the construction management and the safety and health coordination for the rehabilitation of the ministry's future headquarters, located in the Plaza del Marques de Salamanca in the centre of Madrid. In terms of international work, we can mention Ineco's participation in two supervision contracts related to the construction of educational infrastructures in Colombia.

As for the information and communications technology sector, in 2016, Ineco began two projects: the technical modernization of the Justice Administration and for the Ministry of Finance, the support for shared services for communications with the central Administration. Also, during this past year, Ineco continued to collaborate with the Postal Service on the creation of a software tool to manage the vehicle fleet; and support was provided to IDAE (Institute for Energy Diversification and Savings) to manage municipal aid programmes for low-carbon-emissions projects. Ineco also expanded its intermodal work in smart cities, and in 2016, began to coordinate the smart city initiatives in Spain, their modernization and national and international dissemination for the Ministry of Energy, Tourism and Digital Agenda.

As for the area of roads and interurban road infrastructure in general, in 2016, we can highlight one new project and the continuation of two others already underway: in Argentina, the construction inspection contract was signed for work on Section B of the Paseo del Bajo in Buenos Aires, which will transfer some of the traffic around the Palacio Rosado through a tunnel, and will become an emblematic project for the Argentine capital.

In Brazil, Ineco expanded its participation in coordinating the final works on the Rodoanel Mario Covas, the Sao Paulo city bypass. Since 2012, the company has been coordinating the complex work of the final North Section, which has seven tunnels and eleven bridges





and viaducts in just 44 kilometres, an ambitious project financed by the Inter-American Development Bank.

In Mexico, Ineco continued its work as administrator-supervisor of the Guadalajara-Colima road concession for the fifth consecutive year. This project spans 148 kilometres in a 17-year contract that Ineco was awarded in 2011 as the head of a Spanish-Mexican consortium.

In Spain, the company continued to provide support to the Directorate General of Roads of the Ministry of Public Works, mainly for the renovation and improvement of Spain's extensive road network. For example, in drafting projects, one of the highlights was the completion of the work on the remodelling of the M-40 link with the A-6 in Madrid. Also, the work which began between 2014 and 2015 continued, and work on the remodelling of the A-55 in the section of the Avenida de Madrid in Vigo was started, in addition to improvements to the capacity and environmental integration of the AC-11 on the Avenida de Alfonso Molina in A Coruña. In addition, Ineco provided control and monitoring, safety and health coordination and environmental monitoring services for more than 15 construction projects for new sections.

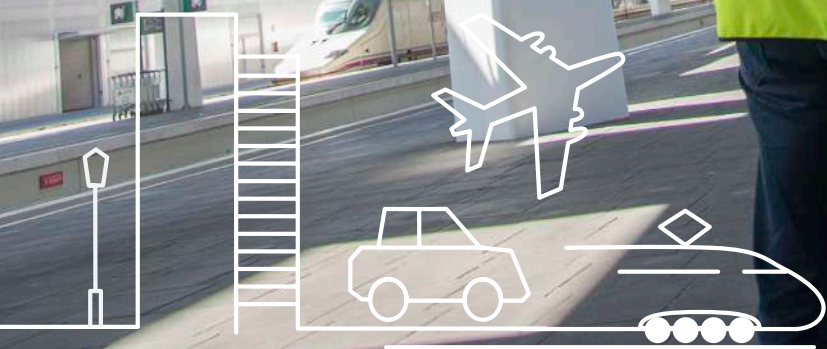
In 2016, road tunnel work was especially important. Ineco continued to monitor the operation of the national network and provided advice on road lighting. Of particular note was the start of work on the plan for adapting the tunnels of the National Road Network to Spanish Royal Decree 635/2006, on the minimum safety requirements. Among other works, the plan includes the drafting of 22 projects, including actions in almost 100 tunnels.

On the other hand, in 2016, work also continued on the Public Procurement of Innovative Solutions (PPI), which was already underway. This is a new procurement procedure that the Ministry of Public Works, with Ineco's support, has decided to apply to find a solution to the problem of persistent fog on a section of the A-8 highway in Mondoñedo (Lugo). The PPI consists of seeking alternative solutions to those currently on the market, replacing the usual requirements (price, minimum risk) with a policy to support private innovation that enhances R&D.

With regard to 2017, the challenges for the Intermodal and Roads area are, on the one hand, to expand, continue and successfully conclude the work in progress in Spain, and on the other, to promote the delivery of products and services that present a growing demand, such as IT and architecture services. Internationally, in 2017, the objective is to participate in some major planning projects, such as Qatar's Transport Master Plan.

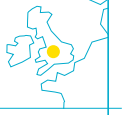
PROJECTS IN FOCUS

In 2016, Ineco signed its first contract in Panama. Another new development was the project supervision contract for the new airport in Mexico City, one of the largest airport projects in the world. Throughout the year, the company also worked for Costa Rica, Samoa, Egypt and Turkey, as well as in Spain -with special relevance in the railway sector- and on large projects in progress that were started in prior years, such as the high-speed lines in Saudi Arabia and the United Kingdom, airport expansions in the Middle East and the deployment of ERTMS in Europe, among others.



proyecto

United Kingdom



HS2: London-Birmingham high-speed line

The United Kingdom's second high-speed line (the first being the HSI line that connects to France) continues to advance towards commissioning, which is scheduled for 2026. Ineco is working with a British consulting firm on the North section of phase one, which will link London and Birmingham starting in 2026. In addition, in October 2016, Ineco and its partners were awarded one of the three contracts for phase two.

Since 2012, Ineco has been working in the United Kingdom on phase one of the HS2 line between London and Birmingham, participating in the preliminary design of a section with the British company Capita. The first phase of 225 kilometres is expected to begin operation by 2026. HS2 will have a high-speed network with the latest technology: trains up to 400 metres long, carrying a thousand passengers, and travelling at speeds close to 400 km/h, taking thousands of people from the North, Centre and South of the United Kingdom with faster travel times, smart ticketing systems and other optimal comfort levels. During phase one, a total of 14 trains per hour will run in each direction.

In 2016, the main work carried out for this first phase included the close out of the so-called "Additional Provision 5" or AP5, and the finalization of the ERD (Engineering Reference Design) which served as the basis for ECI (Early Contractor Involvement), as well as the Final Preliminary Design. Work associated with the close out was also done to have the information ready to be handed over to the next designer, who will be in

charge of the detailed design, including quality, audits, certifications, etc.

This past year, Ineco has also been working on the tender process for preliminary design work and the environmental impact study of phase two of the HS2, which will link Birmingham, Manchester, and Leeds. In October 2016, together with its British partners, Ineco presented its proposal to bid for the three lots of phase 2.



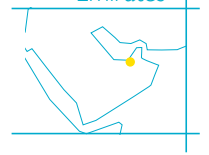
**Length of Phase I.
London-Birmingham:
220 km**

**Maximum design speed:
400 km/h**

**Maximum commercial
speed: 360 km/h**

**Expected date of
completion: 2026**





Airport expansions: ORAT at the new Abu Dhabi terminal and project management for the Fujairah expansion

Throughout 2016, Ineco has worked on the expansions of two airports in the United Arab Emirates, which are growing to cope with the increased air traffic in the region: Ineco has been providing the operational readiness and airport transfer (ORAT) services since 2014, and comprehensive project management on the expansion of the airport in the city of Fujairah, which will soon have a new runway and control tower, among other installations and equipment.

In 2015, passenger traffic at Abu Dhabi International Airport grew by 17.2%. In 2012, to deal with this intense growth, the airport manager, Abu Dhabi Airports, began promoting the construction of a new terminal, called MTC (Midfield Terminal Complex). When it is completed in 2019, it will accommodate more than 30 million passengers, occupy 700,000 m², have 65 aircraft parking spaces, 3,000 new parking spaces for cars, and a baggage handling system capable of processing 19,000 bags an hour.

In 2014, Ineco, together with Aena, was awarded the contract to take over the Operational Readiness and Airport Transfer (ORAT) services of this enormous infrastructure, thanks to more than a decade of experience in over 20 Spanish airports. The ORAT services consist of the preparation of the schedule and Concept of Operations, CONOPS and the new model for operation and maintenance. Ineco has already developed the concept of the Airport Management Centre (CGA) and works on the identification of the human and material resource requirements, allocation of spaces, design of different types of tests, familiarization of the staff and the planning of the transfer to the new facilities.

In addition, Fujairah airport, also in the United Arab Emirates, has commissioned an expansion plan, as it expects to triple its number of operations over the next ten years. In 2015, Ineco and its partner were awarded comprehensive management of the project and supervision of the work, which included construction of the new air traffic control tower, expansion of the existing runway, construction of a new runway for contingencies, as well as new rapid exit taxiways. In addition, the beacon and weather systems will be completely upgraded, a new power station and substations will be built, and the existing CNS systems (ILS, DVOR) will be improved. The company had already been part of the planning phase, with the development of the CONOPS.

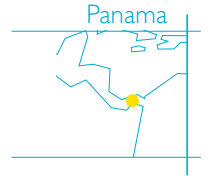


ORAT for the new Abu Dhabi airport terminal: 700,000 m² terminal and capacity for 30 million passengers annually

Expansion of the Fujairah airport: new contingency runway, 3,050 x 45 metres, extension of existing runway by 700 metres and a new 57.5-metre control tower



Panama's National Integrated Waste Management Plan



Ineco has been working throughout 2016 on a strategic plan commissioned by the Panamanian Government for the national management of solid urban waste. The goal is to design the waste-collection, treatment and disposal strategy, and to propose a new framework of regulations and attribution of functions, all within a time frame of 10 years.

Ineco has spent the past year working on the Panama Waste Management Plan, which will establish the guidelines, objectives and main lines of action for the sustainable management of urban solid waste throughout the country. Ineco has analysed the current conditions and defined the actions necessary to solve the current and future waste management problems. The time frame for the Plan is 10 years.

It is structured in two large blocks: planning the national waste management strategy and complementary actions. The first block includes the design and implementation of the "socialisation process", which includes the opinions and views of stakeholders, the proposal and selection of the most appropriate waste management model, a proposal for a National Comprehensive Waste Management Plan and a proposal for the future Waste Sector Law, as well as the new framework of attribution of functions.

The complementary actions include support in preparing the technical documentation for tender procedures for conditioning, rehabilitation, closure and sealing of 62

landfills around the country; the validation of previous waste studies to include their conclusions in the Plan; the management and optimization of the Panama City collection routes, and a proposal to remodel the capital city's main landfill, Cerro Patacón, including new access roads and a biogas plant.



10 year time frame

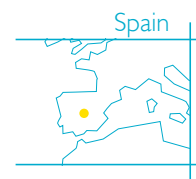
Rehabilitation, closure and sealing of 62 landfills around the country

Management and optimization of the 124 waste collection routes in Panama City

90,918 collection points detected



Air navigation: upgrading of the SACTA, ICARO and COMETA systems and airspace simulations



Ineco has been working for ENAIRE for more than 30 years, modernizing and improving air navigation in Spain. In 2016, among other projects, there was the operational implementation of the new versions of the Air Traffic Management Systems (SACTA and ICARO) and ACC voice communications systems for air traffic control. Ineco has also begun to develop simulations of future airspace organization models, a task that will continue for the next five years.

The air traffic control systems (SACTA and ICARO) and the ACC voice-communication system (COMETA) provide all the aeronautical information necessary to control air traffic in Spain and they are constantly being updated. Since the 1990s, Ineco has been involved in developing and implementing new versions in Spain's airports and control centres. In 2016, Ineco continued to support ENAIRE's Automation division, collaborating on the specification, testing and commissioning of the new SACTA version 3.Z5.60 at the Canary Islands Air Control Centre (ACC) and the new SACTA functions, such as the Arrival Manager and CDM in Palma de Mallorca. Together with ENAIRE, Ineco has also been involved in the verification and commissioning tests of the SCV-IP COMETA B at the Canary Islands ACC.

The ICARO (Integrated COM/AIS/AIP & Reporting Office Automated System) system integrates the automated management of the aeronautical information generated in Spain and received from the rest of the world, the flight plan and slot messages from Spanish airports, and the weather information from the State Meteorological Agency (AEMET). In 2016, Ineco collaborated on the commissioning of new versions that implement the regulatory changes derived from the Network Manager and on the relocation of its two system architectures, a security measure in case of a disaster at the main node.

Also in 2016, the company began a new project for ENAIRE, which will continue for the next five years, to develop and simulate future airspace organization models. The work involves collaboration with a US company that provides technical support to the FAA (Federal Aviation Administration) to restructure the airspace in a more efficient way, analysing the route sectors and TMA in the terminal areas of Madrid, Barcelona and the Bay of Biscay.

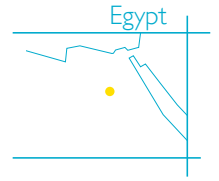
The work includes improving runway capacity and minimizing noise for the area around the Madrid-Barajas Adolfo Suarez, Malaga and Barcelona-El Prat airports. Ineco is also assisting in the integration of RPAS (Remotely Piloted Aircraft Systems) operations in Spanish airspace in the Flight Information Regions (FIR) managed by Spain. In 2016, Ineco worked with the Madrid-Barajas airport to start the quantitative security analysis of the airport's north and south flows and to update the capacity model.



More than 30 years' experience updating air traffic control systems

Working on new airspace organization models for the next five years

Feasibility study of the Cairo-Luxor high-speed line



In 2016, Ineco completed a feasibility study for the Egyptian government for what will be, in 2026, the country's first high-speed line. The study covered more than a thousand kilometres of network that would connect the capital, Cairo, to Luxor, and from there, to Aswan and Hurghada, on the shores of the Red Sea, all at more than 230 kilometres an hour.

Egypt is the most populous country in the Arab world, with more than 90 million people (according to United Nations data for 2016). It is currently in the process of modernizing and improving its railroad, which was the first to be built in Africa, mostly in the second half of the nineteenth century. High-speed rail will transform Egyptian rail transportation.

The government is studying two major corridors linking Cairo with the city of Alexandria to the north, and to the south and the coast of the Red Sea, to the east, by the axis Luxor-Aswan. The Ineco study focuses on this second corridor, which will total approximately 1,087 kilometres with six stations: Cairo-6th of October, Minya, Asyut, Luxor, Aswan and Hurghada. It will have a maximum commercial speed of 240 km/h between Cairo and Luxor.

According to the demand study, which included three possible scenarios all linked to the evolution of international tourism, Ineco proposed the development of the corridor in different stages over a period of 15 years. Phase one would include the 650-kilometre section between Cairo and Luxor, which would be put into service in 2026. Luxor-Aswan would begin operation in 2031, and the Hurghada branch in 2036.

The feasibility study was carried out in four major phases. The first analysed the current situation and especially the mobility of the corridor, identifying the main constraints for the design of the new infrastructure. Phase two studied alternatives at a scale of 1:50,000, along with a multi-criteria analysis to evaluate the advantages and disadvantages of each one. Once the optimal alternative had been identified, a more detailed design was developed in phase three, at a 1:25,000 scale. This design included the estimated future demand and the corresponding operating plans, with the recommended types of rolling stock. Finally, in phase four, the study evaluated the necessary investments and operating and maintenance costs of the system. It also looked at income, in addition to an analysis of the country's

macroeconomic and institutional framework and a proposal for a management model for the high-speed system.



Total length: 1,087 km

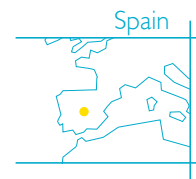
Cairo-6th of October, Minya, Asyut, Luxor, Aswan and Hurghada

Maximum commercial speed: 240 km/h

Commissioning of first section: 2026



Plan to improve accessibility of commuter stations



Spanish legislation guarantees that all users, regardless of their degree of mobility, must be able to access and use public transport without barriers. Renfe and Adif, with the support of Ineco, have been working towards this goal for many years. Since 2015, an Accessibility Improvement Plan has been in place in commuter stations (Cercanías), including the installation of elevators, ramps and flooring, among other work. In 2016, the company continued to provide drafting plans and construction management services for these projects in stations throughout Spain.

The Spanish Constitution and legislation establish and develop the principles of liberty, equality, participation and care for people with disabilities, as well as care for those with temporary or permanent reduced mobility for various reasons. Standards, such as Spanish Royal Decree 1544/2007, of 23 November; focus specifically on transport, stating that railway stations must be accessible at all essential points: ticket sales, information, toilets, cafeteria and platforms. Both the railway infrastructure manager, Adif, and the operator, Renfe, have been working for years to adapt stations to the current accessibility regulations, particularly in the Cercanías commuter rail stations.

In 2014, Renfe approved its 2014-2015 Station Improvement Plan, which includes the upgrading of 109 individual stations, plus 13 projects grouped into multi-core stations. In 2015, Renfe Viajeros signed a 36-month Framework Agreement with Ineco to carry out work to improve accessibility in the Cercanías stations throughout Spain: 28 in Catalonia, 15 in Madrid, 7 in Bilbao, 6 in Valencia, 4 in Cantabria, 3 in Murcia, 3 in San Sebastian and Malaga, 2 in Asturias and 1 in Cadiz. The agreement stipulates that Ineco's services include the drafting of construction projects in 38 stations, project management for 59 specific stations (including the first 38), in addition to other projects and management in other stations to be named.

The main types of upgrades include: the installation of escalators; elevators linking to underpasses or walkways over the tracks; adapting stairs to the widths and flights established in the standards; lighting improvements; renovation of slippery flooring; raising or adapting the height of the edge of the platform and the inclusion of signalling strips and platform edge pieces in accordance with the Royal Decree; changing awnings, etc.

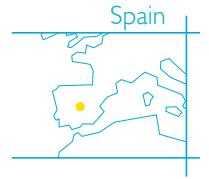
In recent years, Ineco has been very actively involved with Adif and Renfe in both improvement and accessibility projects. Specifically, in 2016, under the Framework Agreement with Renfe, Ineco completed 35 projects (16 in Barcelona, 5 in Valencia and others in Bilbao, 4 in Madrid, 2 in San Sebastian and Murcia/Alicante and 1 in Malaga) and 30 management projects (13 in Barcelona, 7 in Madrid, 2 in Santander, Bilbao and Malaga and 1 in Asturias, San Sebastian, Valencia and Seville).



36-month Framework Agreement (until 2018)

35 projects completed in 2016

30 management projects



Information Technology: modernization of the Ministry of Justice and coordination of smart cities

Ineco is working with Spain's General National Administration to apply new information technologies. In 2016, there were two noteworthy projects: collaborating on the National Plan for Smart Cities, which is part of the Digital Agenda for Spain, and providing services to the Sub-Directorate General of the Spanish Ministry of Justice to develop its technological upgrade plan.

For a number of years, the General Secretariat of Spain's Justice Administration has been implementing structural reforms to allow it to carry out its work more efficiently through different specific programs. Therefore, in 2016, Ineco began providing different services related to information technologies and coordinating this work with other administrations. Ineco's work has defined, developed and, in some cases, implemented the technological tools necessary to move forward in this modernization process.

The Sub-Directorate General for New Technologies in Justice (SGNTJ) is in charge of the work, which has been

divided into two parts: support for electronic judicial administration and other actions, and management of the development factory. Work on the project includes: the overall coordination services, the development of a project office and technical offices, digitalization and cataloguing of records, IT governance consultancy, systems engineering for the establishment of a development factory, business architecture consulting for IT governance and the operation of administrative record databases to support the judicial work.

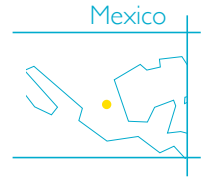
Also in 2016, Ineco began an 18-month collaboration with the State Secretariat for the Information Society and Digital Agenda in the coordination of public and private smart-city initiatives, as well as the modelling and national and international dissemination of the initiatives. The work includes support for standardization tasks, promotion of the interoperability of city platforms through the creation of a virtual laboratory, technological advice and support for communications and the national and international dissemination of on-going initiatives. Ineco has also coordinated Spain's participation in the EIP-SCC (European Innovation Partnership on Smart Cities and Communities), leading the monitoring of European work groups and participating in three trade missions.



Digitalization of Justice:
2 types of work:
support for electronic judicial administration and management of a development factory

18-month collaboration in the promotion of the national plan and dissemination of the national smart city model

New International Airport in Mexico City



The New International Airport in Mexico City will be able to serve 125 million passengers, more than triple its current traffic, in what will be one of the world's most important airport projects. Ineco will participate in the supervision of the work as part of an international consortium.

The supervision of the work on this huge airport terminal will be carried out by an international consortium which includes Ineco, another Spanish firm, an American partner and a Mexican partner. Constructed on the bed of what used to be Lake Texcoco, the new NAICM airport will have up to six runways with triple simultaneous operation, with a capacity of 170 operations/hour. The new facilities will include a multi-level terminal building with approximately 743,000 m² which will be expanded with the addition of a new terminal in the future.

The contract, awarded in September 2016, includes the technical and administrative supervision of the construction of the new terminal building, the new airport's 90-metre control tower, an intermodal land transport centre covering approximately 130,000 m² and the main land access, about 6 km long. The architects, Fernando Romero and Foster+Partners, designed the terminal building and the control tower, inspired by Mexico's national traditions and symbols, such as the eagle and the snake.

The government of the Republic of Mexico will invest 8.5 billion euros in the first stage of the project. The new airport will be a short distance from the existing one and will cover 5,000 hectares to the east of Mexico City. In stage one, the airport will be able to receive up to 68 million passengers annually, which will increase to 125 million passengers upon completion, more than triple the capacity of the existing airport. It will have 95 contact positions to access aircraft from the terminal building and 68 remote boarding gates. Access will be guaranteed through the construction of a brand new network of motorways and an intermodal transport centre.



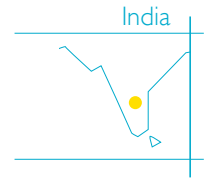
**Maximum capacity:
125 million passengers
annually**

Total area: 5,000 hectares

Main terminal: 743,000 m²



Feasibility study of the high-speed railway line between New Delhi and Kolkata



The government of the Republic of India has given a consortium headed by Ineco the project of the new high speed railway corridor between New Delhi and Kolkata. Since 2015, a team of engineers and experts has been working on the feasibility study of this new line.

After years of postponed initiatives, the government of the Republic of India, led by the Prime Minister Narendra Modi, has taken the final step for the implementation of the high speed network between the four biggest cities in the country: New Delhi, Kolkata, Bombay and Chennai. For the tendering procedure of the high speed study between New Delhi and Kolkata, Ineco has competed with several international consortiums and has had the commercial cooperation of the "Spain Business Overseas" office in India.

The project is part of the "Diamond Quadrilateral Program", an ambitious development program for the

high speed railway in India which the new government set up in the summer of 2015. This is a rhombus made up of the cities of New Delhi, Kolkata, Bombay and Chennai, separated from each other by more than 1,000 km in distance.

The study, awarded to the Ineco-led consortium by the state company High Speed Rail Corporation of India Ltd. (HSRC), includes: demand studies; prior analysis of alignment alternatives; calculation of journey times; selection of the railway technology to be implemented (gauge, superstructure, electrification, communications and safety installations, etc.); necessary special works; restoration and resettlement of affected populated areas; environmental analysis; rolling stock and operation and maintenance.

Lastly, an economic-financial analysis will be carried out, which will be used to determine the feasibility of the new line as well as the most adequate method of funding. The amount awarded to the consortium is over two million euros and the works will be finished mid 2017.

**Two large cities:
New Delhi and Kolkata**

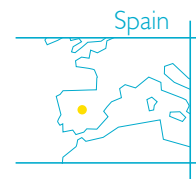
**Population served:
31 million inhabitants**

Length: 1,500 km

Speed: more than 250 km/h



Plan for adapting the road tunnels to current safety regulations



Road tunnels must verify compliance with the European safety regulations, which were transposed into Spanish legislation in 2006 through a Royal Decree. There are currently 348 tunnels in the State Road Network (RCE), 278 of which are slated to be upgraded to comply with the new requirements. In 2016, Ineco began working with the General Directorate of Roads (DGC) of the Ministry of Public Works to define and implement the Adaptation Plan that involves the drafting of 43 large projects, with the company responsible for 22 of these.

In 2006, Spanish legislation transposed European Directive 2004/54/EC on the minimum tunnel safety requirements of the Trans-European Road Network by means of Spanish Royal Decree 635/2006. The European requirement limited the scope of these measures to the tunnels of this network longer than 500 metres, and established a deadline of April 30, 2019 for their adaptation. However, Spain extended the requirements to all of the tunnels in the State Road Network, extending the deadline to December 31, 2019.

An Adaptation Plan was defined, initially affecting 278 of the 298 road tunnels directly managed by the General Directorate of Roads (DGC, in Spanish). The State Road Network has 348 tunnels, 50 of which belong to the Toll

Highways Network, which is responsible for adapting its own tunnels to the current regulations.

In 2016, Ineco began to provide support in the planning of the upgrades and will draft 22 of the 43 construction projects of the Plan. The company will work on 101 tunnels (168 tubes) out of a total of 278, accounting for about 109 km, or approximately half the length of all tunnels managed by the DGC.

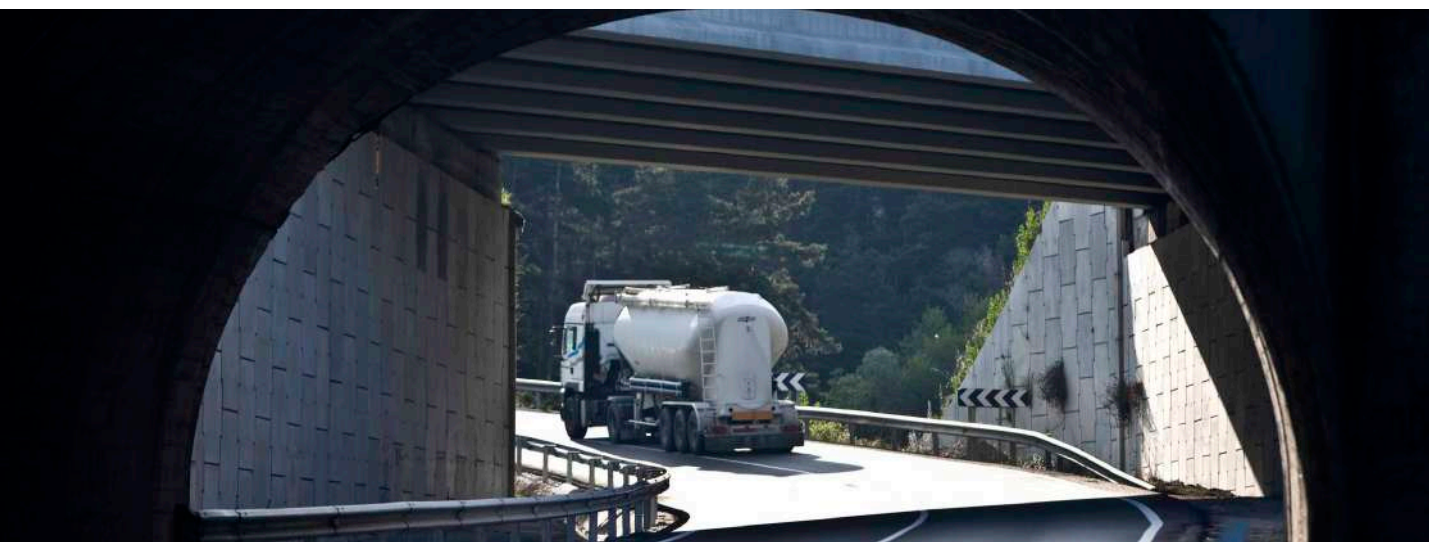
Ineco will also collaborate on the preparation of the tender documents for the drafting of projects not included above, and will monitor the Plan's economic and deadline objectives. During the past year, the work, which will last three and a half years (42 months) focused on planning, starting the drafting of some projects and the preparation of the necessary tender documentation.



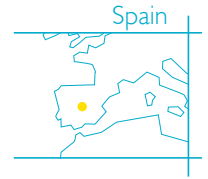
Adaptation of 101 road tunnels

Drafting of 22 large projects

42 months of work



Maintenance of gauge changeover systems on high-speed lines



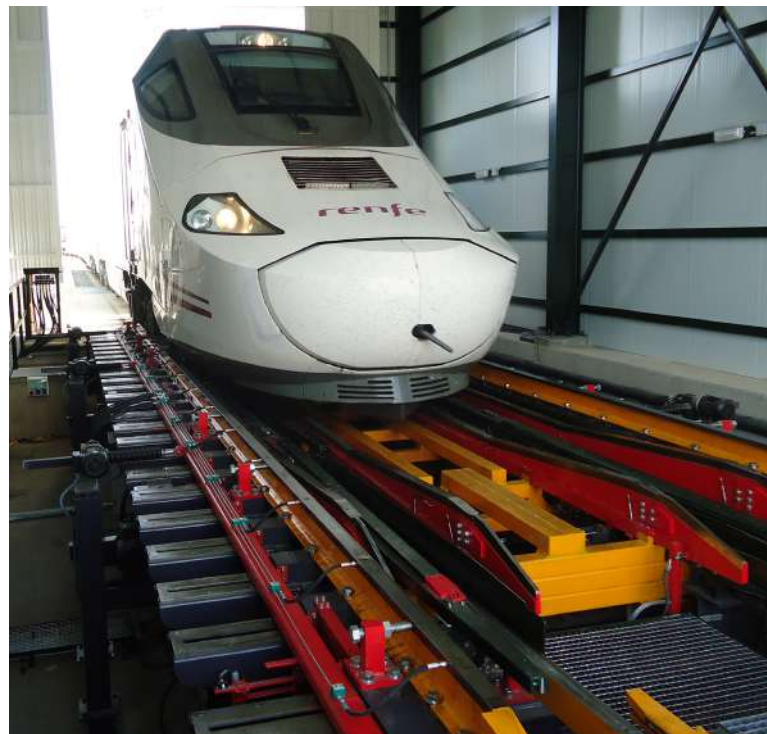
Ineco has been involved in the design, construction and maintenance of gauge changeover systems for almost twenty years. These railway installations automatically change the gauge of the train without human intervention. In 2016, Ineco signed a new maintenance contract with Adif for the fifteen gauge changeovers distributed throughout the high-speed network, which will last until 2020.

The Spanish rail network has 15,215 kilometres of track, including 2,875 kilometres of high-speed line. One part -613 kilometres in total- operates with the Iberian gauge and the rest with the International gauge. This requires the use of automatic gauge changeovers to speed up operations. Ineco has been providing maintenance services for these installations for almost twenty years. In 2016, Adif contracted Ineco's services through 2020 to provide technical support and supervision, inspection and conservation, technical assistance, maintenance, and maintenance of the SCADA system.

An automatic gauge changeover is a rail device that allows a train equipped with a variable-width axle or semi-axle system to automatically modify the rolling gauge while running at a constant speed (approximately 15 km/h) without human intervention. Spain has three track gauges: "Iberian", mostly on the conventional network, "narrow gauge" on the north and northeast coast of the country, and the standard gauge, which is used for most of the almost 3,000 km of high-speed track.

These automatic gauge changeover systems were first installed on the French border in 1968. In the 1990s, they began to be included on the high-speed lines, starting with the Madrid-Seville line. Since then, Ineco has been involved in designing most of the different generations of changeovers, as well as in their construction and maintenance.

Ineco is currently in charge of the maintenance of the gauge changeovers in Chamartín, Atocha, Majarabique, Alcolea del Pinar, Albacete, Valencia, Plasencia del Jalón, Zaragoza-Delicias, Medina del Campo, Medina del Camp High-speed line, Valdestillas, Palencia, León Clasificación and León Vilecha.

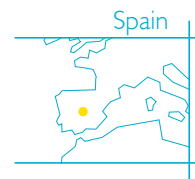


15 gauge changeovers

20 years' experience

48 months of work

Technical management of project drafting for Aena



The modernization of the airports in Aena's network requires continuous planning, considering their needs when determining the actions to upgrade their infrastructure. These upgrades require the drafting of the corresponding projects. One of Ineco's experienced technical teams has been entrusted with leading the drafting process.

In 2016, Ineco took control of the technical management of project drafting as part of the work to adapt Aena's airport infrastructure. Ineco is also responsible for coordinating a group of technical assistance dossiers for drafting projects (ATRP, in Spanish) of control and supervision work.

During 2016, Ineco was at least partly involved in a total of 139 Aena projects. This work begins during the 'pre-need' phase, when airports request projects to be drafted to upgrade their infrastructures.

The next step is the drafting of the technical requirements that will later be included in the ATRP tender. The technical management of project drafting ranges from the above work and the study of alternatives to management of the basic project,

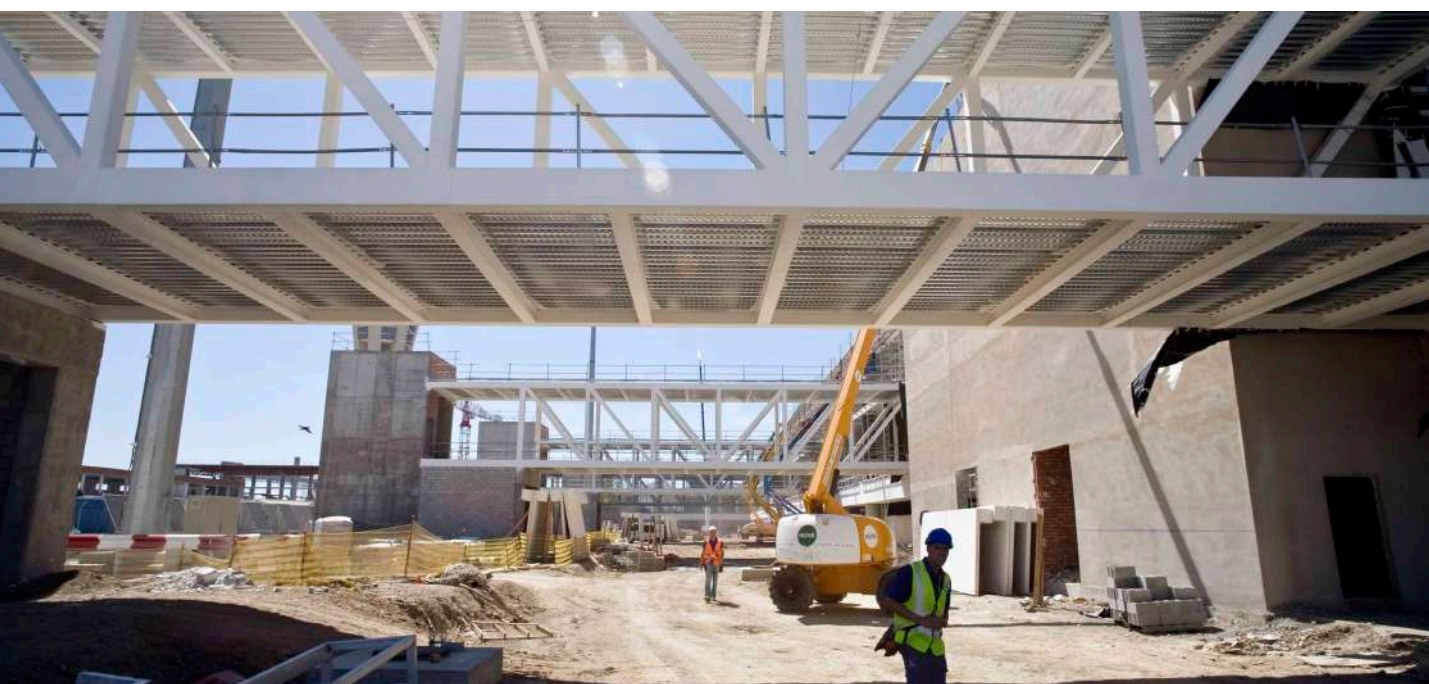
provisional construction project, and the final construction project, and represents the main core work.

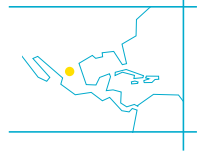
During the different phases, it is essential to have good internal coordination with the different Aena units, and external coordination with the multiple agencies that are involved in approving the upgrades. Finally, during the execution phase, the Ineco team also provides support in preparing reports needed for the projects.



Participation in 139 Aena projects in 2016

**4 phases of involvement:
pre-need, tender, ATRP
drafting and project
execution**





Project management for the extension of line 12 of the Mexico City Metro



Until 2018, Ineco, through its subsidiary Inecomex, along with a local partner, will manage the project to extend line 12 or 'Golden Line', the newest line in the extensive metro network in Mexico's capital city. The new section, with three new stations and 4.6 kilometres in tunnels (including the headshunt, transition zone and train depot) will improve the connection between the western and southern areas of one of the largest cities in the world.

Together with its partner in Mexico, Ineco will carry out the project management, coordinating, and monitoring the extension of the Mixcoac-Observatorio section of line 12. This line, which was inaugurated on October 30, 2012, has 20 stations and a total length of 24.5 km. It is

located south of Mexico City and runs east-west, linking to the following lines: line 7 at Mixcoac; line 3 at Zapata; line 2 at Ermita; and line 8 at Atlalilco.

There are more than 80 professionals on the project management team leading the construction of 4.6 kilometres of tunnel (including the headshunt, transition zone and train depot) and three new stations: Valentín Campa, Álvaro Obregón and Observatorio, where line 12 will connect with line 1 and the future extension of line 9.

The extension will significantly improve mobility between the west and the south of the city and will reduce the saturation of lines 1, 2 and 3. The future Observatorio station will also connect with the Mexico-Toluca interurban train and the Poniente Bus Terminal. From an environmental point of view, it is expected to prevent the emission of over 3,700 tonnes of CO₂ per year, equivalent to almost 6 million vehicles.

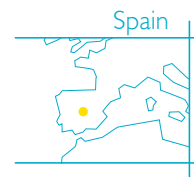


**Current length of the line:
24.5 km**

Current stations: 20

**Extension: new section with
4.6 km in tunnels and
3 new stations**

Support for the drafting of the Airport Regulation Document (DORA)



During 2016, a large part of the drafting and later processing of the first five-year regulation document, known as DORA in Spanish, was undertaken, defining a set of conditions for the operation of the Aena airport network that will apply to the operator until 2021. Ineco provided support to the Ministry of Public Works and Transport in the preparation process, which led to the final approval by the Council of Ministers in January 2017.

The Council of Ministers of January 27, 2017 approved the Airport Regulation Document (DORA in Spanish) prepared by the Ministry of Public Works and Transport which establishes a new legal framework for the Spanish airport sector; in accordance with Spanish Act 18/2014, of 5 October. Backed by the broad institutional consensus achieved during its processing, it is the basic instrument for defining the minimum conditions necessary to guarantee the accessibility, sufficiency and suitability of airport infrastructures, as well as the adequate provision of basic airport services in the network of 46 airports and 2 heliports managed by Aena, S.A.

The document contains air traffic forecasts, minimum service conditions, quality and network capacity standards, and airport charges, which will be reduced by 2.2% annually, to a total reduction of 11% at the end of the five-year period. It also includes Aena's investments during this period, amounting to a total of 2.646 billion euros, of which 2.185 billion are regulated, i.e. bound to aeronautical activities. It also specifies the level of service quality required by the network airports, including a system of 17 indicators and mechanisms to incentivise or penalise the manager in the event of noncompliance with their obligations.

Ineco's team of technicians and experts in different fields have been working since the end of 2014 to provide coordination and technical support to the General Directorate of Civil Aviation (DGAC in Spanish) to develop methodologies and procedures used in the drafting of the DORA. They analysed the information provided by airport management in relation to the assessment of operational and financial variables including, among others, traffic forecasts, airport capacity indicators, service quality standards and investments.

The company also actively participated in the drafting of the DORA once the proposal submitted by the airport manager was analysed and the results of the consultations were taken into account. During this process, Ineco consulted with associations representing users, the National Market and Competition Commission (CNMC in Spanish), the State Air Safety Agency (AESA in Spanish) and the General Directorate of Economic Policy of the Ministry of the Economy, Industry and Competitiveness, among others.



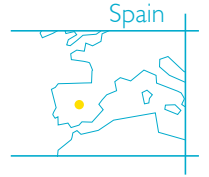
Regulation of the Spanish network of 46 airports and 2 heliports

In force for 5 years: 2017-2021

Annual reduction of airport charges of 2.2%

More than 2.6 billion euros invested until 2021





Signalling and telecommunications on the Valladolid-León and Venta de Baños-Burgos high-speed stretches

In 2016, Ineco continued working on Spain's high-speed network, specifically by providing technical assistance to ADIF on the Valladolid-León and the Baños-Burgos stretches, which total 256 kilometres. The work consists of the installation of signalling systems, centralised traffic control, auxiliary detection systems, energy supply, auxiliary civil works and ERTMS level 2 train protection systems. Ineco also provided technical assistance for the fixed telecommunications and GSMR facilities and the protection and security systems.

The Valladolid-León and Venta de Baños-Burgos sections of the north-northwest high-speed corridor run through the provinces of Valladolid, Palencia, León and Burgos, in the Region of Castilla y León. Combined, both stretch total 256 km, all standard gauge (1,435 mm), of which, 165 km belong to the Valladolid-Palencia-León section (about 80 km on double track) and 87 km (91 km if the León-Burgos connecting branch is included) belong to the Venta de Baños-Burgos stretch.

Ineco has worked on the development of the corridor from the start. For 48 months, starting in 2014, it provided technical assistance services for the control and monitoring of the work for Adif-Alta Velocidad, the state railway infrastructure administrator. The work consisted of the supervision and control of the installation of the signalling systems, centralized traffic control systems, auxiliary detection systems, power supply, auxiliary civil

works and ERTMS level 2 train protection systems, as well as the fixed telecommunication and GSMR systems and security and protection systems.

The Valladolid-Palencia-León stretch has been providing commercial service, under the ASFA driving-assistance system, since September 2015. Since then, Ineco has been working with Adif to provide technical assistance and to maintain the installations. In 2016, this section underwent testing of the ERTMS level 2 system. These tests were initially carried out in the CEDEX laboratories and later on the track, according to a schedule exempted from commercial exploitation, with experimental trips with trains outfitted with the system. The Ineco team participated in all steps of the process, from the monitoring of the protocols to the execution of the tests. When the ERTMS level 2 system goes into operation, it will allow travel at more than 300 km/h on the stretch in which the infrastructure permits it, with the maximum levels of safety.

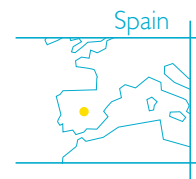
As for the Venta de Baños-Burgos stretch, Ineco continued to work on the different railway installations, to prepare them for the final testing of all systems.



**Valladolid-León stretch:
165 km**

**Venta de Baños-Burgos
stretch: 87 km (91 km
including León-Burgos
branch)**

Rehabilitation of the future headquarters of the Ministry of Foreign Affairs and Cooperation



Since the end of 2016, Ineco has been responsible for the management and coordination of health and safety for the rehabilitation and refurbishment work on the new headquarters of the Ministry of Foreign Affairs and Cooperation, located in the Plaza del Marqués de Salamanca, in Madrid. The company will be working on the project for 42 months.

In three and a half years, the building at number 8 of the Plaza del Marqués de Salamanca, in the heart of Madrid, will be home to the new headquarters of the Ministry of Foreign Affairs and Cooperation. It will be energy efficient, will have more than 50,000 m² of floor space, will house 1,214 public employees and will have an auditorium, an events room, four meeting rooms, a data processing centre and a communications room or crisis room, with a public service area for consular and migratory issues, as well as a day-care area with capacity for 50 children, among other spaces.

The new headquarters will provide significant economic savings, since it will allow the Ministry to give up several leases. It will also improve management of its different units, which are currently spread out. Work will last 30 months,

plus another 12 months for the commissioning of the facilities, which will emphasize the flexibility, functionality and sustainability of the spaces.

Since the end of 2016, Ineco has been managing the rehabilitation and refurbishing work, as well as coordinating health and safety. The rehabilitated building is expected to obtain BREEAM sustainability certification as it complies with the EU Energy Efficiency Directives. All information on the work -plans, data, etc.- is included in a BIM (Building Information Modelling) model, which will not only improve project quality and reduce construction costs, but will also be used in future maintenance.



More than 50,000 metres of floor space

Capacity for more than 1,200 public employees

42 months of work



Studies for the Central Bi-Oceanic Railway Corridor



In 2016, the consortium led by Ineco began the pre-investment study for the Central Bi-Oceanic Railway Corridor, a project awarded by the Peruvian government's Ministry of Transport and Communications. The work includes the traffic study and a 50-year forecast of the Corridor's demand, as well as an economic-financial analysis of the railway and port operations.

The project aims to commercially unite the Atlantic and Pacific ports through a secure and sustainable international mass transit system, to reduce operating costs and improve logistics operations between Peru, Bolivia and Brazil, facilitating exports to overseas markets.

The consortium led by Ineco along with a Spanish partner was awarded the pre-investment study to assess the implications (mostly economic and financial) that the commissioning of this Corridor would have for Peru. The connection between Peru and Brazil through Bolivia would allow goods to be transferred from the ports of Peru to the Port of Santos in Brazil, thanks to a railway network covering more than 4,000 kilometres.

Ineco's work is divided into five large blocks. First, a traffic study, which required the modelling of the ground transportation system in southern Peru, based on extensive fieldwork. Second, a demand forecast was developed with a 50-year time horizon, including railroad alternatives, along with the current values. Then, a study of transport economics, which included the definition of the project's evaluation horizon; characterization of the supply/demand gap; technical analysis of the alternatives;

social evaluation (cost-benefit analysis), private evaluation and project management.

In addition, Ineco studied the railway operations, analysing the conditioning factors of the railway operations; the track gauge, the necessary railway fleet and personnel, etc., and the security and communications: signalling; level crossing protections, etc., also including an economic valuation.

The fifth block was devoted to the ports, and included the diagnosis of the current port situation, as well as the project horizon; a supply/demand analysis, and another study of the alternatives. It also included the evaluation and selection of the most optimal alternative.



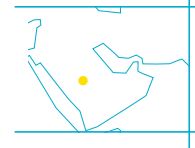
**Total length of the corridor:
approximately 4,000 km**

**3 countries:
Peru, Bolivia and Brazil**

**5 parts of the study:
traffic forecasts, transport
economics, railway and port
operations and security**

High-speed line between Makkah and Madinah

Saudi Arabia



In 2016, work continued on Saudi Arabia's first high-speed line. Four hundred thirty kilometres of track, 95% of the total route, have been installed. Tests have also been conducted with trains. Ineco, as part of the Spanish-Saudi consortium in charge of the project, has provided technical assistance and quality assurance service for the work for another year.

The contract consists of the installation of the track superstructure, including signalling, telecommunications, energy, etc.; the supply of the trains and the commissioning of the line; and maintenance for twelve years after the line is put into operation.

Over the course of 2016, Ineco continued to provide technical assistance, project management and quality assurance, and document control services, along with general construction services.

The Haramain High-Speed Rail Project is one of the most complex rail projects in the world. In construction since 2009, it will link the two holy cities of Islam, Makkah and Madinah, via a high-speed line equipped with the most advanced technology and rolling stock manufactured in Spain. With a length of about 450 Km, the line will have five stations, two workshops and about 170 junctions. In 2016, according to information from the Saudi Railways Organization (SRO), 430 kilometres of track, or 95% of the total route, was installed.

In 2011, a consortium of 12 Spanish companies, including Ineco, Renfe and Adif, and two Saudi companies, was awarded phase 2 of the works (phase 1, which was previously awarded to another consortium, included the construction of the stations and track infrastructure).

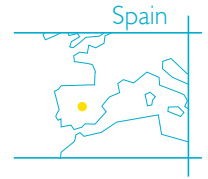


450 km of track

5 stations

170 junctions





Adaptation of the Ourense station to high speed

The Ourense-Empalme station will be upgraded to adapt it to the new high-speed services. In 2016, Ineco began the studies, project drafts and projects necessary to remodel the station, work that continues in 2018.

The high-speed stretch between Ourense and Santiago de Compostela has been in service since December 2011. The Atlantic Axis, which connects the Galician capital with A Coruña and Vigo, is also fully operational. Most of the work on the Ourense-Zamora axis, which forms part of the Madrid-Galicia corridor, is already very advanced, leaving only the connection with the Ourense-Empalme station.

Different projects were required to adapt the existing station to the new high-speed services. In 2016, Ineco began to develop and coordinate the studies and plans necessary to carry out the work for Adif-Alta Velocidad.

The work included the adaptation of the railway yard to the new rails and the expansion of the existing passenger building, adding parking to meet demand. All this work will be completed in the construction phase.

In terms of urban integration, a comprehensive project draft will be drawn up, which will include connections between railways and buses, a new underground car park, a new access forecourt a new road and a pedestrian walkway to connect the two neighbourhoods currently separated by the railway complex. A cover slab will also be installed over the tracks between the Avenida de Santiago overpass and the platforms and the passenger building and the demolition and replacement of all the affected buildings. The deadline for the drafting of all projects is 18 months.



Expansion of the passenger building

Remodelling of the railway yard

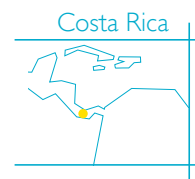
New pedestrian walkway

New underground car park

New access forecourt



Management of the Transport Infrastructure Programme (PIT)



Ineco is supporting the Costa Rican Ministry of Public Works and Transport in the development of Transport Infrastructure Programme (PIT) projects, with a time frame of 2020. The main objective of the national plan is to contribute to the development of transportation, improve mobility of people and goods, and facilitate trade and the regional economic integration of Costa Rica.

In 2016, the Costa Rican Ministry of Public Works and Transport contracted a consortium led by Ineco, along with another Spanish firm, to manage its Transport Infrastructure Programme (PIT). It is a national plan to

promote local transport through the improvement of road and port infrastructures to ease the flow of trade and the regional economic integration of Costa Rica. The PIT is financed by the Inter-American Development Bank.

The PIT includes work on seven road projects and three port projects. Work includes rehabilitation, reconstruction, paving, road expansion, improvement of road safety, extension of bridges, and construction and improvement of ports.

Ineco will provide consultancy services for the administrative, technical, legal and environmental management of the Programme, with a time frame of 2020. The company has been operating in Costa Rica since 2004, working on projects such as the National Transport Plan, the Comprehensive Plan for the Modernization of the Airport Network or the study for the installation of a rail transport system in the metropolitan area of the capital, San José.

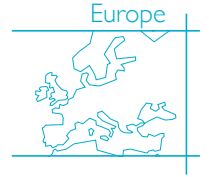


7 road projects

3 port projects

2020: PIT time frame

Implementation of the ERTMS on European rail corridors



Until 2021, Ineco will carry out the technical coordination and supervision work in the deployment of the European Rail Traffic Management System (ERTMS) for the European Commission. In 2016, the work included 4 informational workshops in Slovakia, Slovenia, the Czech Republic and Romania. Ineco also took part in the International Union of Railways conference on the ERTMS held in Brussels in February and Innotrans in September.

Achieving the free movement of trains throughout Europe has required years of research, the development of new equipment and processes and the updating of complex regulations. Ineco works with the European Union Railway Agency (ERA), the Innovation and Networks Executive Agency (INEA) and the European Commission itself to oversee the development and implementation of the European Rail Traffic Management System (ERTMS).

The goal is to implement a system that connects the railway systems between all member countries, a "common language" that overcomes the barriers of the systems, equipment and signage used across the extensive and varied rail network. The European Commission created a consortium led by Ineco to

monitor and supervise the implementation of the ERTMS on Europe's nine rail corridors. Ineco leads the technical work and the implementation monitoring activities, reporting to the European Union Railway Agency (ERA), which is the authority of the ERTMS.

The work, which covers more than 50,000 km of rail, also involves providing economic and financial support and various outreach activities addressed to all the railway entities involved.

During 2016, Ineco worked with the European Commission to develop the ERTMS deployment plan in Europe and to determine the current state of the network. In addition, Ineco has been responsible for the technical supervision of all projects co-financed by INEA, carrying out technical analyses and proposing mitigation measures to ensure that the ERTMS implementation is efficient, synchronized and interoperable. In 2016, the company led four informational workshops in Slovakia, Slovenia, the Czech Republic and Romania. The workshops aim to bring the knowledge of the ERTMS experts to the cohesion countries, to ease its implementation in a coherent, interoperable manner and to successfully complete projects. Ineco also contributed its experience on the functional monitoring of the ERTMS at the international ERTMS conference of the International Union of Railways conference held in Brussels from 29 February to 2 March, and assisted in supporting the ERA and the Commission at Innotrans.

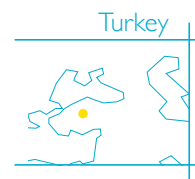


51,000 km of European rail network

9 main corridors in Europe

Implementation deadline: 2030

Modernization of the Samsun-Kalin railway line



Ineco is part of a consortium that will oversee the rehabilitation work for this 377.8 km rail line that connects the centre of Turkey with the Black Sea until 2019. Constructed in the first half of the 20th century, it will be completely renovated and equipped with modern signalling systems.

Turkey is continuing to modernize its rail network with this project, for which it receives European Union funds through the IPA (Instrument for Pre-Accession Assistance) to finance economic development projects in countries that are candidates for EU membership.

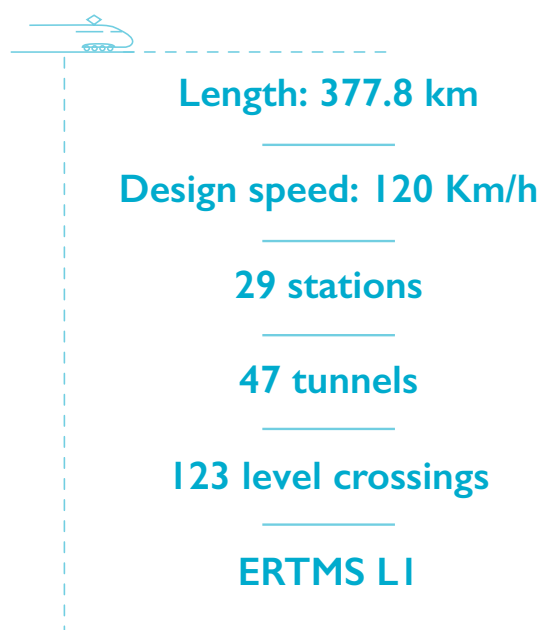
In 2015, Ineco, in consortium with two other partners, was awarded the contract to supervise and direct the modernization of the 377.8 km railway line which links the cities of Samsun, on the coast of the Black Sea, and Kalin, in the centre of the country, where it connects with the Ankara-Sivas line. The project, led by the Turkish Ministry of Transport, aims to improve the connection between the interior of the country and the Black Sea and Mediterranean Sea. It was completed in 1932 as a conventional single-track line, without electricity or

signalling, on international gauge, running through a mountainous zone. It has 29 stations and 47 tunnels, totalling 7,259 metres, with the longest tunnel measuring 556 metres.

Within the consortium, Ineco will work for 46 months supervising the signalling, communications, and power supply works, and will coordinate the electromechanical installations team. The entire line will be equipped with the ERTMS/ETCS-L1 signalling system for a design speed of 120 km/h. The new system will be able to perform train traffic operations at 5-minute intervals.

In regard to track infrastructure, alignment and drainage will be improved, and the ground will be stabilized. The platform will be expanded, and bridges and viaducts, along with the containment walls and structures, will be rehabilitated. In terms of the superstructure, the ballast, track and sleepers will be renovated, along with the level crossings. The turnouts will be replaced. In the stations, 40,800 metres of track will be rehabilitated and another 800 more will be built, including new platforms at the Turhal, Zile and Kizoglu stations.

In 2010, Ineco was awarded a similar contract to supervise the high-speed adaptation of the Inönü-Köseköy stretch in the centre of the Ankara-Istanbul line.





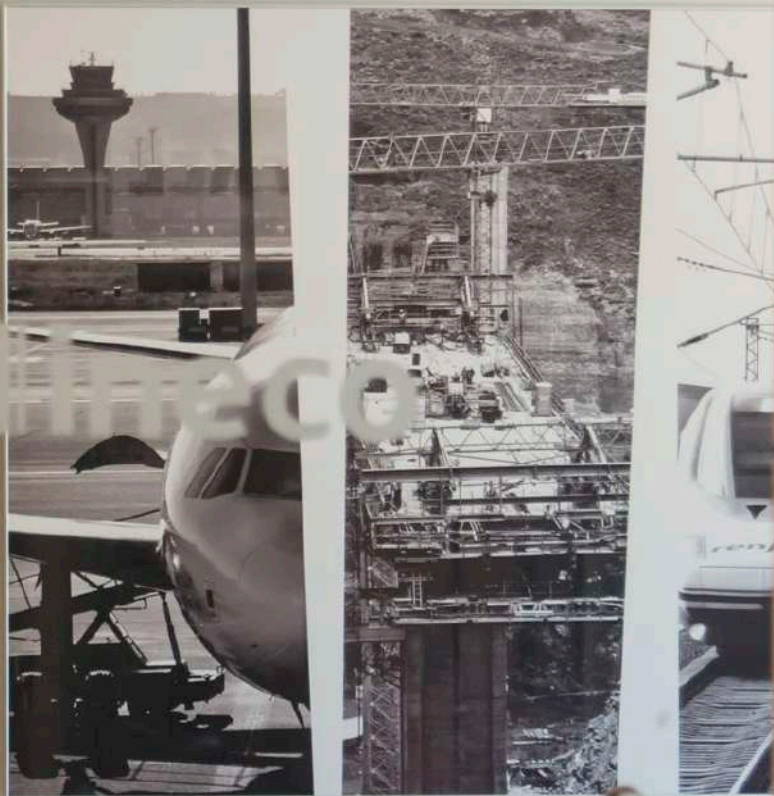
INTEGRITY AND TRANSPARENCY

The background of the page is a photograph of an office hallway. On the left, there are wooden doors. On the right, there is a white door with a security camera mounted on it. The floor is made of light-colored tiles. A blue semi-transparent rectangle is overlaid on the top half of the image, containing the title and the quote. The word 'integrity' is written in a large, light blue, sans-serif font at the bottom of the page, partially obscured by the blue overlay.

“The ethical principles that inspire the company are based on transparency, integrity and legal compliance and define Ineco’s ethical commitment to properly develop relationships with the employees, clients, shareholders, business partners, suppliers and public or private entities with which it interacts.”

Ignacio Fernández-Cuenca, General Director
of Sustainability and Development

integrity



and tra

Ineco works according to a firm ethical code and the essential values of integrity and transparency, which are reflected in its internal regulations.

In both its internal operations and in its relationships with clients, partners and suppliers, Ineco applies the Ten Principles of the United Nations Global Compact, signed in 2008, based on the respect and promotion of human and labour rights, the environment and the fight against corruption.

In 2016, Ineco took another step in developing these principles, continuing the compliance plan initiated the previous year with the implementation of a Compliance Committee and a training plan for all personnel.

Regulatory framework

Integrity standards

In addition to strict respect for the law, the Ineco management model is based on the code of corporate ethical values listed in its Standards of Integrity, Transparency and Commitment to promote, facilitate, correct and supervise to ensure that Ineco, and all

its professionals, act in accordance with the principal international standards, the legal framework, corporate values and social requirements at all times.

These standards apply to both the company's internal operations and to its relationships with all its partners, collaborators and stakeholders:

- **Corporate responsibility policy**
- **Code of Conduct**
- **Quality and environmental policy**
- **Zero-tolerance corruption policy**
- **Transparency and veracity of information policy**
- **Harassment policy**
- **Comprehensive safety policy**

The Ethics Committee is the internal body responsible for ensuring compliance with these policies. In addition, the policies are disseminated throughout the whole organization via the corporate intranet and other channels, such as employee orientation programmes.

These policies, rules and procedures, which are mandatory for all managers and employees, are available on the intranet. They are open documents and may be updated to adapt them to new trends and more stringent legal requirements. In 2017, they will be revised to adapt to the implementation of the Organization and Management Model for Crime Prevention. This model groups internal procedures that, unlike the Integrity Standards that regulate ethical behaviour and are managed by the Ethics Committee, serve to prevent risks of criminal misconduct and are managed by the Compliance Committee.



Main differences between the two documents

Document	Non-compliance	Managing Body
Integrity, Transparency and Commitment Standards	Unethical actions	Ethics Committee
Organization and Management Model for Crime Prevention	Criminal actions	Compliance Committee

Corporate social responsibility policy

Ineco contributes to the development and improvement of society by integrating the management of social, labour and environmental concerns into its strategy.

Integrity, transparency and commitment are the principles that govern the company's work and are the pillars on which Ineco bases its relationships with its stakeholders.

Commitments

Clients: excellent service

- Excellent quality and service
- Commitment to long-term success
- Ongoing dialogue and relationship based on trust
- Confidentiality and objectivity
- Strong commitment to innovation

Shareholders: sustainable profits

- Creation of sustained and sustainable value
- Efficient management
- Profitability and transparency

Employees: attractive business project

- Increased well-being and progress
- Commitment to innovation, research and the dissemination of knowledge
- Quality employment:
 - Merit and ability
 - Professional training and development
 - Equal opportunities, reconciliation
 - Health and safety in all positions
 - Teamwork, communication and participation

Suppliers: trust and transparency

- Advertising, competition, non-discrimination
- Confidentiality
- Mutual trust and respect
- Objectivity
- Promote Corporate Responsibility principles

Company: economic, social and cultural development

- Inclusion of people with disabilities
- Increased well-being and progress
- Economic, social and cultural development
- Innovation, research and dissemination of knowledge
- Cooperation with other companies in the sector
- Relationships with other sectors (non-profit entities)
- Promotion of Corporate Responsibility among employees

Environment: preventive approach

- Priority to the environment in drafting projects and services
- Responsible use of resources
- Proper waste management
- Stringent practices for employees and suppliers

Code of Conduct

Ineco has a set of standards on behaviour that define the corporate culture and whose assumption and application contributes to ethical and responsible management in its products and services, and in the relationships it establishes with the different stakeholders.

Principles

Loyalty to the organization

- Reputation and loyalty to the company
- Respect for confidentiality
- Responsible and efficient dedication
- No competition with other companies
- Appropriate use of company resources
- Compliance with health, safety and environmental measures

Relationship between professionals and stakeholders

- Client relationships: excellence, confidentiality, objectivity and trust
- Relationships with suppliers and collaborating companies: mutual trust and respect, transparency and impartiality
- Relationships in the international environment: respect for legislation, culture and customs
- Strict compliance with the law
- Transparency and veracity of information: clarity, accuracy and verifiability
- Rejection of gifts, compensation and bribes

Relationships between professionals

- Respect for people
- No discrimination
- Cooperation and collaboration

Administrators, managers and staff

- Knowledge and communication: ethical and responsible professional practices
- Respect and promotion of workers' fundamental rights
- Professionalism and subordination of individual interests to those of the company
- Truthfulness, accuracy and honesty in economic and financial management
- Applying principles of merit and ability to recruitment
- Foster professional training and objective staff promotions
- Facilitate and promote labour integration and reconciliation



Transparency and veracity of information

Ineco is committed to transparent management with its stakeholders, always working to provide them with truthful and transparent information.

Compliance programme

Ineco, as a global leader in transportation engineering and consulting, adopts corporate compliance as an essential part of its corporate culture. In the framework of its role as a responsible company and following the current trend of criminal legislation, Ineco establishes a criminal prevention programme or "compliance programme" to integrate new security measures. The programme allows the company to detect and manage risks of non-compliance in the criminal context of internal and external regulatory obligations in its sphere of business.

This function is carried out through appropriate and effective management and control measures to prevent crime.

The programme also requires independence, understood as neutrality within the scope of its powers. This means that whoever performs the compliance function must be an independent and autonomous body in terms of company management. To this end, the Regulatory Compliance Committee has been established as a body responsible for rigorously, objectively, independently and confidentially analysing events or conduct carried out under the company's ethical standards which could generally present a risk of criminal charges.

The Ineco Compliance Programme is channelled through three instruments to ensure that the company acts in accordance with all existing laws and regulations, as well as with internal principles and standards:

- Prevention tools: identification of Ineco's activity and risk situations; creation of an organizational and management model to prevent crime; approval of a Catalogue of Prohibited Behaviours and the Ineco Code of Conduct.
- Monitoring tools: to verify the existence of proper internal and/or external controls that continuously monitor compliance with the internal regulations established to avoid committing crimes or irregular conduct and to ensure their protection. These tools are the Regulatory Compliance Committee and the complaint and consultation channel addressed to the Compliance Committee, available to all Ineco staff.
- Disciplinary tools: to ensure proper control of compliance with the rules of conduct established by the company, the catalogue of internal sanctions affecting all Ineco employees and managers is reviewed to fit the monitoring and control programme.

In addition, a compliance training programme is being carried out for all company staff to reinforce the knowledge and ethical commitments of employees with Ineco and with third parties and the consequences of breaching such commitments, both for Ineco's workers and for the company itself.



Governance model

Ineco has the necessary governing bodies to ensure that its values and management model reach all the company's areas and disciplines. The governance model is determined by the strategy and current organization, according to company needs.

The Chairman of Ineco is the head of the Board of Directors, the Management Committee and the Ethics Committee.

Board of Directors

Ineco's Board of Directors is the body responsible for making decisions and reaching agreements on strategic issues, formulating financial statements, budget approvals, and other proposals raised by the Chairman. It also tracks the company's activities.

The Board of Directors as of December 31st, 2016

Chairman	
Mr. Jesús Silva Fernández	Chairman of Ineco
Board Members	
Mr. Ángel Luis Arias Serrano	General Manager of ENAIRE
Mr. Ignacio González Sánchez	Director of Air Navigation of ENAIRE
Mr. Juan Bravo Rivera	Chairman of Adif
Mr. Juan Alfaro Grande	Chairman of Renfe Operadora
Ms. Belén Bada de Cominges	Deputy Director General of Legislation to the Technical General Secretariat Ministry of Public Works
Mr. Mariano Navas Gutiérrez	General Director of CEDEX
Mr. Ignacio Garay Zabala	Director of Communications and Public Relations External to Adif
Mr. Manuel Martínez Cepeda	Director of the Treasury and Accounting at Adif
Mr. Miguel Ángel de Lera Losada	Deputy Director General of Inspection of Services and Works Inspectorate General for Public Works. Ministry of Public Works
Mr. Francisco Gijón Romero	Deputy Director General of Information Technologies and Electronic Administration. Inspectorate General for Public Works Ministry of Public Works

Appointments and resignations, 2016

Shareholder's meeting	Resignation	Appointment	Renewal
18-03-2016	Ms. Alejandra Sánchez Yáñez	Ms. Raquel González Peña	Mr. Javier Marín San Andrés
18-05-2016	Mr. Javier Marín San Andrés		
27-10-2016	Mr. Luis Izquierdo Labella Ms. María Aparici González Ms. Violeta González Aleñar	Mr. Francisco Guijón Romero Ms. Rocío Frutos Ibor Mr. Agustín Fernández Sanz Mr. Jesús Antonio Pérez Blanco	Ms. Belén Bada de Comingues Mr. Mariano Navas Gutiérrez
21-12-2016	Mr. Gonzalo Jorge Ferre Moltó Mr. Pablo Vázquez Vega Ms. Raquel González Peña	Mr. Juan Bravo Rivera Mr. Juan Alfaro Grande Mr. Joaquín López Vallés	

General Shareholders' Meeting

The deliberative body of the company is the General Shareholders' Meeting. Its agreements, legitimately adopted, are binding for the company and all its shareholders.

Audit and Control Committee

The Audit and Control Committee, as a primary function, serves to support the Board of Directors in its oversight functions. It is composed of four directors, three of whom have executive functions, appointed by the Board from among the directors through simple majority. The Secretary of the Board of Directors also acts as Secretary of this Committee.

Steering Committee

The Steering Committee is the company's highest decision-making body. It meets weekly and is responsible for the implementation and development of the strategic guidelines approved by the Board of Directors.

Member	Position
Jesús Silva	Chairman
Ignacio Fernández-Cuenca	Corporate General Manager
Ana Rojo	General Manager of Engineering and Services
María Sánchez-Palomo	General Manager of Infrastructure and Transport

Other bodies

In addition, Ineco has other management and communication bodies, such as the aforementioned Ethics Committee and Regulatory Compliance Committee or the Commercial Committee, the Operations Committee, the Global Opportunities Committee, the Project Monitoring Committee, the Innovation and Product Committee, the Quality Committee or the aforementioned Regulatory Compliance Committee, among others. The company's goal is to create working groups to focus on special interest topics and to be able to exhaustively follow-up on approved initiatives and plans.

COMMITMENTS

“Our vocation as a company is to be at the forefront of the sector, constantly striving to improve and learn, to contribute effectively to the public well-being. These are our values and they must continue to guide us in the years to come. Thanks to our values and the concerted effort of our team, we have earned the trust of our clients and the commitment of our shareholders. These two achievements are the result of years of work and constitute an asset that we must renew every day.”

Eva Pulido, General Director of Transformation,
Internationalization and Innovation



en el mundo
around the world

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COMMITTED TO OUR CLIENTS

We work to meet the needs of our clients, offering them the highest standards of excellence and quality. Reinforcing and expanding our capacity for innovation is an indispensable commitment.

Ineco promotes a relationship of mutual trust with its clients, adapting to their requirements and designing custom solutions with the most advanced tools.

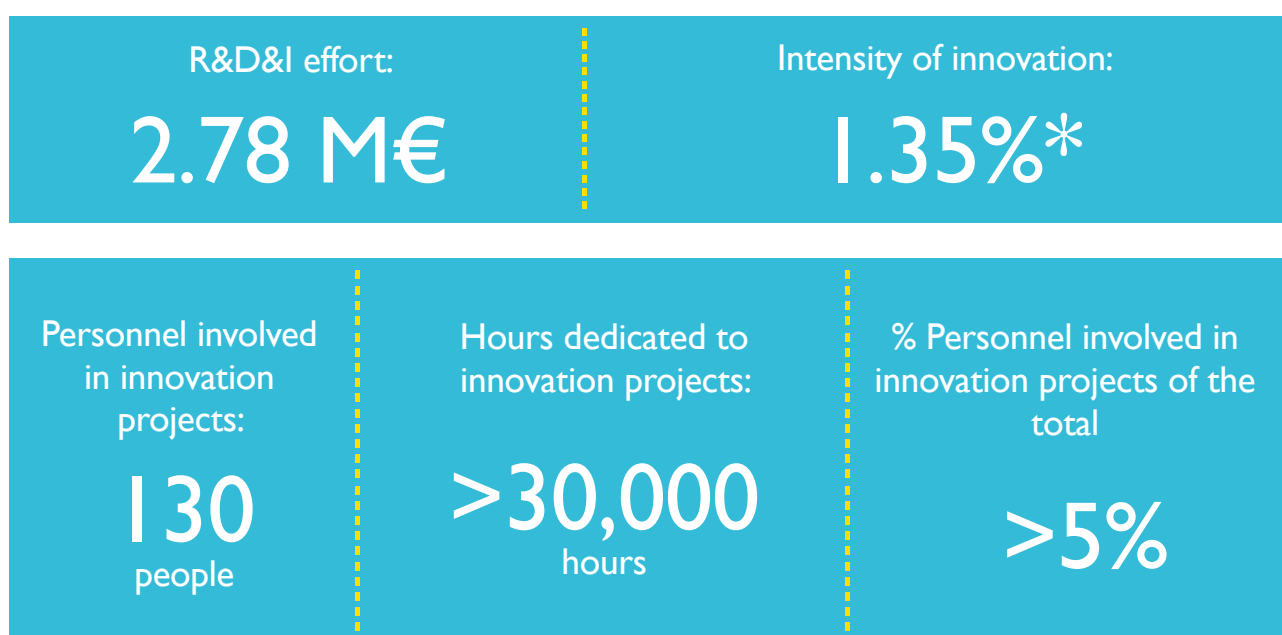


Innovation that fosters future development

Engineering comes from the Latin root “ingenium”, meaning the “power of man to discourse or to invent”. But more than ingenuity is needed in order to innovate or be innovative; the company must provide its people with the structures that allow them to apply this ingenuity to new value-generating approaches.

Ineco's Innovation and Knowledge Management Programme and Model are focused on facilitating the development of Innovation and making the best use of knowledge, creating the technical, financial and personal conditions that allow things to be done differently, while at the same time, generating value for our company and, above all, for our clients.

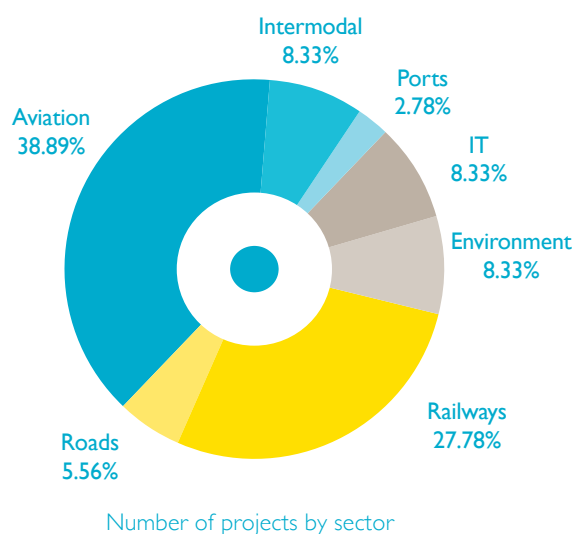
Involvement



* Intensity of innovation is understood as the relationship between the effort in innovation and the annual volume of business figure.

Projects executed

INNOVATION PROJECTS IN 2016	No.
Internal projects	19
Collaborative projects	17
Total innovation projects during 2016	36



Innovation applied to projects in 2016

Some of the more important achievements in 2016 included:

- **Innovation in collaboration**

Ineco promotes models of collaborative innovation, combining our experience and know-how with that of other stakeholders to generate new value through jointly-developed and mutually-beneficial products, services and processes.

- **Measurement of profitability**

Implementation of a system to measure the return on innovation, identifying the innovative solutions used in each of the commercial projects.

- **Implementation of an intellectual/industrial property model and culture**

Given the importance and the resources that Ineco dedicates to developing R&D&I activities, the first steps have been taken to implement an intellectual/industrial property model and culture to protect assets and discoveries.

- **Fostering the culture of innovation**

The Innovation Culture Plan is being developed to engage the workforce and make the entire company aware of the importance of innovation in generating value for the company. All members of the organisation are responsible for contributing to its growth.

- **2016 Innovation Awards:** Ineco recognized the effort and talent of its innovative staff by holding the second edition of the Innova Awards, given in three different categories: commercial advantage; efficiency/agility; and profitability.

- **World Creativity Day:** celebrated with a contest between the employees.

- **Participation in research centres, platforms and working groups**

Ineco actively collaborates with:

- PTFE: Spanish Railway Transport Platform.
- PTC: Spanish Highway Technology Platform.
- CRIDA: Reference Centre for Research, Development and Innovation in ATM.
- CTF: Centre for Hi-Tech Railway Testing.

There are many challenges that motivate Ineco to continue on its path towards innovation in 2017. The company has already taken steps to:

- **Bring the culture of innovation to the people**

The culture of innovation is defined as the existence of an environment that encourages creative thinking and applies it to problem solving and seizing opportunities. Promoting a culture of innovation is an ongoing effort at Ineco, and it is beginning to yield positive results.

- **Promote open and sustainable innovation**

One of our fundamental challenges and objectives is to increase our collaboration on innovation with other companies, universities, clients and suppliers, guaranteeing the sustainability of our innovative solutions from the economic, social and environmental points of view.

- **Implement technology monitoring**

Being aware of the latest technological advances in our sector has always been crucial for Ineco. However, the increasing acceleration of current technological and scientific developments forces us to adapt and systematize our monitoring and intelligence practices. During 2017, a technology monitoring system will be implemented as one of the pillars of the Innovation model.

- **Manage intangibles**

In the knowledge economy in which we live, the management of intangible assets becomes increasingly important. After the definition of our Intellectual and Industrial Property Management System, the challenge for 2017 is to incorporate IP culture into our day-to-day operations, focusing our innovative efforts and providing our business with better commercial tools.



Collaborative projects

As part of its commitment to open innovation models, Ineco cooperates with other external professionals in research and development projects. It has consolidated its participation in the following programmes for European projects:

- **Shift2rail**

The goal of this programme is to create a Single European Rail Area (SERA) and to increase the attractiveness and competitiveness of the European railway system to ensure a modal shift from roads towards more sustainable modes of transport, such as railway.

- **VITE (Virtualisation of the Testing Environment)**

An innovative project that is aimed at bringing some of the ERTMS (European Rail Traffic Management System) system tests that are currently done trackside into the laboratory.

- **SESAR2020 Programme**

The civil aviation strategy under the Single European Sky (SES) framework, which is the continuation of the SESAR Programme.

The goal of this programme is to demonstrate the feasibility of the technological and operational solutions developed under the SESAR Programme (2008-2016) in broader and more operationally-integrated environments.

Ineco, as an affiliate of ENAIRE, is involved in eight of the programme projects:

- SESAR 2020 PJ01: Enhanced arrivals and departures
- SESAR 2020 PJ02: Enhanced RWY throughput
- SESAR 2020 PJ03a: Integrated surface management
- SESAR 2020 PJ04: Total airport management
- SESAR 2020 PJ06: Trajectory and performance based free routing
- SESAR 2020 PJ10: Separation management en-route and TMA
- SESAR 2020 PJ14: CNS
- SESAR 2020 PJ24: Network collaborative management

- **LIFE+ Programme**

A financial instrument of the European Union dedicated exclusively to the environment. Its overall objective for the 2004-2020 period is to contribute to sustainable development and the objectives and targets of the Europa 2020 Strategy and the relevant EU strategies and plans related to the environment and climate. In 2016, Ineco was involved in MINOXSTREET (Monitoring and modelling NOx removal efficiency of photocatalytic materials: a strategy for urban air quality management), a project to study the effectiveness of commercial materials for NOx-absorbing pavements (contaminant reduction) through laboratory tests and in real locations.



Internal projects

Ineco has continued to invest in its own projects to develop products and services with high added value, including:

- **Flight Procedures**

Development of its own flight procedure design tool, which complies with the provisions of Regulation EC-73/2010 of January 26.

- **Smart Cities**

Development of its own smart city platform, Cityneco, for the management of sustainable cities. It also runs simulations to forecast a city's behaviour in response to specific changes. It focuses mainly on vertical mobility, although it allows for the integration of other aspects, such as government, environment, etc.

- **SSICT**

Methodology for the detailed risk analysis itemised by asset and threat in transport infrastructures. It also serves as a decision-making support tool for Critical Operators in the management of physical security.

- **ERTMS-Capacity**

Method for analysing the impact of the deployment of the ERTMS signalling system to the capacity of a rail line.

- **Human Factor**

Methodology to quantify the influence of the human factor on risk identification and management in the operation of a system. It lets us better anticipate the errors that could occur and increases the overall security of the system.

- **Mobile device survey systems**

An application that allows users to take surveys on their mobile devices, regardless of the operating system that they run.

Effective communication

Through the corporate website, www.ineco.com, Ineco provides information about the organization and its activity to its clients and the public. In 2016, Ineco maintained its presence on the social networks (Facebook, Twitter, LinkedIn and YouTube). Since 2007, Ineco has also published the corporate magazine, *itransporte*, www.revistaitransporte.com, which is published every four months in Spanish and English, detailing Ineco's work around the world to subscribers from more than 100 countries.

Quality as an identifying trait

To Ineco, offering the highest quality in products and services is vital to its relationship with clients. To do this, it has a management system that involves the entire organization and whose pillars are customer satisfaction, a focus on processes and ongoing improvement. Team cohesion, best practices, sustainability of the system and the focus on processes are the keys to achieving technical excellence in our work.

Certifications

The organization has an integrated quality and environmental management system, certified by SGS, based on ISO 9001:2008 and ISO 14001:2004, from 1996 and 2003, respectively, that covers all of the organization's activities. These certificates have been granted and renewed for the offices in Spain and Mexico.

Ineco also has an occupational health and safety management system certified by Audelco, in accordance with the OHSAS 18001:2007 standard, from 2012 and renewed in 2016.

In the railway area, Ineco is certified by ENAC (National Accreditation Entity) as an Inspection Entity (Type C) for Railway Rolling Stock and Safety of Railway Applications, in accordance with the criteria established in UNE-EN ISO/IEC 17020:2012, which qualifies Ineco to perform inspections in industrial areas for the following subsystems: infrastructure, energy, rolling stock, signalling and remote control, traffic operations and management and maintenance.

The company is also certified as a provider in Link-Up, according to the RISQS (Railway Industry Supplier Qualification Scheme) requirements. Ineco also holds an audit certificate issued by Achilles Information limited, dated July 24, 2016 for the areas of Engineering systems, signalling and telecommunications and civil engineering in the following products:

Track Circuits (including Level Crossings), Colour Light Signals, Banner Signals, Draw Ahead Signals, Ground Position Light Signals, Signal Lamps (including LEDs) & Lamp Holders, Signal Lenses, Points Indicators, Point Machines, SSI, Ansaldo, Signal Control Panel NX, VDU Based Systems, Train Describers (Electronic), ATP Equipment, Plain Line, Plain Line (Absolute Geometry), Gauge Measurement (Discrete Restrictions), Gauge Measurement (Tunnels), Track on Longitudinal Timbers, Direct Fastening Track Systems (e.g. Slab Track/Viper), Conventional, Absolute Geometry, Modular Systems,

Track Drainage, Foundations (Pile), Foundations (Conventional), Steel Frame, Concrete Frame, Timber Frame, Stairs, Telephone Exchanges (Including Switching Equipment), Transmission Systems, Telecomm Cabling (Multi-pair Copper), Telecomm Cabling (Fibre), Radio Systems, Wireless Services, Masts (Including Earthing & Lightning Protection), CCTV DDO Systems, Wiring, Earthing & Bonding, Switching, Substations/ Switching Stations, HV Cabling, Trackside Equipment, Substation/ Switching Stations/ Track Paralleling Huts, DC Cabling, Trackside Equipment, Main Steelwork, Small Part Steelwork, Support System, Hot Axle Box Detectors, Batteries, Transformers & Transformer Rectifiers, UPS, Traction SCADA and Non-Traction SCADA.

Ineco also has other accreditations or certifications associated with projects:

- **Software development**

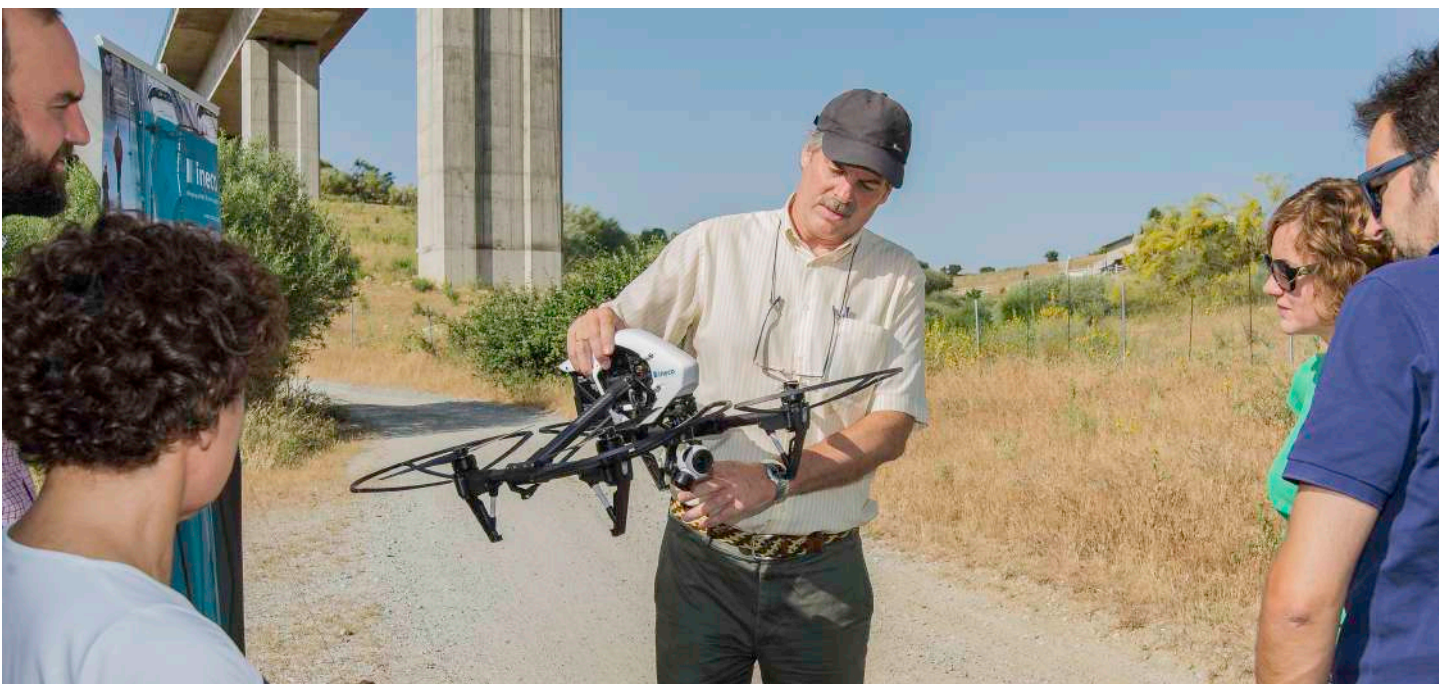
- CMMI (Capability Maturity Model Integration) - Level 3:
 - › In 2016, Ineco received accreditation of the software development methodology under level 3 of the CMMI-DEV v1.3 model for work developed by the Sub-department of Information Technology.
 - › Certificate granted by PROQUA (Process Quality Engineering), CMMI Institute Partner, in October 2016.

- **Air navigation services**

- Air navigation service provider, in accordance with the requirements of EU Implementing Regulation 1035/2011:
 - › The Air Traffic Services (ATS) certification includes Air Traffic Control (ATC) services, Flight Information Service (FIS), Alert Service (AL), and Aerodrome

Flight Information Service (AFIS) (Combination of FIS and AL in an aerodrome without ATC services).

- › Certificate granted by AESA (State Agency of Air Safety – Ministry of Development), number PSNA-0002 and valid until December 2021.
- Air traffic controller training provider, in accordance with requirements of EU Regulation 2015/340:
 - › The certification accredits Ineco as a training organization for air traffic controllers for the following types of training: ATCO unit training and ongoing ATCO training (update training and conversion training)
 - › Certificate granted by AESA (State Agency of Air Safety) – Ministry of Public Works, with number PF-ATC-0001 from December 2015 and for an indefinite period so long as the regulatory requirements are fulfilled.
- Air navigation service provider for Instrument Flight Procedure Design in accordance with the requirements of the Omani Civil Aviation Regulation CAR 173.9 of April 2011:
 - › With this certification, Ineco is authorized to design the following flight procedures with instruments: Conventional and PBN, Instrument Approach procedures (IAP), Standard Time of Arrival (STAR) tool, Standard Instrument Departure (SID), En-route and Holding.
 - › Certificate issued by PACA (Public Authority for Civil Aviation) by the Sultanate of Oman, with number ANSD-006 and valid until May 2018.



The opinions of our clients

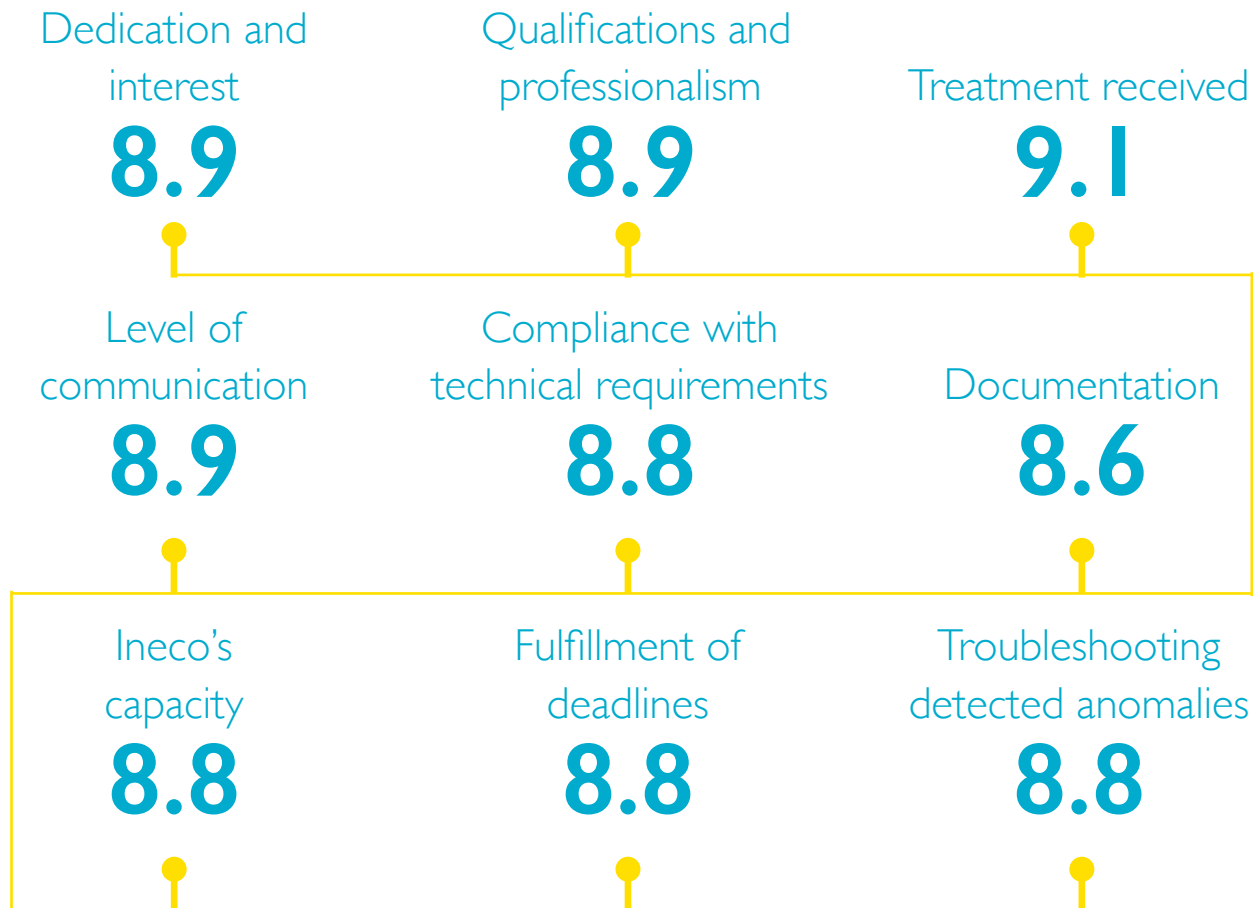
Thanks to a specific survey, Ineco is aware of the assessments and concerns of its clients, which is the key to achieving excellence in the provision of its services. Since 2015, the search for the most appropriate communication channel with each client has been strengthened, increasing the response rate significantly, up to 89%.

During 2016, 53% of the customer satisfaction surveys will be completed automatically, although each year the participation in other communication channels increases, such as telephone, which reached 28%, the PDF form, with 15% and PDF paper, with 4%. The **overall rating** of Ineco's service in 2016 was **8.8 out of 10**.

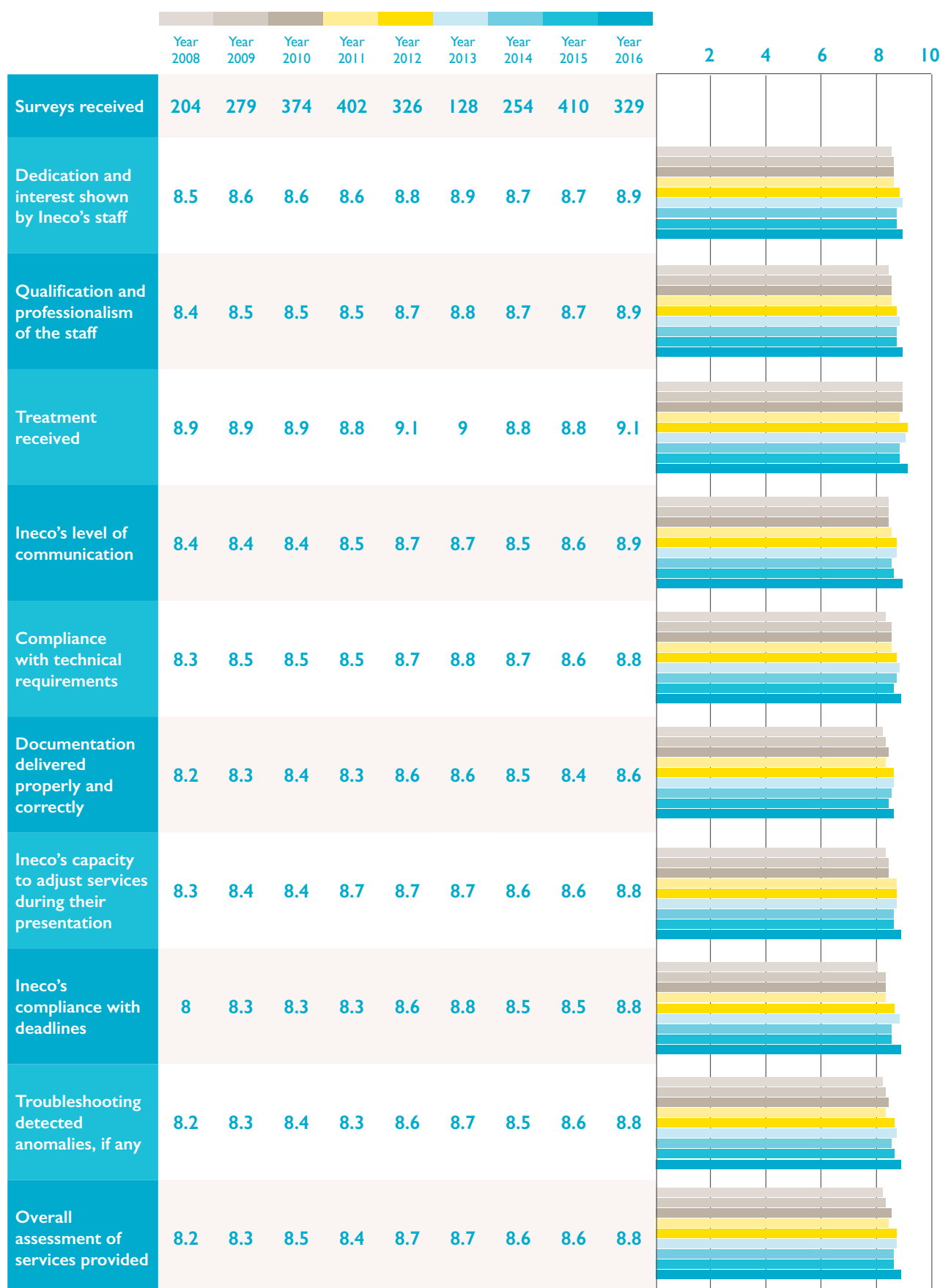
The results of the average assessment are very positive. Ineco has reached the highest overall assessment for all the years analysed, as well as the highest percentage of responses.



Highlights:



2008-2016 Comparative overall assessment





COMMITTED TO OUR TEAM

Ineco's most important asset is its human capital: detecting, managing and promoting talent is one of the company's fundamental commitments.

Talent is the key. Finding, encouraging, and developing it until it reaches its maximum potential is essential to achieve the maximum performance of the company's human resources and the way to achieve all professionals' commitment to the organization.

In line with this objective, in 2016, Ineco continued to develop the objectives of the Global Compact related to equal opportunities and the balance between work and professional life of its employees with the deployment of the Concilia Plan implemented the previous year. In total, 535 measures linked to the Plan were implemented and the decision was made to continue in 2017.

Identifying talent

In 2016, a new edition of our Comprehensive Programme for Talent Detection and Development was launched, both nationally and internationally. Through this programme, Ineco worked to strengthen the brand's presence on social networks such as LinkedIn, receiving the Top Recruiter prize in 2016.

Young people are a strategic group for Ineco. Therefore, we have collaborated with the top national and international universities and attended the main employment forums for many years. In 2016, we were present at conferences such as SATELEC (ETSI Telecomunicaciones, UPM), Induforum (ERSI Industriales, UPM), Aeroempleo (ETSI Aeronáuticos, UPM) and the Digital Employment Fair, as well as two forums at the University of Birmingham: Birmingham Autumn Career and Birmingham Science, Engineer and Technology.

In this line, and aware of the importance of having a reserve of professionals, Ineco developed its Internship Programme, identifying specific training programmes of interest and national and international universities with which new agreements can be established. Last year, the company hosted 164 interns, 25.2% of whom became employees.

At the same time, Ineco's commitment as a socially responsible company was demonstrated in 2016 through the implementation of training courses that provided workshops for young people at risk of social exclusion to help them successfully face corporate selection processes (Norte Joven Foundation) and for young people with differently abled (Prodis Foundation Company Programme). Ineco also awarded a total of five Talent Opportunity fellowships with the Fundación Once to university students with disabilities in 2016.

Talent development

The professional development of Ineco's employees can take place either at the same organizational level (through changes between careers, taking on new projects and responsibilities, etc.) or at a higher level (promotion).

To respond to employee's expectations of professional growth and to align them with the organization's business strategy, Ineco has designed two professional career models. One is based on technical specialization and the other on management (of either people or projects). The company also has two strategic processes for talent management, supported by the Talentia tool:

- **Management by Objectives (GpO).** Strategic talent management process that links variable compensation with the achievement of the company's strategic objectives (efficiency, profitability, growth and quality), as well as each of the positions.
- **Development Assessment (EdD).** This programme, implemented in 2015, continued in 2016 and its main objective is the detection of skills and abilities, the potential for development and the employees' interests, motivations and attitudes.



Training

Ineco is committed to training to keep its professionals at the forefront of technical knowledge and new market solutions. The 2016 Training and Development Plan, based on the company's Strategic Plan, is based on the following principles: optimizing investment in training; promotion of internal training; and the development of new training methodologies to ensure access for all employees.

In 2016, training was structured into the following programmes:

- **Language Programme**
- **Technical Certification and Methodologies Programme**
- **Technical Specialization Programme**
- **Working Process and Models Programme**
- **Skills Programme**

In addition to these five training programmes, the **Up Grading Programme** provides financial support and assistance for training and development issues important to the employees which are not covered by the Training Plan.

During 2016, Ineco continued to develop initiatives aimed at disseminating the company's know-how and turning the experience of our professionals into real value, as well as the development of skills and abilities. Some of the more important initiatives in this area were:

- **Internal training school:** created in 2014 with the main objective of having a team of accredited and highly qualified trainers who are responsible for transmitting their knowledge and experience to the rest of the organization.
- **Ineco Campus.** International Transport Engineering Programme (PIIT): with the goal of attracting and developing local international talent, Ineco created this programme to facilitate a reference training

that allows us to share technical knowledge from an eminently practical point of view throughout the entire educational pathway. It fosters professional development by specializing in transport engineering within a multicultural environment, with a vocation of continued education.

- **Executive Language Immersion Programme:** in 2016, three immersion and learning systems were added to the Programme to more comprehensively cover individual and project needs.
- **Totally Talking:** in 2016, we designed and implemented this new practical and experiential programme to establish learning methodologies in language skills to supplement the Language Programme.
- **Course on adapting to new railway regulations (RCF)**
- **Software development methodology (CMMI)**
- **Client Management Programme: Vénd€+:** training directed towards the development of sales behaviours, communication and negotiation skills, and the selling style of Ineco's sales team. This was carried out through two training programmes: The Advanced Sales Leadership Programme (PSLC) and the Advanced Sales Behaviour Programme (PSCC).
- **Training, counselling, risk prevention and control programmes** for workers, their families or members of the community.
- **Skills management and continued-education programmes:** to promote worker employability and to support them in managing their careers.

Average training hours per year by employee and gender, broken down by employee category

Grouping by level	Total no. horas men	Total no. horas women	Total no. hours	Avg. no. of hours men	Avg. no. of hours women	Avg. no. of hours
Executives	1,326	501	1,827	88.41	100.22	91.36
Management	11,878	2,316	14,193	71.55	51.46	67.27
Technicians	43,534	25,100	68,635	38.70	38.26	38.54
Support staff	6,978	4,040	11,018	39.87	18.53	28.03
Total	63,716	31,957	95,673	43.02	34.59	39.60

Commitment management

As important as it is to identify the best professionals and to develop their careers, it is equally important to offer them a top-quality business project that elicits their commitment to the organization. Aspects such as equal opportunities, work and family/life balance, opportunities for employee growth and development, and an attractive flexible social benefit package, as well as attractive compensation schemes that include bonuses and the management of intangibles, etc. are fundamental to creating a positive, favourable and stimulating work environment, where employees give their best.

Since 2004, the **climate and commitment survey** has been taken every two years. Its objective is to gain a more in-depth understanding of staff needs and concerns in regard to balance, professional development, mobility, equality, quality of relationships, training, etc.

In addition, with the aim of implementing concrete action plans that allow us to enhance all the dimensions of our organization, there a series of **workshops** were held that involved people from all areas and from all organizational levels.

One of these measures, already implemented in 2016, was the creation of the **employees' club**, where they can share experiences, friendship, ideas, hobbies, etc. with their colleagues. They also benefit from discounts and exclusive offers in a wide variety of sectors and in basic necessities.

In Ineco's commitment to transparency in its communications with employees, the company also has other channels to promote its corporate culture, such as the internal digital magazine, *Sobre la Marcha*, which reviews the main organizational developments each month and offers relevant information on the development of projects and their most significant milestones. The company also has tools such as a suggestion box, blogs and forums, so that communication flows in both directions and is as participatory as possible.

In line with this corporate culture, Ineco works to maintain coherence between its organizational structure and compensation, as well as to properly adapt profiles to the different positions to ensure equal treatment for all employees. We promote a culture of recognition, development, assessment, autonomy and independence. Through our loyalty and commitment management model, we develop talent retention programmes for key personnel, which are reviewed each year.

Also, in 2016, programmes that were implemented in previous years, were continued in order to promote social benefits, the involvement of groups at risk of exclusion and the awareness of diversity.

• Equality Plan and Concilia Plan

Under the framework of its Equality Plan, Ineco is launching initiatives aimed at promoting gender equality, balancing work and family life and preventing sexual and gender harassment. In line with its 2015 objectives related to the Global Compact principle in favour of equality and non-discrimination in employment, one of the more important initiatives was the 2016 Concilia Plan ('Balance Plan'). The Plan revolves around four areas of action:

- Organization of working time
- Social benefits
- Leave, absences and breaks
- Personal and professional development

As part of the Concilia Plan, Ineco managed advantageous agreements with specialized centres to offer solutions to the families of employees during the summer, when the children are out of school.

In 2016, a total of 535 measures were processed and approved. Also, in December 2016, an agreement was reached to extend its validity to 2017.

The company also has a protocol of action to channel possible cases of workplace harassment through a mediator who provides information and manages such cases, if any, ensuring the necessary levels of confidentiality.



- **‘Más’ Programme**

Ineco continues to offer its employees a social benefits package that they can receive in different forms, according to their preferences: food assistance, daycare, health insurance or a combination. These benefits were increased with the Concilia Plan measures. Ineco's employees also have life insurance with coverage in case of death or permanent disability, as well as a Social Security supplement for cases of temporary disability.

- **Integra Plan and Facilita Plan**

Ineco is continuing this plan aimed at the integration of persons with disabilities or those who belong to groups at risk of social exclusion, helping to improve their employability and promoting social awareness in this regard. This plan establishes specific measures for access to employment and is aimed at disabled

employees and victims of gender violence, providing economic assistance, job adaptation, care programmes, etc. And for employees with dependent family members, there are paternity/maternity extensions, family leave, vacation flexibility, etc.

Likewise, the 'Facilita Plan' project was developed to define a series of measures (some already included in the Integra Plan), for implementation throughout 2017, aimed at promoting the integration of employees with disabilities, or those taking care of relatives with some type of disability, all to improve their situation with the company, as well as their quality of life.

Breakdown of corporate governing bodies and staff by gender and age group

2016 Data	Total no.	Gender		Age		
		Men	Women	< 30	30 - 50	> 50
Executive structure	20	75.0%	25.0%	0.0%	65.0%	35.0%
Management structure	211	78.7%	21.3%	0.0%	76.8%	23.2%
Structural personnel	231	78.4%	21.6%	0.0%	75.8%	24.2%
Technical structure	1,781	63.2%	36.8%	8.2%	84.6%	7.2%
Support structure	393	44.5%	55.5%	2.3%	75.6%	22.1%
Working staff	2,174	59.8%	40.2%	7.1%	82.9%	9.9%
Total personnel	2,405	61.6%	38.4%	6.4%	82.2%	11.3%

We are international

In line with Ineco's internationalization process, the company focused a large part of its efforts on consolidating Ineco as a global company abroad, maintaining a policy of proximity to the real situation and local business of each country and ensuring the development and implementation of solutions that maintain our international competitiveness.

To manage these challenges, the Human Resources department has an international team that is a strategic partner that provides support to the company's different departments and works daily on the different stages and steps of the projects under the principles of:

- Fostering international activity, incorporating attractive mobility solutions that our own people propose in our shared management.
- Competitiveness and flexibility, favouring the adaptation of our policies to the needs of both the employee and the client or project.
- Budget control, ensuring optimal control of travel costs, without any loss of attractiveness.
- Local adaptation, always keeping the local reality of each different setting in mind, but also respecting our "Ineco seal".
- Legal security, guaranteeing the continuous mobility of our professionals to the various destinations.

In accordance with these principles, in 2016, Ineco focused on three management areas: the promotion of international activity, the attraction of talent and the development of local talent. With the aim of boosting international activity, we worked hard to consolidate the Global Mobility team as a single, centralized channel for everything related to the mobility of people.

Another milestone was the implementation of a tool hosted on the intranet (Global Mobility Support), designed to provide coverage to resolve the questions, doubts, incidents and management required by employees before, during and after their move.

The attraction and development of local talent was channelled, among other things, by our participation in international employment forums in strategic countries, as well as the Ineco Campus, whose promotion of the programme at the international level throughout the year allowed us to close agreements with leading universities in countries such as Mexico, the United Kingdom and the United Arab Emirates.

Prevention and safety

The protection of the health and safety of its workers is a priority for Ineco. The Occupational Risk Prevention Policy establishes the basis to continuously improve working conditions in the company.

To promote healthy habits, the first **Health Week** was held for all workers in 2016. The company also launched a comprehensive cardio-protection service with the installation of defibrillators in Ineco's Madrid work centres, allowing it to obtain classification as a **Cardio-Protected Space**.

During 2016, Ineco security continued the transformation process based on a system aligned with the organization's operations and interests, implementing measures integrated into a strategy of corporate security and introducing the criteria of Security Risk Analysis. To this end, Corporate Security developed the following:

- **Evacuation plans**, in those countries where this was deemed necessary due to the number of expatriates or the country's risk.
- **Travel Safety Policy** covering the safety standards and protocols to be followed by personnel engaged in international travel or who are expatriated outside their national borders in order to maintain suitable safety and self-protection levels.
- **State's Security Forces Protocol**: to improve the official flow of information in the event of an incident and to include it within the strategy of coordinating security with the State's Security Forces.

People by geographic zone

	Total	Men	Women
Europe	2,348	1,429	919
Spain	2,341	1,424	917
America	16	15	1
Africa	2	2	0
Asia	39	35	4

- **Security Analysis (Intelligence Entry Market Report)**, the nature of Ineco's international projects implies the unavoidable need to analyse the general and specific economic and operational risks, as well as the safety of the destination country, as this is a crucial factor for the viability of the business in a country. Four different safety-related factors are analysed: crime, terrorism, geopolitical risk and social instability.



COMMITTED TO SOCIETY

Economic and social development are closely linked to transport infrastructure quality. Ineco is in contact with the social reality of the communities in which it carries out its projects and has maintained its social commitment to them for many years.

Through various professional volunteer programmes and other actions both in Spain and in developing countries, Ineco devotes part of its efforts to help improve the living conditions of people in difficult social situations or with limited resources, either directly or through collaboration with other organizations.



Social action in 2016

The company encourages the participation and involvement of its professionals in solidarity initiatives to create a more just and equal society. To meet these goals, the company has a social action platform, ¡Solidaria, for the management of corporate volunteering. Through the platform, employees can consult the company's initiatives in this area, share experiences or learn about Ineco's current status in the field of social action. These types of volunteer activities are evaluated by both the non-governmental collaboration organization and by the employees who participate through satisfaction surveys. The survey results are continuously monitored.

- In 2016, the volunteers who participated in the activities rated their overall satisfaction at 4.8 out of 5
- More than 700 volunteer participants

Each year, Ineco develops its Social Action Programme, as part of the company's Corporate Responsibility Plan, which includes work in collaboration with independent non-profit entities with which the company carries out different types of activities, including the corporate volunteering programmes, which are especially well-received and appreciated by Ineco's employees.

On route - Ineco's professional corporate volunteer programme in Ecuador

Since 2013, Ineco has collaborated with the Codespa Foundation on a project (On route, "En ruta") to improve living conditions of families living in the vicinity of Ecuador's tourist rail lines by promoting rural tourism.

These routes, which are run by the Public Railway Enterprise (FEEP), pass through a wide variety of areas with enormous natural and cultural appeal. However, despite the tourist development of the route and the country's general economic growth in recent years, there are still areas of extreme poverty that especially affect the rural mestiza, indigenous and Afro-Ecuadorian populations. These sectors have not had access to the benefits of the growth in tourism in the area, which translates into a loss of employment opportunities and economic growth for these families.

Once again this year, Ineco volunteers collaborated on the project, helping to improve competitiveness and safety of the railway operation by carrying out various studies to improve the safety of the line and train the

Public Railway Enterprise personnel to increase the flow of passengers and consequently the limited income of local communities.

Solidarity euro campaign

This is a solidarity campaign in which employees donate a percentage of their monthly salary to finance a specific project. Ineco then matches employee contributions, doubling the donations up to a maximum value.

A competition was held among the employees to choose the recipient for the funds raised in this year's seventh edition of the solidarity campaign. They chose the project "Programme for the diagnosis and treatment of febrile illnesses in children in Asansol, India", led by Doctors Without Borders.

Thanks to the generosity of Ineco and its employees, in 2016, Doctors Without Borders was able to diagnose and treat dengue fever in more than 30,000 children.

Challenge 2016

The Challenge is a charity race organized by Action Against Hunger to fight malnutrition in children.

This event combines sports and solidarity, letting employees spend a fun day with their colleagues, playing sports while offering a better future to thousands of children. Ineco participated in events in Madrid, Barcelona, Valencia and Seville, and thanks to the 1,492 km travelled by the team, Action Against Hunger provided 12,000 days of treatment for children with nutrition problems.

Towards employment programme. Training for young people at risk of social exclusion

Ineco is committed to improving training and employability of young people at risk of social exclusion, facilitating their inclusion in the workplace (Towards employment, "Hacia el empleo"). To do this, Ineco makes the know-how and skills of its professionals available to these kinds of educational projects.

Once again, in 2016, the company collaborated with the Norte Joven Foundation. The recruitment and staff administration team organized the training through group dynamics, along with individual simulated interviews with young people by Ineco volunteers, to help them cope more successfully with their first job interviews.



Ineco also gives a workshop on basic financial lessons, led by the Economic-Financial department, that are useful for their professional careers.

Share your time campaign

In 2016, Ineco joined the fight against loneliness among the elderly in collaboration with the Friends of the Elders Association. A team of 10 people participated by spending a day accompanying elders on a guided tour of the Thyssen Museum and to dinner. Ten elderly people were able to leave behind their solitude and routines for a great day of cultural activities.

You choose campaign

For the second year in a row, and after being well-received in 2015, Ineco once again ran the You choose ("Tú eliges") campaign, where employees propose and select three NGOs with which they want the company to work to support their social activity.

The proposals most voted by employees, from more than 30 candidates, were the Duchenne Parent Project Association, the Spanish Association Against Cancer, and the Association for the Advancement of Women in Africa.

You amount-Christmas solidarity campaign

In the month of December, Ineco launched the You amount ("Tú sumas")- Christmas solidarity campaign,

which aims to collect food, toys and baby clothes so that families in need might have a better Christmas.

Thanks to its employees, Ineco managed to raise:

- Operation Kilo: 177 kg of food that was donated to the Madrid Food Bank for distribution to families in need, social, child and adolescent canteens, homes for the elderly, children and the disabled, foster homes, etc.
- Toys: donated to the No Child Without a Smile Association and distributed to children through various social entities on January 6.
- Baby clothes: donated to the Mothers Network Association and distributed among women at risk of social exclusion.

The Three Wise Men campaign

Once again, the Reyes Magos (the Three Wise Men) visited Ineco's offices to pick up the letters from the children and grandchildren of the employees and give them the gift of solidarity, this time to benefit Motiva CEE – a special job centre. The children also collaborated by giving children's books to be donated to a public hospital in Madrid.

Lids for a new life

Ineco continues to collaborate with the Seur Foundation on the project "Tapones para una vida" (Lids for a new life) to raise funds to help children in need with diseases not covered by ordinary health systems.

In 2016, Ineco employees were able to collect 440 kg in bottle lids, which were used to provide rehabilitation treatment to two children: Martina and Jorge.

Emergency assistance fund

Since 2009, Ineco has been working with the Red Cross by communicating to its employees the organization's calls for support in response to emergencies, such as the devastating earthquake in Haiti in 2010, the food crisis in the Horn of Africa in 2011, or the earthquake in Nepal in 2015. In 2016, Ineco started a campaign to raise funds among the employees for the earthquake victims in Ecuador. In line with its commitment, the company doubled the amount raised.

Best environmental suggestion award

Ineco led an environmental awareness campaign aimed at increasing employee awareness of the impact that their work and living habits have on the environment. As part of this, Ineco gave an award for the best environmental suggestion received in 2016.

Commitment to the disabled

- Family Environment Workshop: in line with its commitment to diversity, Ineco held a corporate

volunteer conference for families: Environmental Education workshop, in collaboration with the Adecco Foundation, in which Ineco volunteers and people with disabilities come together to run a variety of environmental workshops. Both the Ineco employees and the users of the centre enjoyed a great day together:

- Adapted hiking: Ineco participated in a day of adapted hiking in collaboration with the Sport and Challenge Foundation to promote the integration of people with disabilities through sport. Ineco volunteers accompanied a group of young people with disabilities on a day of trekking along the Camino Schmidt and the Ruta de los Miradores.
- Christmas Card Contest: As part of the Social Action Programme, Ineco has taken up the challenge of improving the employability and working conditions of people with disabilities and promoting social awareness of this situation. In 2016, Ineco organized a Christmas Card Contest for the children/grandchildren of employees in collaboration with the Prodis Foundation.
- Interactive Fruit and Solidarity Corner: To support the integration of disabled people and promote healthy habits among employees, during the 1st Ineco Health Week, and in collaboration with the Juan XXIII Foundation, an interactive nutritional corner was installed in the main offices in Madrid, where nutrition experts gave out guidelines and advice to employees to promote healthy living. Fruit was given out from the Foundation's organic orchard, where organic fruits and vegetables are grown by an enthusiastic team made up of people with intellectual disabilities. Through this project, participants learn a trade and develop eating habits that respect nature.



Collaboration with the sector

In 2016, Ineco renewed the collaboration agreement that designates the company as a Friend of the Fundación Lealtad (Loyalty Foundation). Based on this collaboration, Ineco draws on the support of the Fundación Lealtad (Loyalty Foundation) to guarantee the highest level of transparency and objectivity in the company's participation in its different social programmes and works.

In addition, as a leading global company in transportation engineering and consultancy, Ineco promotes cooperation between national engineering companies and is a member of various national and international associations and organizations. The objective is to enrich and strengthen the synergies between all the agents of the sector, exchanging the most advanced knowledge with other companies and other organizations to help keep their technical and managerial know-how up-to-date. In this sense, in 2016, Ineco was a member of the following entities:

1. **Tecniberia Asince**
2. **Asociación de usuarios de SAP (AUSAPE) (SAP User Association)**
3. **Plataforma Tecnológica Ferroviaria Española (PTFE) (Spanish Railway Technology Platform)**
4. **EATRADA (European ATM Research and Development Association)**
5. **Plataforma Tecnológica de La Carretera (Highway Technology Platform)**
6. **Club de la Innovación y el Conocimiento (The Innovation and Knowledge Club)**
7. **Fundación Lealtad (Loyalty Foundation)**
8. **Asociación Latinoamericana de Metros y Subterráneos (ALAMYS) (Latin American Association of Metros and Undergrounds)**
9. **MAFEX (Asociac. Española de Fabricantes Exportadores de Material, Equipos y Servicios Ferroviarios) (Spanish Association of Export Manufacturers of Railway Material, Equipment and Services)**
10. **International Association of Public Transport (UITP)**
11. **CANSO (Civil Air Navigation Services Organization)**
12. **Madrid Chamber of Commerce**
13. **Asociación Técnica Carreteras (ATC) (Road Technical Association)**
14. **AUSIGETI (Asociación Nacional de Auscultación y Sistemas de Gestión Técnica de Infraestructuras) (National Association of Acoustic Monitoring and Technical Infrastructure Management System)**
15. **AETOS (Asociación Española de Túneles y Obras) (Spanish Association of Tunnels and works)**
16. **ACHE (Asociación Científico - Química del Hormigón Estructural) (Scientific Association – Structural Concrete)**
17. **CETREN**
18. **AEC (Asociación Española de la Calidad, Spanish Quality Association)**
19. **Foro Español de Expatriados (FEEX) (Spanish Forum for Expatriates)**
20. **Asociación de Reparación, Refuerzo y Protección del Hormigón (ARPHO) (Association for Repair, Reinforcement and Protection of Concrete)**
21. **Asociación del Foro de la Contratación Pública Socialmente Responsable (AFCPSR) (Association of the Forum for Socially Responsible Public Contracting)**
22. **Grupo de Crecimiento Verde Europeo- Green Growth Group (GGG)**
23. **European Innovation Partnership (EIP)**

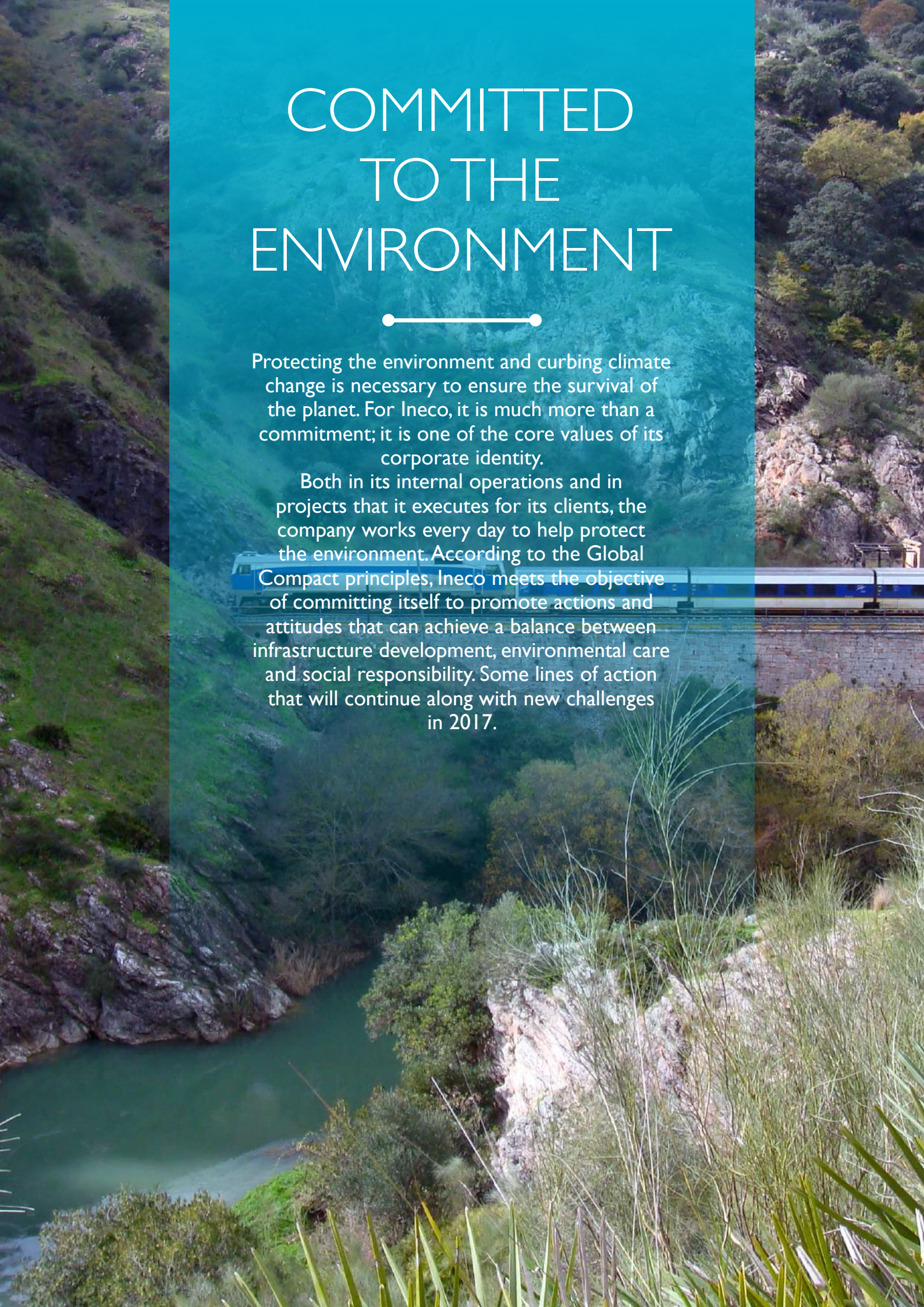
24. Building Smart
25. Asis Seguridad
26. Agers
27. Centro PPP for Cities, Specialist Centre on PPP in Smart and Sustainable Cities
28. International Solid Waste Association (ISWA)
29. PRL Innovación (Occupational Risk Prevention Innovation)
30. Infranews
31. AENOR Smart Cities
32. Clúster Andalucía Smart Cities
33. Cámara Oficial Española de Comercio e Industria de Quito (Official Spanish Chamber of Commerce and Industry of Quito)
34. Asociación Mexicana de Ferrocarriles (AMF) (Mexican Railway Association)



COMMITTED TO THE ENVIRONMENT

Protecting the environment and curbing climate change is necessary to ensure the survival of the planet. For Ineco, it is much more than a commitment; it is one of the core values of its corporate identity.

Both in its internal operations and in projects that it executes for its clients, the company works every day to help protect the environment. According to the Global Compact principles, Ineco meets the objective of committing itself to promote actions and attitudes that can achieve a balance between infrastructure development, environmental care and social responsibility. Some lines of action that will continue along with new challenges in 2017.



Environmental management system

For effective environmental management, Ineco is certified in accordance with ISO 14001, based on three basic lines: prevention of pollution, compliance with legal requirements in environmental matters, and continuous improvement of the company's environmental performance.

In addition to controlling, monitoring and measuring environmental performance, the company works to improve the use of resources throughout the organization, minimizing waste and emissions.

In 2016, as proof of this commitment, the Company's Mexico offices obtained ISO 14001 certification.

Responsible use of resources

Ineco is committed to improving competitiveness and sustainability through proposals aimed at reducing impacts that adversely affect the environment. To do this, the organization has energy-efficient devices to optimize resources, and runs awareness campaigns for the proper use of resources used in its activity.

Ineco has launched the following initiatives aimed at making more efficient use of resources:

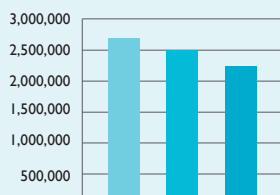
- **Information and awareness**

- Publishing the results of environmental management through the updating of the "Environmental Thermometer" on the corporate intranet.

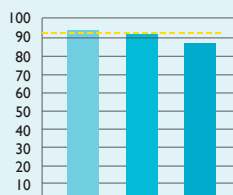
Ineco's Environmental Thermometer in Spain

CONSUMPTION

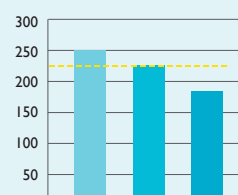
Total electricity consumption (KWh)



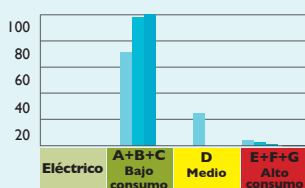
Electricity consumption by office area (kWh/m²)



Total paper consumption by production (kg/M€)

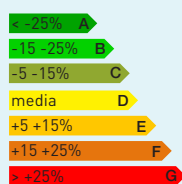


Energy efficiency of vehicles (%)



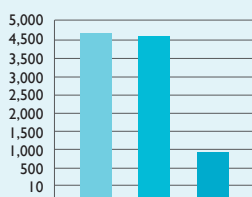
Comparison of consumption

(with measurement of cars of the same size as those sold in Spain)

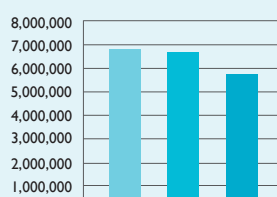


WASTE AND EMISSIONS

Total waste electrical and electronic equipment (kg)



Total equivalent CO₂ emissions (kg)



2014 2015 2016 Objective December 2016



- Semi-annual dissemination of data on the environmental performance of Ineco's temporary offices (national and international).
- Environmental awareness of employees through videos and good environmental practices, signage, and internal communication (corporate intranet, internal digital magazine, etc.)
- Launching of the specific 2016/2017 environmental awareness campaign, "The 12 Energy Challenges". This campaign emphasizes our commitment to energy efficiency through the reduction of energy consumption in the office and promoting the sustainable mobility of our employees.

- **Facilities operation and maintenance**

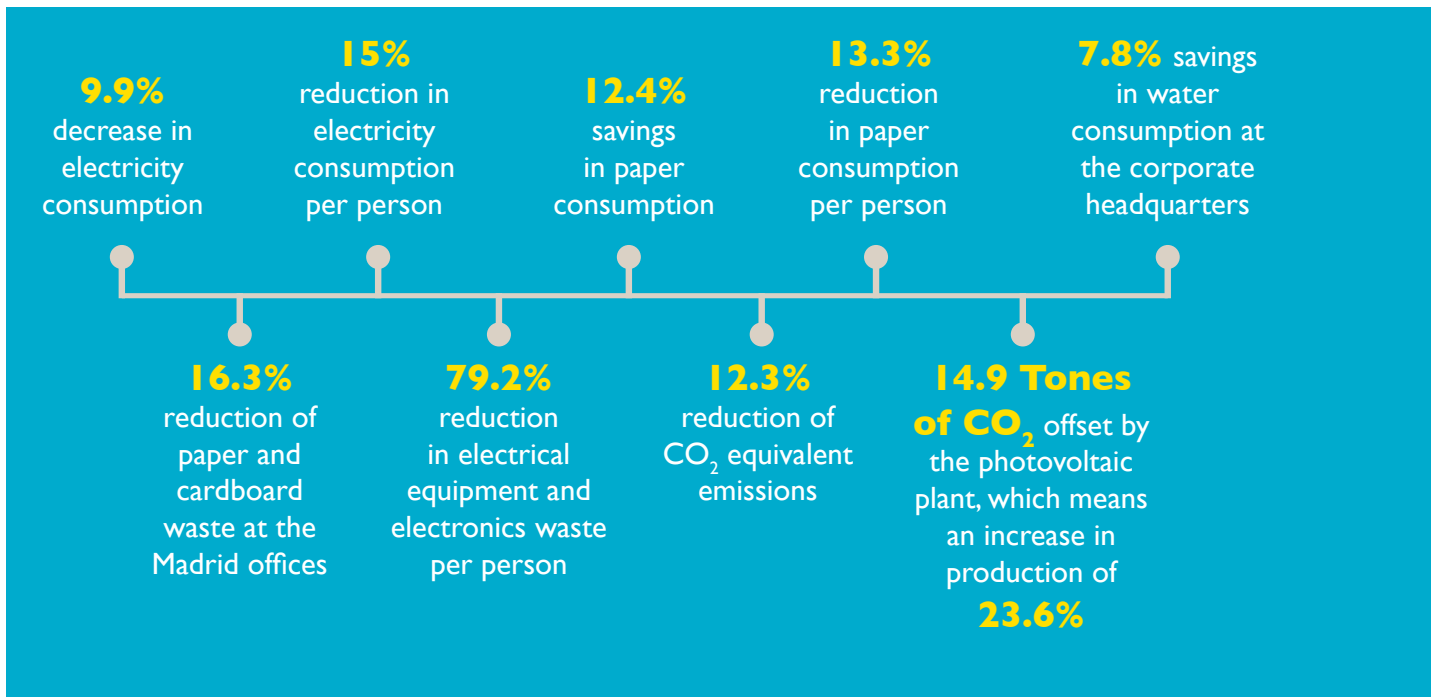
- Evaluation of the energy efficiency of thermal installations in Paseo de la Habana (Madrid) headquarters.
- Supervision of the use of air conditioning to optimize consumption of resources.
- Installation of measurement devices to directly read temperature and humidity in Egeo building headquarters (Madrid).
- Implementation of an energy efficiency plan. The main energy efficiency measures of 2016 were:

- › Replacement of fluorescent lights with LEDs.
- › Control of office lighting with automatic timers.
- › Twilight controls in areas near the windows in the Ineco office.
- › Installation of solar-controlled films on the south facade of the corporate headquarters.
- › Completion of the energy audit required by Spanish Royal Decree 56/2016 of February 12, 2016.
- › Air conditioning improvements in the main offices.
- › Optimization of the photovoltaic plant on the roof of the headquarters.
- › Establishment of water reduction measures such as the replacement of aerators on the faucets with more efficient regulators in the Ineco offices.

- **Organizational management**

- Publication of a vehicle policy that encourages the use of public transportation and carpooling.
- Promotion of the progressive inclusion of efficient vehicles into the fleet.
- Support for initiatives to reduce indirect energy consumption.

Achievements



In regard to the implementation of Global Compact principles 7 and 8, the main challenges faced by Ineco in 2017 are: to implement an energy efficient system according to ISO 50001; to develop the organization's mobility plan; to ensure environmental management in international offices; to incorporate level 3 (employees) into Ineco's current carbon footprint (level 1 and 2), and the implementation of an Environmental Commitment Plan that includes actions taken in the organization on environmental matters such as the promotion of vehicle sharing, analysing the feasibility of electric vehicles, encouraging the use of recycled paper or environmental awareness through a forum of "eco tips".

Ineco's commitment to the environment translates into improving the organization's environmental performance. This responsibility obliges us to continue adopting measures aimed at the sustainability and optimization of resources.



Consumption data

Water

Total water consumption, Paseo de la Habana and Egeo building

WATER CONSUMPTION (m³)			WATER CONSUMPTION / EMPLOYEE (m³)		
YEAR	P HABANA	EGEO	YEAR	P HABANA	EGEO
2013	2,956	4,113	2013	7.49	5.1
2014	2,796	5,028	2014	7.14	6.0
2015	2,881	5,286	2015	8.29	5.3
2016	2,656	4,576	2016	7.81	4.6

Electricity

Total electricity consumption in all offices in Spain

ELECTRICITY CONSUMPTION (gigajoules)	
2013	11,301.8
2014	9,320.7
2015	8,906.4
2016	8,273.6

Paper

Total paper consumption per employee in all offices in Spain

PAPER CONSUMPTION (kg)		
YEAR	TOTAL	kg/employee
2013	36,193	14
2014	30,980	13.4
2015	31,084	13.1
2016	27,219	11.7

Heating fuel



Total consumption of heating fuel
(Paseo de la Habana only)

HEATING FUEL CONSUMPTION (litres)	
2013	7,403
2014	6,086
2015	5,687
2016	8,648

Vehicle fuel



Consumption of vehicle fuel

CONSUMPTION OF VEHICLE FUEL (litres)	
2013	791,000
2014	641,000
2015	734,000
2016	757,000

CO₂ Total emissions, direct and indirect



Total greenhouse gas emissions, direct and indirect

YEAR	DIRECT EMISSIONS Tonnes of CO ₂ equivalent	INDIRECT EMISSIONS Tonnes of CO ₂ equivalent	TOTAL EMISSIONS Tonnes of CO ₂ equivalent
2013	2,103	5,644	7,747
2014	1,702	4,989	6,691
2015	2,280	4,339	6,620
2016	2,364	3,448	5,813

Waste

Amount of hazardous waste generated on Paseo de la Habana and Egeo building (fluorescents, batteries, electronic devices and hazardous waste containers)

QUANTITY OF HAZARDOUS WASTE MANAGED (kg)	
2013	2,637
2014	4,755
2015	4,871
2016	1,475

QUANTITY OF NON HAZARDOUS WASTE-PACKAGING (kg)	
2013	7,720
2014	6,765
2015	10,728
2016	14,609

Amount of non-hazardous waste generated by Paseo de la Habana and Egeo building. Paper and cardboard data includes all Madrid offices.

QUANTITY OF NON HAZARDOUS WASTE-DOMESTIC (kg)	
2013	25,250
2014	19,703
2015	20,140
2016	23,665

QUANTITY OF NON HAZARDOUS WASTE-PAPER AND CARDBOARD (kg)	
2013	36,900
2014	34,380
2015	33,480
2016	27,630

Indirect energy consumption

Air and train travel

TOTAL KM TRAVELLED BY AIR	
2013	24,383,483
2014	21,828,449
2015	21,472,103
2016	15,255,332

TOTAL KM TRAVELLED BY TRAIN	
2013	3,149,540
2014	2,643,596
2015	3,004,083
2016	3,499,411

TOTAL KM TRAVELLED BY AIR PER EMPLOYEE	
2013	9,642
2014	9,422
2015	9,041
2016	6,899

TOTAL KM TRAVELLED BY TRAIN PER EMPLOYEE	
2013	1,245
2014	1,141
2015	1,263
2016	1,499

Responsibility and commitment to the environment in our innovative solutions

Transport must respect the environment to ensure the future of the planet. That is why sustainability is one of the pillars of all of Ineco's technical solutions and its innovation proposals.

In 2016, more aware than ever of the imperative to help curb global warming and climate change, the company has been involved in R&D&I projects focused on improving environmental efficiency, such as:

Internal projects

- **Flight procedures**

Development of flight procedure tool of our own design, which complies with the provisions of Regulation EC-73/2010 of January 26.

- **Smart cities**

Development of our own smart city platform, Cityneco, for the management of sustainable cities. Although the main focus is mobility, it also allows the integration of other aspects, such as government, environment, etc.

Collaborative projects

- **Shift2rail**

The goal of this programme is to achieve a Single European Railway Area (SERA) as well as to increase the attractiveness and competitiveness of the European Railway system to ensure a modal shift from roads towards a more sustainable mode of transport, such as rail.

- **SESAR 2020 Programme**

Programme for research into the future of Air Traffic Management (ATM) in Europe, as well as the civil aviation strategy within the framework of the Single European Sky (SES). It is a continuation of the SESAR programme.

- **MINOXSTREET**

(Monitoring and modelling NOx removal efficiency of photocatalytic materials: a strategy for urban air quality management): project to study the effectiveness of commercial materials for NOx-absorbing pavements (reducing contaminants) through laboratory tests and in real locations.

Ineco strives for environmental sustainability in its technical solutions

Sustainability and environmental protection are deeply integrated into Ineco's engineering and consulting work in every way and at all stages of the project life cycle: planning, design, construction, operation and maintenance.

This work ranges from environmental assessment at the strategic and project level, to specialized analyses of each of the potentially affected environmental factors: flora and fauna, archaeological heritage, soil or water (effluents), air (atmospheric pollution, emissions, etc.) and the environment in general (noise, vibrations, occupancy, etc.). Geographic Information Systems (GIS) and modelling tools are usually used to support the projects.

The company has many years of experience and specialized equipment capable of carrying out all types of studies -from the noise footprint of an airport to the strategic environmental assessment of a transport plan or the impact studies of a road, railway or multimodal corridor; for example- and proposing and designing the corresponding preventive, corrective and mitigating measures.

Environmental aspects are particularly important in planning decisions and in all pre-construction studies, since they greatly influence the costs -both ecological and economic- of building, expanding or operating infrastructure and transport.

In conclusion, the company is fully committed to the great global battle against climate change, working in every plan and in every project to achieve more sustainable and efficient transport solutions.

COMMITTED TO OUR SUPPLIERS

Ineco guarantees its suppliers transparency and equality in its procurement processes while at the same time seeking for the highest standards of quality.

Having the best suppliers is fundamental for the company, as they provide the necessary resources and services for its operation. The company is fully committed to them as essential collaborators.

Communication, equality and transparency

The principles governing Ineco's internal contracting standards are:

Principle of publicity

The company applies this principle by including the General Procurement Conditions on its website, publishing the contracting processes on the State Procurement Platform (www.contrataciondelestado.es) and also on the Ineco website, notwithstanding the possibility of using other means of advertising for procurement associated with management assignments.

Principles of concurrence, equality and non-discrimination

Ineco seeks to ensure free access to contracting by any company, starting with the non-discrimination clause in the contract. It also guarantees equal access for economic operators from all EU Member States with the recognition of diplomas, certificates and other qualifications from different EU countries. In addition, one of the company's fundamental directives is to provide information in a non-discriminatory manner to avoid giving certain tenderers an advantage over others.

Principle of transparency

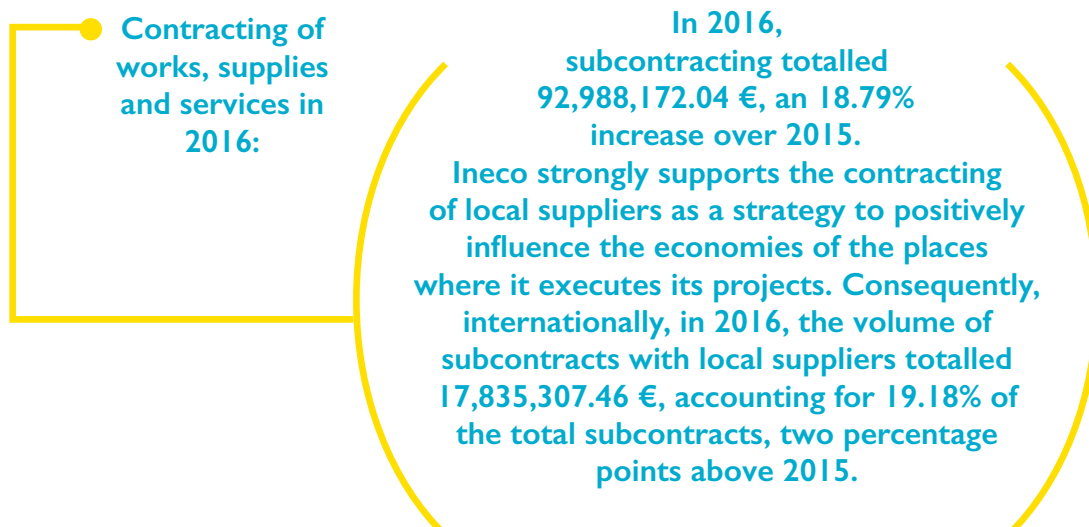
The company complies with the requirements of this principle through the application of the Internal Procurement Rules, specifying the contracting process that applies and the bodies established to award the contract.

Ineco also publishes the General Procurement Conditions applicable to the contracts and establishes objective assessment criteria in each specification, always awarding the most economically advantageous tender according to those criteria.

Principle of confidentiality

The guarantee of compliance with this principle is embodied in the confidentiality clause included in the General Procurement Conditions, which in some processes are complemented by specific clauses.

Moreover, Ineco, sensitive to the most disadvantaged groups, supports socially responsible procurement by promoting the inclusion of social clauses in its tendering processes. In addition, in 2016, Ineco renewed its membership in the Forum of Socially Responsible Procurement, which provides assistance to companies in this area.



ANNEX I



Balance sheet





BALANCE SHEET

ASSETS	2016	2015*
NON-CURRENT ASSETS	17,359,089 €	17,009,414 €
Intangible assets	2,732,948 €	2,149,735 €
Computer applications	2,732,949 €	2,149,735 €
Tangible assets	8,776,571 €	9.092.397 €
Land and buildings	6,239,776 €	6,629,590 €
Technical facilities and other tangible assets	2,536,795 €	2,462,807 €
Long-term investments in group and associate companies	1,548,125 €	1,508,925 €
Equity instruments	1,548,125 €	1,508,925 €
Long-term financial investments	831,896 €	861,700 €
Other financial assets	831,896 €	861,700 €
Deferred tax assets	3,469,548 €	3,396,657 €
CURRENT ASSETS	156,230,410 €	161,689,932 €
Non current assets held for sale	-	-
Inventory	2,663,760 €	73,831 €
Advances to suppliers	2,663,760 €	73,831 €
Commercial debts and other accounts receivable	88,404,986 €	103.453.231 €
Customers for sale and provision of services	42,692,316 €	52,843,765 €
Customers, group and associate companies	42,606,785 €	44,643,017 €
Various debtors	318,077 €	555,355 €
Staff	655,956 €	621,361 €
Other credits with Public Administrations	2,131,851 €	4,789,733 €
Short-term investments with group and associate companies	240.215 €	73.447 €
Other financial assets	240,215 €	73,447 €
Short-term financial investments	448,701 €	831,293 €
Credits to companies	378,305 €	378,305 €
Debt securities	-	8,069 €
Derivatives	-	423,774 €
Other financial assets	70,396 €	21,145 €
Short-term accruals	1,694,211 €	535,511 €
Cash and other equivalent liquid assets	62,778,536 €	56,722,619 €
Treasury	62,778,536 €	41,722,619 €
Other equivalent liquid assets	-	15,000,000 €
TOTAL ASSETS	173,589,499 €	178,699,346 €

(*) The 2015 financial statements have been restated in the 2016 financial statements.

As of December 31st, 2016

NET EQUITY AND LIABILITIES	2016	2015*
NET EQUITY	86.605.456 €	84.424.347 €
Own Funds	86,556,544 €	84,369,789 €
Capital	8,250,660 €	8,250,660 €
Capital subscribed	8,250,660 €	8.250.660 €
Issue premium	12,857,007 €	12,857,007 €
Reserves	56,590,351 €	56,870,972 €
Legal and statutory	1,650,132 €	1,650,132 €
Other reserves	54,940,219 €	55,220,840 €
Results for the year	8,858,526 €	6,391,150 €
Subsidies, donations and legacies received	48,912 €	54,558 €
NON-CURRENT LIABILITIES	1,286,873 €	1,894,386 €
Long-term provisions	865,061 €	1,418,954 €
Other provisions	865,061 €	1,418,954 €
Long-term debts	322,010 €	338,968 €
Other financial liabilities	322,010 €	338,968 €
Deferred tax liabilities	99,803 €	136,464 €
CURRENT LIABILITIES	85,697,170 €	92,380,614 €
Short-term provisions	7,974,369 €	5,685,010 €
Short-term debts	46,893 €	512,867 €
Derivatives	0 €	423,774 €
Other financial liabilities	46,893 €	89,093 €
Short-term debts with group and associate companies	137,730 €	0 €
Commercial debtors and other accounts payable	77,538,178 €	86.182.737 €
Suppliers	24,976,132 €	17,249,168 €
Suppliers, group and associate companies	204,409 €	75,050 €
Various creditors	18,156 €	137,145 €
Staff (compensation pending payment)	5,296,165 €	6,065,527 €
Other debts with the Public Administrations	7,181,965 €	10,170,029 €
Customer advances	39,861,350 €	52,485,818 €
Short-term accruals	0 €	0 €
TOTAL NET EQUITY AND LIABILITIES	173,589,499 €	178,699,346 €

(*) The 2015 financial statements have been restated in the 2016 financial statements.

ANNEX II



PROFIT AND LOSS STATEMENT



annex



As of December 31st, 2016

PROFIT AND LOSS STATEMENT

CONTINUING OPERATIONS	2016	2015*
Net turnover	206,682,731 €	195,390,772 €
Sales	206,682,731 €	195,390,772 €
Provision of services	0 €	0 €
Supplies and services	-44,938,988 €	-39,565,747 €
Work performed by other companies	-44,938,988 €	-39,565,747 €
Other operating revenue	1,644,724 €	965,129 €
Accessory and other current revenue	1,239,277 €	184,560 €
Operating subsidies included in income for the year	405,446 €	780,569 €
Personnel expenses	-129,999,471 €	-126,400,147 €
Wages, salaries and similar	-95,085,809 €	-90,276,932 €
Social charges	-34,913,662 €	-35,594,650 €
Provisions	0 €	-528,565 €
Other operating expenses	-21,440,828 €	-24,084,331 €
External services	-19,062,776 €	-18,546,281 €
Taxes	-3,505,536 €	-2,466,836 €
Losses, impairment and changes in provisions for commercial operations	1,127,485 €	-3,071,214 €
Amortization of assets	-2,261,658 €	-1,810,612 €
Impairment and result from disposals of fixed assets	0 €	0 €
Impairment and other losses	0 €	0 €
Other results	-20,107 €	3,225,887 €
OPERATING INCOME	9,666,403 €	7,720,951 €
Financial revenues	90,983 €	233,377 €
From stakes in equity instruments	-	-
In group and associate companies	2,322 €	2,961 €
From marketable securities and other financial instruments	-	-
From third parties	88,660 €	230,416 €
Financial expenses:	-47,044 €	-14,700 €
For third-party debts	-47,044 €	-14,700 €
Change in fair value of financial instruments	6,189 €	161,788 €
Trading portfolio and others	6,189 €	161,788 €
Currency exchange differences	671,064 €	1,062,315 €
FINANCIAL RESULTS	721,192 €	1,442,780 €
RESULTS BEFORE TAXES	10,387,595 €	9,163,731 €
Income tax	-1,529,069 €	-2,772,581 €
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	8,858,526 €	6,391,150 €
RESULTS FROM THE YEAR	8,858,526 €	6,391,150 €

(*) The 2015 financial statements have been restated in the 2016 financial statements.



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