PROSEGUR

Annual Report 2013

ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED CORPORATIONS

A. Ownership structure 284
B. General Shareholders' Meeting 288
C. Structure of the Company's Management 290
D. Related-party and intra-group transactions 311
E. Control and risk management systems 314
F. Internal control and risk management systems in relation to the process of financial reporting 316

G. Degree of implementation of Corporate Governance guidelines 326
H. Other relevant information 340

Auditors' Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" 341

Information on Audit Committee activities in financial year 2013 343

1. Introduction 343
2. Activities during 2013 345

Annual corporate governance report of listed corporations

A. Ownership structure

A.1 Complete the following table on the company's capital structure:

Date of last change	Share capital (euros)	Number of shares	Number of voting rights
06/07/2012	37,027,478.40	617,124,640	617,124,640

State whether there are different classes of shares with different associated voting rights:

No

A.2 Breakdown of the direct and indirect owners of significant shareholdings in the company at year-end, excluding members of the Board of Directors:

Name of shareholder	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
GUBEL, S.L.	309,026,930	0	50.07%
AS INVERSIONES, S.L.	32,817,810	0	5.32%
FMR LLC	0	29,908,843	4.85%
CANTILLON CAPITAL MANAGEMENT LLC	0	18,821,350	3.05%
M & G INVESTMENT MANAGEMENT, LTD	0	19,362,786	3.14%
OPPENHEIMER ACQUISITION CORPORATION	0	21,761,746	3.53%

Name of shareholder	Through: Name of direct owner of shareholding	Number of voting rights
GUBEL, S.L.	GUBEL, S.L.	0
AS INVERSIONES, S.L.	AS INVERSIONES, S.L.	0
FMR LLC	VARIOUS FUNDS	29,908,843
CANTILLON CAPITAL MANAGEMENT LLC	VARIOUS FUNDS	18,821,350
M & G INVESTMENT MANAGEMENT, LTD	VARIOUS FUNDS	19,362,786
OPPENHEIMER ACQUISITION CORPORATION	VARIOUS FUNDS	21,761,746

State significant changes to the ownership structure in the year:

Name of shareholder	Transaction date	Description of the transaction
FMR LLC	29/05/2013	Less than 5% of share capital
OPPENHEIMER ACQUISITION CORPORATION	11/09/2013	More than 3% of share capital
CORPORACION FINANCIERA ALBA, S.A.	07/11/2013	Less than 3% of share capital

A.3 Complete the following tables showing the members of the Board of Directors of the company holding voting rights attached to shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights	% of total voting rights
HELENA IRENE REVOREDO DELVECCHIO	0	309,026,930	50.07%
HELENA IRENE REVOREDO DELVECCHIO	0	213,400	0.04%
PEDRO GUERRERO GUERRERO	1,000	330,000	0.05%
CHRISTIAN GUT REVOREDO	885,430	0	0.14%
MIRTA MARIA GIESSO CAZENAVE	1,898,320	32,817,810	5.62%

Name of indirect owner of shareholding	Through: Name of direct owner of shareholding	Number of voting rights
HELENA IRENE REVOREDO DELVECCHIO	GUBEL, S.L.	309,026,930
HELENA IRENE REVOREDO DELVECCHIO	PROREVOSA, S.L.	213,400
PEDRO GUERRERO GUERRERO	VALORES DEL DARRO, SICAV, S.A.	330,000
CHRISTIAN GUT REVOREDO	DON CHRISTIAN GUT REVOREDO	0
MIRTA MARIA GIESSO CAZENAVE	AS INVERSIONES, S.L.	32,817,810

Total percentage of voting rights held by the Board of Directors	55.93%

Complete the following tables showing the members of the Board of Directors of the company holding voting rights attached to shares in the company:

Name of director	Number of direct voting rights	Number of indirect voting rights	Equivalent number of shares	Equivalent number of shares
DON CHRISTIAN GUT REVOREDO	1,812,740	0	1,812,740	0.29%

A.4 Indicate, where applicable, any family relationships, or commercial, contractual or corporate ties between the holders of significant shareholdings, to the extent they are known by the company, unless they are not significant or result from the ordinary course of business:

A.5 Indicate, where applicable, any commercial, contractual or corporate relationship between the holders of significant shareholdings and the company and/or its group, unless they are not significant or result from the ordinary course of business:

Name of related parties
GUBEL, S.L.
PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A.

Type of relationship:
Commercial.

Brief description:
Proactinmo, S.L. (subsidiary of Gubel, S.L.) leases an office building to Prosegur for an initial period of five (5) years until 2015. Annual rent in 2013 totalled 1,297,000 euros.

A.6 State whether the company has been notified regarding the existence of shareholders' agreements affecting it in accordance with the provisions of Articles 530 and 531 of the Capital Companies Act. If so, describe them briefly and list the shareholders bound by the pact:

No

State whether the company is aware of the existence of concerted actions among its shareholders. If so, describe them briefly:

No

Expressly indicate any changes or breaches of said agreements or concerted actions occurring during the financial year:

N/A

A.7 State whether there are any persons or legal entities exercising or potentially exercising control of the company in accordance with Article 4 of the Spanish Securities Market Act. If so, say whom/which:

Yes

Name
HELENA IRENE REVOREDO DELVECCHIO

Comments
Through GUBEL,S.L.

A.8 Complete the following tables concerning the company's treasury shares:

At year-end:

Number of direct shares	Number of indirect shares *	Total % of share capital
39,685,484	4,000,000	7.08%

(*) Through:

Name of direct owner of shareholding	Number of direct shares
PROSEGUR PARAGUAY, S.A.	4,000,000
Total	39,685,484

List any significant changes occurring during the year, in accordance with the provisions of Royal Decree 1362/2007:

A.9 State the conditions and term of the mandate issued by the shareholders' meeting to the Board of Directors for issuing, buying back or transferring treasury shares.

The Ordinary General Meeting of Shareholders of Prosegur Compañía de Seguridad, S.A., held on 27 June 2011, resolved to renew the authorisation granted at the General Shareholders' Meeting (on 28 June 2010) for the derivative acquisition of treasury shares directly or via group companies, in the terms literally transcribed below:

1. To authorise the derivative acquisition of shares in Prosegur Compañía de Seguridad, S.A. by the Company and its subsidiaries pursuant to the provisions of the Capital Companies Act, in compliance with the requirements established in applicable legislation at all times and in the following conditions:

   a) The shares may be acquired directly by the Company or indirectly via its subsidiaries, in the form of sale-purchase, exchange or any other legally valid transaction.
   b) The par value of the shares acquired, plus, where applicable, that of those already held, directly or indirectly, must not exceed the maximum legally allowed at any given time.
   c) The purchase price per share shall be at least the par value and at most the market value on the day of the purchase, plus 10%.
   d) This authorisation is granted for a period of five years.

   It is expressly stated that this authorisation may be used in full or in part for the acquisition of treasury shares to be delivered or transferred to directors or employees of the Company or companies belonging to its group, either directly or as a result of their exercising option rights, all within the framework of remuneration systems linked to the market value of shares in Prosegur Compañía de Seguridad, S.A.

2. To empower the Board of Directors, with express powers to sub-delegate and, in the broadest possible terms, to exercise this authorisation and to perform the rest of the provisions contained herein.
3. To terminate, in the part not used, the authorisation granted in point five of the agenda for the Ordinary General Shareholders' Meeting held on 28 June 2010.

A.10 State whether there are any restrictions on the transferability of securities and/or on voting rights. In particular, state any kind of restriction that might hamper taking control of the company through the acquisition of its shares in the market.

No

A.11 State whether the General Shareholders' Meeting has agreed to adopt neutralisation measures in the event of a takeover bid pursuant to the provisions of Act 6/2007.

No

Where applicable, explain the measures approved and the terms in which the restrictions shall cease to be efficient:

A.12 State whether the company has issued securities that are not traded in a regulated EU market.

No

Where applicable, indicate the various classes of shares and, for each class, the rights and obligations they confer upon their holders.

B. General shareholders' Meeting

B.1 State and, where applicable, detail, whether there are differences with respect to the minimum quorum provided in the Capital Companies Act for constituting the General Meeting.

No

B.2 State and, where applicable, detail, whether there are differences with respect to the requirements provided in the Capital Companies Act for adopting shareholders' agreements:

No

Describe how they differ from the provisions envisaged in the Capital Companies Act.

B.3 State the regulations applicable to the amendment of the company's bylaws. In particular, state the majorities required to amend the bylaws, as well as, where applicable, the regulations for safeguarding shareholders' rights in the event of amendments to the bylaws.

The Board of Directors submits to the Shareholders' Meeting the proposals for amendments or additions to the bylaws, with the relevant directors' report on said amendments.

All documentation relating to changes to bylaws is made available to shareholders, when the Meeting at which said modification is to be approved is convened.

The Shareholders' Meeting announcement clearly states that shareholders are entitled to examine and obtain at the company's offices all documentation in this connection, and to request that the company provide them with this documentation immediately and at no charge.

B.4 Provide the attendance figures for the general shareholders' meetings held in the financial year to which this report refers and in the previous year:

	Attendance				
			% distance vote		
Date of general shareholders' meeting:	% in attendance	% represented	Electronic vote	Other	Total
29/04/2013	55.93%	21.74%	0.00%	0.00%	77.67%

B.5 State whether there is any restriction in the bylaws that establishes a minimum number of shares required for attendance to the general shareholders' meeting:

Yes

Number of shares required to attend the Shareholders' Meeting	617,125

B.6 State whether it has been agreed that certain decisions that involve structural changes to the company ("subsidiarisation", sale-purchase of essential operating assets, operations equivalent to the liquidation of the company, etc.) must be submitted for the approval of the general shareholders' meeting, even if not so expressly required by Mercantile Legislation.

Yes

B.7 Indicate the company's website address and method of online access to information regarding corporate governance and other information regarding general shareholders' meetings that must be made available to shareholders via the company's website.

Address: www.prosegur.com
Method of access to corporate governance information: Home page/Shareholders and Investors/Corporate governance, and Home page/Shareholders and Investors/General Shareholders' Meeting.

C. Structure of the Company's Management

C.1 Board of Directors

C.1.1 Maximum and minimum number of directors as stipulated in the bylaws:

Maximum number of directors	15
Minimum number of directors	5

C.1.2 Complete the following table with the members of the Board:

Name of director	Representative	Director's position on the Board	D. First appointm.	D. last appointm.	Election procedure
HELENA IRENE REVOREDO DELVECCHIO	—	Chairperson	30/06/1997	29/04/2013	Agreement of General Shareholders' Meeting
ISIDRO FERNANDEZ BARREIRO	—	Deputy-chairperson	19/06/2002	29/04/2013	Agreement of General Shareholders' Meeting
CHRISTIAN GUT REVOREDO	—	Managing director	30/06/1997	29/04/2013	Agreement of General Shareholders' Meeting
FERNANDO VIVES RUIZ	—	Director	29/05/2012	29/05/2012	Agreement of General Shareholders' Meeting
MIRTA MARIA GIESSO CAZENAVE	—	Director	09/05/2000	29/04/2013	Agreement of General Shareholders' Meeting
CHANTAL GUT REVOREDO	—	Director	30/06/1997	29/04/2013	Agreement of General Shareholders' Meeting
PEDRO GUERRERO GUERRERO	—	Director	29/03/2005	27/06/2011	Agreement of General Shareholders' Meeting
EDUARDO PARAJA QUIROS	—	Director	26/04/2004	29/05/2012	Agreement of General Shareholders' Meeting
EUGENIO RUIZ-GALVEZ PRIEGO	—	Director	27/06/2005	27/06/2011	Agreement of General Shareholders' Meeting

Total number of directors	9

Indicate any resignations from the Board of Directors during the reporting period:

C.1.3 Complete the following tables with the members of the Board and their status:

EXECUTIVE DIRECTORS

Name of director	Committee that proposed the appointment	Position in the company
HELENA IRENE REVOREDO DELVECCHIO	APPOINTMENTS AND REMUNERATION COMMITTEE	EXECUTIVE CHAIRPERSON
CHRISTIAN GUT REVOREDO	APPOINTMENTS AND REMUNERATION COMMITTEE	MANAGING DIRECTOR
CHANTAL GUT REVOREDO	APPOINTMENTS AND REMUNERATION COMMITTEE	DIRECTOR OF INTERNATIONAL EXPANSION

Total number of executive directors	3
% of total Board	33.33%

EXTERNAL PROPRIETARY DIRECTORS

Name of director	Committee that proposed the appointment	Name of the significant shareholder who is represented or who proposed the appointment
MIRTA MARIA GIESSO CAZENAVE	APPOINTMENTS AND REMUNERATION COMMITTEE	AS INVERSIONES, S.L.

Total number of proprietary directors	1
% of total Board	11.11%

EXTERNAL INDEPENDENT DIRECTORS

Name of director:
PEDRO GUERRERO GUERRERO

Profile:
Guerrero Guerrero holds a bachelor's degree in Law from Madrid's Universidad Complutense. State Attorney, Stockbroker and Notary Public of Madrid (extended leave of absence). Previously Chairman of Sociedad Rectora de la Bolsa de Madrid and Sociedad de Bolsas. He was a founding partner and Deputy-Chairman of A.B. Asesores Bursátiles and Chairman of A.B. Gestión and A.B. Asesores Red. He is the Chairman of Bankinter, S.A., where he has been a director since 2000.

Name of director:
FERNANDO VIVES RUIZ

Profile:
Vives Ruiz holds a PhD in Law from Universidad Pontificia de Comillas (ICADE). He holds a bachelor's degree in Economics and Business from Universidad Pontificia de Comillas (ICADE). He is a Senior Partner at the J. A.

Garrigues, S.L.P. law firm. Co-Director of the Garrigues Chair for the Modernisation of Corporate Law at the Law Faculty of Universidad Pontificia de Comillas. Cooperating professor in Mercantile Law, Universidad Pontificia de Comillas (ICADE). Member of the Consultant Committee of the Spanish Securities Market Commission.

Name of director:
EDUARDO PARAJA QUIROS

Profile:
Paraja Quiros holds a bachelor's degree in Law, and an MBA from Houston University. Director of Gecina since April 2013. Director of Prosegur since 2004. Managing Director of Prosegur from 2004 to 2008. Managing Director of Metrovacesa from 2009 to 2013. Trustee of Fundación Prosegur.

Name of director:
EUGENIO RUIZ-GALVEZ PRIEGO

Profile:
Civil Engineer. MBA from Stanford University. Managing Director of the Uralita Group from 1993 and Deputy-Chairman from 1997 to 2002. Director of Ebro Foods (previously Azucarera Ebro Agrícolas and later Ebro Puleva) since 2000. Managing Director of Azucarera Ebro from 2000 to 2010. Director of Prosegur since 2005.

Total number of independent directors	4
% of total Board	44.44%

State whether any independent director receives from the company or its group any amount or benefit other than the remuneration as director, or maintains or has maintained, in the last financial year, a business relationship with the company or any company belonging to its group, either on his own behalf or as a significant shareholder, director or senior officer of a company that has maintained such a relationship.

Name of director: Fernando Vives Ruiz.

Description of the relationship: Senior Partner of J&A Garrigues, S.L.P. law firm, which recurrently and ordinarily provides legal counsel and tax advice to the Company.

Reasoned statement: Recurrently, and for many years before the appointment of Fernando Vives as a director of the Company, the law firm J&A Garrigues, S.L.P. has provided Prosegur with legal counsel and tax advice, within the ordinary course of business and in market terms. The Prosegur Group does not work solely with J&A Garrigues, S.L.P., but also receives legal counsel and tax advice from other firms. The fees received by J&A Garrigues, S.L.P. from the Prosegur Group are not material for the firm and neither do they represent a significant amount on the accounts of the Prosegur Group. Furthermore, these services are provided through partners from the firm other than Fernando Vives, whose remuneration as a partner of J&A Garrigues, S.L.P. is entirely independent and in no way linked to the amount invoiced by the firm to the Prosegur Group. Accordingly, the Board of Directors considers that the business relationship between the law firm J&A Garrigues, S.L.P. and the Prosegur Group, due

to its recurrent, non-exclusive nature in the ordinary course of business, and its scant significance in the terms outlined, in no way affects the independence of Fernando Vives to discharge the duties of independent director of Prosegur.

In the event, a reasoned statement shall be included by the Board of Directors regarding the reasons why it considers that said director can discharge his duties as an independent director.

OTHER EXTERNAL DIRECTORS

Name of director	Committee that informed or proposed the appointment
ISIDRO FERNANDEZ BARREIRO	APPOINTMENTS AND REMUNERATION COMMITTEE

Total number of other external directors	1
% of total Board	11.11%

Explain why they cannot be considered to be proprietary or independent and their relationships, with either the company or its directors or its shareholders:

Name of director:
ISIDRO FERNANDEZ BARREIRO

Company, director or shareholder with which/whom they have a relationship:
CORPORACION FINANCIERA ALBA, S.A.

Reasons:
He cannot be considered to be a proprietary director due to (i) not owning a shareholding equal to or higher than the stake legally considered to be significant or having been appointed due to being a shareholder, although the shareholding does not reach said amount, and (ii) not representing any of the shareholders referred to in section (i) above. He cannot be considered an independent director because he was a proprietary director of Corporación Financiera Alba, S.A until February 2013, and the latter did not sell its entire stake in the company until 7 November 2013.

State any changes which have taken place in the status of each director during the period:

Name of director	Date of change	Previous status	Current status
ISIDRO FERNANDEZ BARREIRO	25/02/2013	Proprietary	Other External
ISIDRO FERNANDEZ BARREIRO	25/02/2013	Other External	Independent
EUGENIO RUIZ-GALVEZ PRIEGO	25/02/2013	Other External	Independent
CHANTAL GUT REVOREDO	21/11/2013	Proprietary	Executive

C.1.4 Complete the following table with information on the number of women directors in the last 4 years, and the category of directorships:

	Number of women directors				% of total directors of each category			
	Financial year 2013	Financial year 2012	Financial year 2011	Financial year 2010	Financial year 2013	Financial year 2012	Financial year 2011	Financial year 2010
Executive	2	1	1	1	66.67%	50.00%	50.00%	50.00%
Proprietary	1	2	2	2	100.00%	66.67%	66.67%	66.67%
Independent	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Other External	0	0	0	0	0.00%	0.00%	0.00%	0.00%
Total	3	3	3	3	33.33%	33.33%	37.50%	37.50%

C.1.5 Explain any measures that have been implemented to try to include in the Board of Directors a number of women that provides a balanced presence of women and men.

Details of the measures	N/A

C.1.6 Detail any measures agreed by the Appointments Committee to ensure that selection procedures do not entail an implicit bias that hampers the selection of women directors, and to ensure that the company deliberately looks for and includes among the potential candidates, women who meet the professional profile required:

Details of the measures	N/A

When, despite any measures that have been implemented, the number of women directors is scant or nil, explain why:

Details of the measures	N/A

C.1.7 Explain how significant shareholders are represented on the Board of Directors.

Gubel, S.L. has one proprietary director and As Inversiones S.L. has one proprietary director. Helena Revoredo Delvecchio and Christian Gut Revoredo are executive directors proposed by Gubel S.L.

C.1.8 Explain, where applicable, why proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% of share capital:

Name of shareholder:

Reason:	N/A

State whether formal requests have been denied for presence on the Board of Directors from shareholders whose shareholding is equal to or higher than others at whose request proprietary directors have been designated. In the event, explain why such requests have been denied:

No

C.1.9 State whether any directors have left their posts before the end of their term, whether they have explained their reasons to the Board of Directors and through what channels and, if they have explained their reasons in writing to the full Board, explain at least the reasons they gave:

C.1.10 Where applicable, state what powers are delegated to the Managing Director(s):

Name of director:
HELENA IRENE REVOREDO DELVECCHIO

Brief description:
The Chairperson of the Company, Executive Chairperson, has been permanently granted broad powers of management and disposal.

Name of director:
CHRISTIAN GUT REVOREDO

Brief description:
The Board of Directors has delegated all its powers to the Managing Director, except those that may not be delegated by Law, or in accordance with the Bylaws or the Rules and Regulations of the Board of Directors.

C.1.11 Where applicable, identify any members of the Board of Directors who undertake administrative or management duties in other companies that belong to the same group as the listed company:

Name of director	Registered name of the group company	Position
CHRISTIAN GUT REVOREDO	FORMACION, SELECCION Y CONSULTORIA, S.A.	JOINT ADMINISTRATOR
CHRISTIAN GUT REVOREDO	PROSEGUR ALARMAS, S.A.	JOINT ADMINISTRATOR
CHRISTIAN GUT REVOREDO	PROSEGUR ACTIVA HOLDING. S.L.U.	JOINT ADMINISTRATOR
CHRISTIAN GUT REVOREDO	PROSEGUR ESPAÑA, S.L.	JOINT ADMINISTRATOR

C.1.12 List the names, where applicable, of those directors of the company who are members of the Board of Directors of other companies listed in official securities markets other than that of the group, as notified to the company:

Name of director	Registered name of the group company	Position
HELENA IRENE REVOREDO DELVECCHIO	BANCO POPULAR ESPAÑOL, S.A.	DIRECTOR
HELENA IRENE REVOREDO DELVECCHIO	MEDIASET ESPAÑA COMUNICACIÓN, S.A.	DIRECTOR
PEDRO GUERRERO GUERRERO	BANKINTER, S.A.	CHAIRMAN
EUGENIO RUIZ-GALVEZ PRIEGO	EBRO FOODS, S.A.	DIRECTOR

C.1.13 State and, where applicable, explain, whether the company has established rules concerning the number of Boards to which its directors may belong:

No

C.1.14 Outline those of the company's general policies and strategies which the full Board has reserved the right to approve:

Investment and financing policy	YES
Definition of the structure of the group of companies	YES
Corporate governance policy	YES
Corporate social responsibility policy	YES
The strategic or business plan, and management goals and annual budgets	YES
Remuneration policy and evaluation of senior executives' performance	YES
Risk control and management policy, and periodic monitoring of internal information and control systems	YES
Dividend policy, as well as the policies and limits applying to treasury stock	YES

C.1.15 State the global remuneration of the Board of Directors:

Remuneration of the Board of Directors (thousands of euros)	2,718
Amount of global remuneration that corresponds to the pension rights accumulated by directors (thousands of euros)	0
Global remuneration of the Board of Directors (thousands of euros)	2,718

C.1.16 Identify those senior officers that are not also executive directors, and state their total remuneration accrued in the year:

Name	Position
JAVIER TABERNERO DA VEIGA	REGIONAL DIRECTOR - EUROPE
LEONARDO EZEQUIEL GUTIERREZ	DIRECTOR OF THE ALARMS DIVISION
LUIS JAVIER ORO PRADERA	DIRECTOR OF THE CASH-IN-TRANSIT DIVISION
FERNANDO ABOS PUEYO	DIRECTOR OF SECURITY SUPPORT
JOSE ANTONIO LASANTA LURI	DIRECTOR OF STRATEGY AND REGIONAL DIRECTOR - ASIA
PEDRO URQUIJO FDEZ DE ARAOZ	COMMERCIAL DIRECTOR
ANTONIO RUBIO MERINO	CHIEF FINANCIAL OFFICER
JORGE OÑORO MEDRANO	DIRECTOR OF CORPORATE DEVELOPMENT
GONZAGA HIGUERO ROBLES	REGIONAL DIRECTOR - SOUTHERN LATAM
AGUSTÍN GONZÁLEZ TUÑÓN	DIRECTOR OF INFORMATION TECHNOLOGY
FRANCISCO JAVIER POVEDA GIL	INTERNAL AUDIT DIRECTOR
JUAN MARIA DE MORA NARVÁEZ	DIRECTOR OF HUMAN RESOURCES
GUILLERMO RUIZ SAN JUAN	REGIONAL DIRECTOR - NORTH LATAM
RODRIGO ZULUETA GALILEA	CHAIRMAN - LATAM
SAGRARIO FERNÁNDEZ BARBE	LEGAL DIRECTOR
MIGUEL ÁNGEL BANDRÉS GUTIÉRREZ	DIRECTOR OF STRATEGIC RESOURCES
FEDERICO AUGUSTO MEEUS RAMIREZ	DIRECTOR OF GUARDING DIVISION
ALBERTO CROSO	DIRECTOR OF TECHNOLOGY DIVISION

Total remuneration of senior management (in thousands of euros)	4,431

C.1.17 Indicate, where applicable, the identities of the members of the Board of Directors who are, at the same time, members of the Board of Directors of companies that are significant shareholders and/or companies belonging to the same group:

Name of director	Name of significant shareholder	Position
HELENA IRENE REVOREDO DELVECCHIO	GUBEL, S.L.	CHAIRPERSON
CHRISTIAN GUT REVOREDO	GUBEL, S.L.	DIRECTOR
MIRTA MARIA GIESSO CAZENAVE	AS INVERSIONES, S.L.	CHAIRPERSON
CHANTAL GUT REVOREDO	GUBEL, S.L.	SECRETARY AND MEMBER OF THE BOARD OF DIRECTORS

Indicate, where applicable, the significant relationships other than those envisaged in the previous section, between members of the Board of Directors and significant shareholders and/or companies belonging to their group:

Name of related director:
HELENA IRENE REVOREDO DELVECCHIO

Name of related significant shareholder:
GUBEL, S.L.

Description of the relationship:
SHAREHOLDER INDIVIDUALLY HAVING CONTROL

Name of related director:
CHRISTIAN GUT REVOREDO

Name of related significant shareholder:
GUBEL, S.L.

Description of the relationship:
SHAREHOLDER WITH NON-CONTROLLING MINORITY SHAREHOLDING

Name of related director:
MIRTA MARIA GIESSO CAZENAVE

Name of related significant shareholder:
AS INVERSIONES, S.L.

Description of the relationship
SHAREHOLDER INDIVIDUALLY HAVING CONTROL

Name of related director:
CHANTAL GUT REVOREDO

Name of related significant shareholder:
GUBEL, S.L.

Description of the relationship:
SHAREHOLDER WITH NON-CONTROLLING MINORITY SHAREHOLDING

C.1.18 State whether there have been any changes in the Board of Directors' Regulation during the financial year:

No

C.1.19 Indicate the procedures for the selection, appointment, re-election, evaluation and removal of directors. List the competent bodies, the necessary steps and the criteria used in each of the procedures.

Appointment

The Company's Bylaws provide that the Board of Directors shall comprise at least five and at most fifteen members, in accordance with Recommendation 9 of the Unified Code of Good Governance, to be appointed at the General Shareholders' Meeting. Provisionally, in accordance with the Capital Companies Act and the Bylaws, the Board of Directors may cover existing vacancies through co-option.

In this regard, as a general rule, the appointment of directors at the company is subject to the decision of the General Shareholders' Meeting. Only on certain occasions, when it is indispensable due to vacancies having arisen since the General Shareholders' Meeting, in accordance with the provisions of the Capital Companies Act, may directors be appointed through co-option, and this decision is then ratified at the next General Shareholders' Meeting.

Otherwise, and in any event, the proposed appointments of directors must respect the provisions of the Rules and Regulations of the Company's Board of Directors and they must be preceded by the relevant report by the Appointments and Remuneration Committee.

In this connection, pursuant to the competencies assigned to the Appointments and Remuneration Committee, the latter must report, based on objective criteria aligned with the corporate interests, the proposed appointment, re-election and removal of Company Directors, assessing the competencies, knowledge, and experience necessary for the candidates who must fill vacancies.

Meanwhile, pursuant to the provisions of its Rules and Regulations, the Board of Directors, in exercising its powers of proposal to the General Shareholders' Meeting and of co-option to fill vacancies, shall seek to ensure that external directors constitute a majority over executive directors within the Board, and to reduce the number of executive directors to the minimum necessary in accordance with the complexity of the Company.

In any event, proposals for the re-election of directors which the Board of Directors decides to submit to the General Shareholders' Meeting must be subject to a formal process of preparation, necessarily including a report issued by the Appointments and Remuneration Committee, assessing the quality of the work and professional dedication of the directors proposed during the previous term.

Lastly, the Board of Directors and the Appointments and Remuneration Committee, within the sphere of their competencies, shall seek to ensure that the candidates are chosen from among persons of recognised solvency, competency and experience; the utmost rigour must be applied with regard to those called upon to fill positions of independent directors as provided by Article 8 of the Rules and Regulations of the Board of Directors.

Re-election

Directors are appointed for a term of three years, and may be re-elected once or more for equal periods.

Notwithstanding the above, independent directors may not remain in the post for a term of more than twelve consecutive years, unless they become proprietary, executive or other external directors.

Like proposals for appointment, proposals for the re-election of directors which the Board of Directors decides to submit to the General Shareholders' Meeting for approval must entail a formal preparation process, necessarily involving a report issued by the Appointments and Remuneration Committee, assessing the quality of the work and professional dedication of the directors proposed during the previous term.

Assessment

In accordance with the provisions of the Rules and Regulations of the Board, the chairperson shall organise and coordinate with the chairpersons of the Appointments and Remuneration and Audit Committees, the periodic assessment of the Board of Directors, and, in the event, the chief executive.

Resignation or Removal

Directors shall leave their posts at the end of the term for which they were appointed and when so decided by the General Shareholders' Meeting or Board of Directors in the exercise of powers conferred upon them by law or the Bylaws. Notwithstanding the above, the Board of Directors shall not propose the removal of any independent director except on the grounds of breach of duties and when the Appointments and Remuneration Committee has issued a report in this regard.

C.1.20 State whether the Board of Directors has assessed its activity during the period:

Yes

If so, explain to what extent the self-assessment has given rise to significant changes in its internal organisation and the procedures applicable to its activities:

Details of the changes	It has not given rise to significant changes in the internal organisation or procedures applicable to its activities.

C.1.21 Indicate the scenarios in which directors are obliged to resign.

In accordance with Article 24.2 of the Rules and Regulations of the Board, directors must offer their resignation to the Board of Directors and present their resignation formally in the following cases:

a) When they leave the executive positions associated with their appointment as directors.
b) When they are involved in any of the scenarios of incompatibility or prohibition provided by law.
c) When they are involved in legal proceedings for a suspected legal offence or in disciplinary proceedings for a serious or very serious fault, being investigated by the supervisory authorities.
d) When they are seriously disciplined by the Audit Commission as a result of having breached their obligations as directors.
e) When their remaining on the Board of Directors could jeopardise the interests of the Company or when the reasons for their appointment no longer apply (for example, when a proprietary director sells his stake in the Company).

C.1.22 State whether the duties of chief executive of the company are discharged by the Chairperson of the Board of Directors. If so, outline the measures implemented to limit the risk of accumulation of powers in a single person:

No

State and, where applicable, explain, whether rules have been established to empower the independent directors to request that the Board be convened or that new items be included on the agenda, to coordinate and reflect the concerns of the external directors and to lead the assessment by the Board of Directors.

Yes

Explanation of the rules	In accordance with the provisions of Article 10.3 of the Rules and Regulations of the Board, the Board of Directors may empower an independent director to perform the following duties: (i) ask the chairperson of the Board of Directors to convene a meeting; (ii) ask the chairperson of the Board of Directors to include new items on the agenda of business; (iii) coordinate and convey to the chairperson of the Board of Directors any concerns which external directors may have; and (iv) lead the assessment by the Board of Directors of the work of the chairperson of the Board of Directors. Notwithstanding the above, the Board of Directors has not expressly empowered any independent director to discharge such duties.

C.1.23 Are strengthened majorities, different from legal majorities, required for any kind of decision?

No

If so, describe the differences.

C.1.24 Explain whether there are specific requirements other than those relating to the directors to be appointed chairperson of the Board of Directors.

No

C.125. State whether the chairperson has a casting vote:

Yes

Matters on which the chairperson has a casting vote	According to the provisions of Article 23.6 of the Bylaws. Unless otherwise provided by the law in regard to majorities, agreements are approved by outright majority of the members of the Board of Directors attending the session. In the event of a deadlock, the chairperson has a casting vote.

C.1.26 State whether the Bylaws or Rules and Regulations of the Board of Directors establishes any limit on the age of directors:

No

C.1.27 State whether the Bylaws or the Rules and Regulations of the Board of Directors establish a term limit for independent directors, other than the one established in regulations:

Yes

Maximum term (in years)	12

C.1.28 State whether the Bylaws or the Rules and Regulations of the Board establish specific rules for delegating votes to the Board of Directors, how this is done and, in particular, the maximum number of proxies that can be held by one director, as well as whether it is compulsory to grant proxy to a director of the same category. In the event, give a brief outline of these rules.

Article 23 of the Company's Bylaws establishes that, when absent, directors may arrange to be represented at meetings of the Board of Directors by other directors via written proxy, which, to the extent possible, should contain voting instructions.

Furthermore, in accordance with the provisions of Article 19 of the Rules and Regulations of the Board, directors shall make every effort to attend meetings of the Board of Directors and, when they cannot attend personally, they shall try to ensure that their representation is conferred upon another member of the same group and includes the relevant instructions.

C.1.29 State the number of meetings held by the Board of Directors during the financial year. Where applicable, state the number of times the Board has met without the presence of its Chairperson. Include attendance with representation involving specific instructions.

Number of Board meetings	5
Number of Board meetings without the chairperson in attendance	0

State the number of meetings held in the year by the various committees of the Board of Directors:

Committee	Number of meetings
EXECUTIVE COMMITTEE	11
AUDIT COMMITTEE	6
APPOINTMENTS AND REMUNERATION COMMITTEE	2

C.1.30 State the number of meetings held by the Board of Directors with all members in attendance during the financial year. Include attendance with representation involving specific instructions:

Attendance of directors	6
% of attendance over the total number of votes during the year	100.00 %

C.1.31 State whether the individual and consolidated annual financial statements presented to the Board of Directors for approval are previously certified:

Yes

Identify, where applicable, the person or persons who have certified the company's individual and consolidated annual financial statements, for their formulation by the Board:

Name	Position
ANTONIO RUBIO MERINO	CHIEF FINANCIAL OFFICER

C.1.32 Explain, if applicable, the mechanisms established by the Board of Directors to prevent the individual and consolidated accounts it prepares from being presented at the General Shareholders' Meeting with a qualified auditor's report.

The Company's Finance Department operates stringent controls over the individual and consolidated accounts to ensure that they are in line with generally accepted accounting principles in Spain and IFRS, and all Prosegur companies are audited by the same auditor: KPMG Auditores, S.L.

Among other duties, the Audit Committee monitors relations with external auditors and, as part of these duties, must supervise the opinion in the audit report on the annual accounts to ensure that it is not qualified, holding any necessary talks with the auditors while the accounts are being prepared.

Lastly, Article 44 of the Rules and Regulations of the Board establishes that the Board of Directors shall seek to provide a final version of the accounts with no scope for qualification in the auditor's opinion. However, when the Board of Directors considers that its own criterion should prevail, it shall publicly explain the content and scope of the discrepancy.

C.1.33 Is the Secretary to the Board of Directors a director?

No

C.1.34 Describe the procedures for appointment and removal of the Secretary to the Board, stating whether the Appointments and Remuneration Committee was consulted and the appointment or removal was approved by the Board in full.

Procedure for appointment and removal	In accordance with the provisions of Article 21 of the Company's Bylaws, the Board of Directors shall appoint a Secretary who may not necessarily be a director. Furthermore, Article 12.4 of the Rules and Regulations of the Board establishes that the appointment and removal of the Secretary must be informed by the Appointments and Remuneration Committee and approved by the Board in full.

Is the Appointments and Remuneration Committee consulted on the appointment?	Yes
Is the Appointments and Remuneration Committee consulted on the removal?	Yes
Does the full Board approve the appointment?	Yes
Does the full Board approve the removal?	Yes

Does the Secretary to the Board undertake to take particular care in monitoring the good governance guidelines?

Yes

Observations	In accordance with the provisions of Article 12.3 of the Rules and Regulations of the Board, the Secretary shall at all times seek to ensure the formal and material legality of the Board's actions and that its procedures and rules of governance are upheld and regularly reviewed. Furthermore, the Secretary seeks to ensure that the Board of Directors' actions are in line with the Company's Bylaws, the Rules and Regulations of the Board and corporate good governance guidelines.

C.1.35 State whether the company has established mechanisms to maintain the independence of external auditors, financial analysts, investment banks and rating agencies.

The Audit Committee monitors the independence of external auditors, and when it considers it advisable, it requests their presence at its meetings.

In this regard, Article 44 of the Rules and Regulations of the Board establishes that the Board of Directors shall refrain from hiring the services of audit firms whose fees, for all items, are higher than five percent of its total revenues during the last financial year, and it must publicly disclose the global fees which Prosegur has paid to the audit firm for any services other than auditing.

With regard to financial analysts and investment banking, as well as rating agencies, at this time no procedure has been established to guarantee their independence, although Prosegur has always conducted itself with the utmost transparency, guided by the principles of professionalism, solvency and independence of criteria.

C.1.36 State whether, during the year, the Company has changed its external auditor. If so, identify the incoming and outgoing auditor:

No

If there was a disagreement with the outgoing auditor, describe it:

C.1.37 Indicate whether the audit firm performs work for the company and/or its group other than auditing and, if so, state the fees received for such work and those fees as a percentage of total fees billed to the company and/or its group:

Yes

	Company	Group	Total
Fees for work other than auditing (thousand euro)	317	717	2,404
Fees for work other than auditing/Total fees billed by the audit firm (%)	13.00%	30.00%	43.00%

C.1.38 State whether the audit report on the annual financial statements for the previous year contained reservations or qualifications. In the event, state the reasons given by the chairperson of the Audit Committee to explain the content and scope of said reservations or qualifications.

No

C.1.39 Indicate the number of consecutive years that the current audit firm has been auditing the financial statements of the company and/or its group. Also, state the number of years audited by the current audit firm as a percentage of the total number of years in which the financial statements have been audited:

	Company	Group
Number of consecutive years	4	4
No. of years audited by the current audit firm/No. of years that the company has been audited (%)	15.00%	15.00%

C.1.40 State whether there is a procedure to provide directors with external advice, and if so give details:

Yes

Provide details of the procedures	The procedures are described in detail in Article 27 of the Rules and Regulations of the Board. External directors may request that legal, accounting, financial advisers or other experts be hired, payable by the Company. Such requests must necessarily refer to specific problems of a certain significance and complexity which arise in the performance of the director's duties. The decision to engage the services of experts must be notified to the Chairperson and may be vetoed by the Board of Directors if it is proven that: a) it is not necessary for the proper performance by external directors of their assigned duties, b) it's cost is not reasonable in light of the importance of the problem and the assets and revenues of the Company; or c) the technical assistance required may be adequately provided by the Company's own experts.

C.1.41 State whether there is a procedure for directors to obtain the necessary information to prepare meetings with management bodies sufficiently in advance, and, if so, give details:

Yes

Provide details of the procedures	In accordance with the provisions of Article 18.2 of the Rules and Regulations of the Board, unless special circumstances so justify it in the opinion of the Chairperson, meetings must be convened with at least three days' notice and the announcement must always include the Agenda and duly summarised and prepared relevant information Moreover, Article 12.3 of the Rules and Regulations of the Board expressly states that the Secretary must provide the directors with the necessary advice and information for the proper functioning of the Board. Lastly, in accordance with the provisions of Article 26 of the Rules and Regulations of the Board, the directors shall have the broadest powers to be informed in regard to any aspect of the Company, to examine its books, records, documents and other background for corporate operations and to inspect its facilities; this entitlement extends to the company's subsidiaries, both in Spain and abroad.

C.1.42 State whether the company has established rules to oblige directors to report and, in the event, resign, in scenarios that might damage the credit and reputation of the company, and, if so, give details:

Yes

Describe the rules	In accordance with the provisions of Article 24.2 of the Rules and Regulations of the Board, directors must offer their resignation to the Board of Directors, and must formalise it, if the Board considers it appropriate, when their remaining on the Board might affect the interests of the Company.

C.1.43 State whether any member of the Board has notified the company that he/she is involved in legal proceedings or has been indicted in respect of any of the offences listed in Article 213 of the Capital Companies Act:

No

State whether or not the Board of Directors has analysed the case. If so, explain the reasoning behind the decision on whether or not the director should remain in his/her post and, where applicable, explain the Board of Directors' actions to date or planned actions.

C.1.44 List any significant agreements entered into by the company which come into force, are amended or terminate in the event of a change of control of the company due to a takeover bid, and their effects.

Credit agreement for 400 million euros, between Prosegur Compañía de Seguridad, S.A. and a syndicate of credit institutions, dated 4 August 2010. At 31 December 2013, the capital drawn down amounted to 60 million euros. In the event of a change of control, creditors would no longer be obliged to make the arranged amounts available to the Company and they would be entitled to request early repayment.

Issuance of bonds by Prosegur Compañía de Seguridad, S.A. on 2 April 2013, in the amount of 500 million euros, maturing on 2 April 2018. In the event of a change of control, bondholders would be entitled to request the retrospective sale of the bonds.

The syndicated loan contract for 70 million Australian dollars dated 12 December 2013. In the event of a change of control of Prosegur Compañía de Seguros, S.A., creditors would no longer be obliged to make the arranged amounts available to the Company and they would be entitled to request early repayment.

The Debenture issued in Brazil in 2012, whose outstanding balance at 31 December 2013 was 79.2 million euros. In the event of a change of control of Prosegur Compañía de Seguros, S.A., creditors may request early repayment.

C.1.45 List and provide details of any agreements between the company and its management or employees that envisage severance payments, guarantee or golden parachute clauses, when they resign or are dismissed improperly, or when the contractual relationship ends because of a takeover bid or other kind of transaction.

Number of beneficiaries: 0

Type of beneficiary:
N/A

Description of the Agreement:
N/A

State whether these contracts must be notified to and/or approved by the governing bodies of the company or its group:

	Board of Directors	General Shareholders' Meeting
Body authorising the clauses	Yes	No

Is the General Shareholders' Meeting informed about the clauses?	No

C.2 Board of Directors' committees

C.2.1 Provide details of all the committees of the Board of Directors, their members and the proportion of proprietary and independent directors they comprise:

EXECUTIVE COMMITTEE

Name	Position	Category
HELENA IRENE REVOREDO DELVECCHIO	CHAIRPERSON	Executive
EUGENIO RUIZ-GALVEZ PRIEGO	DIRECTOR	Independent
PEDRO GUERRERO GUERRERO	DIRECTOR	Independent
ISIDRO FERNANDEZ BARREIRO	DIRECTOR	Other External
CHRISTIAN GUT REVOREDO	DIRECTOR	Executive
FERNANDO VIVES RUIZ	DIRECTOR	Independent
CHANTAL GUT REVOREDO	DIRECTOR	Executive

% of executive directors	43.00%
% of proprietary directors	0.00%
% of independent directors	43.00%
% of external directors	14.00%

AUDIT COMMITTEE

Name	Position	Category
PEDRO GUERRERO GUERRERO	CHAIRPERSON	Independent
ISIDRO FERNANDEZ BARREIRO	DIRECTOR	Other External
CHANTAL GUT REVOREDO	DIRECTOR	Executive
EUGENIO RUIZ-GALVEZ PRIEGO	DIRECTOR	Independent

% of executive directors	25.00%
% of proprietary directors	0.00%
% of independent directors	50.00%
% of external directors	25.00%

APPOINTMENTS AND REMUNERATION COMMITTEE

Name	Position	Category
EUGENIO RUIZ-GALVEZ PRIEGO	CHAIRPERSON	Independent
CHANTAL GUT REVOREDO	DIRECTOR	Executive
PEDRO GUERRERO GUERRERO	DIRECTOR	Independent
ISIDRO FERNANDEZ BARREIRO	DIRECTOR	Other External
FERNANDO VIVES RUIZ	SECRETARY	Independent

% of executive directors	20.00%
% of proprietary directors	0.00%
% of independent directors	60.00%
% of external directors	20.00%

C.2.2 Complete the following table with information on the number of women directors in the Board of Directors committees in the last four years:

	Number of women directors							
	Financial year 2013		Financial year 2013		Financial year 2011		Financial year 2010	
	No.	%	No.	%	No.	%	No.	%
EXECUTIVE COMMITTEE	2	28.57%	2	33.33%	2	33.33%	2	33.33%
AUDIT COMMITTEE	1	25.00%	1	25.00%	1	33.33%	1	33.33%
APPOINTMENTS AND REMUNERATION COMMITTEE	1	20.00%	1	33.33%	1	33.33%	1	33.33%

C.2.3 State whether the Audit Committee is responsible for the following duties:

Monitor the preparation and the completeness of the financial information prepared on the company and, where appropriate, the group, checking for compliance with legal provisions, the accurate demarcation of the consolidation perimeter, and the proper application of accounting principles.	Yes
Review internal control and risk management systems on a regular basis, so that main risks are properly identified, managed and disclosed.	Yes
Monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of internal auditing; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.	Yes
Establish and supervise a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the company.	Yes
Make recommendations to the Board for the selection, appointment, re-appointment and removal of the external auditor, and the terms and conditions of the engagement.	Yes
Receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.	Yes
Monitor the independence of the external auditor.	Yes

C.2.4 Describe the rules of organisation and operation, and the responsibilities attributed to each committee of the Board of Directors.

APPOINTMENTS AND REMUNERATION COMMITTEE

Members: The Appointments and Remuneration Committee comprises at least three (3) and at most five (5) members of the Board of Directors.

Operation: The Board of Directors designates the chairperson of the Appointments and Remuneration Committee from among the independent directors that belong to it. The Appointments and Remuneration Committee designates the Secretary, who need not be a director or a member of the Committee.

The Appointments and Remuneration Committee meets whenever the Board of Directors or the Chairperson of the Board of Directors requests that a report be issued or proposals adopted.

In any event, it meets once a year to prepare the information regarding the remuneration of directors which the Board of Directors must approve and include in its annual public documentation.

The main competencies are those set forth in Article 26 of the Bylaws and Article 17 of the Rules and Regulations of the Board.

EXECUTIVE COMMITTEE

Members: The Executive Committee comprises at least three (3) and at most seven (7) members of the Board of Directors.

The adoption of agreements to appoint members of the Executive Committee will require the favourable vote of at least two-thirds of the Board of Directors.

Operation: The Executive Committee meets when convened by its Chairperson, and in the absence of specific rules, the rules of operation established for the Board of Directors shall apply, provided they are compatible with the nature and function of the Committee. In any event, the Executive Committee shall hold at least seven ordinary sessions per year.

Responsibilities: The Executive Committee has been granted the broadest powers of representation, administration, management and disposal, and, in general, all powers corresponding to the Board of Directors, except those that, pursuant to the law or to Articles 25 of the Bylaws and 15 of the Rules and Regulations of the Board, may not be delegated.

AUDIT COMMITTEE

Members: The Audit Committee comprises at least three (3) and at most five (5) members of the Board of Directors, and in any case must comprise a majority of non-executive directors. At least one of them must be an independent director and shall be appointed based on his/her knowledge and experience in accounting, auditing or both.

Operation: The Audit Committee may regulate its own operation; otherwise the specific rules of operation established for the Board of Directors shall apply.

The Audit Committee must hold at least four (4) ordinary sessions per year.

The main competencies are those set forth in Article 27 of the Bylaws and Article 16 of the Rules and Regulations of the Board of Directors.

C.2.5 State, where applicable, the existence of regulations of the Board of Directors' Committees, the location where they may be consulted, and any changes made during the year. State whether an annual report on the activities of each committee has been drafted voluntarily.

APPOINTMENTS AND REMUNERATION COMMITTEE

The organisation and operation of the Board of Directors' committees are regulated by the Bylaws and specifically by the Rules and Regulations of the Board of Directors; both these documents are available for consultation on the Company's website, and on the website of the Spanish Securities Market Commission (CNMV).

EXECUTIVE COMMITTEE

The organisation and operation of the Board of Directors' committees are regulated by the Bylaws and specifically by the Rules and Regulations of the Board of Directors; both these documents are available for consultation on the Company's website, and on the website of the Spanish Securities Market Commission (CNMV).

AUDIT COMMITTEE

The organisation and operation of the Board of Directors' committees are regulated by the Bylaws and specifically by the Rules and Regulations of the Board of Directors; both these documents are available for consultation on the Company's website, and on the website of the Spanish Securities Market Commission (CNMV).

C.2.6 State whether the make-up of the Executive Committee reflects the participation in the Board of the various directors in accordance with their position:

Yes

D. Related-party and intra-group transactions

D.1 Identify the competent body and explain, where applicable, the procedure for approving related-party and intra-group transactions.

Competent body to approve related-party transactions	Board of Directors

Procedure for approving related-party transactions	In no case shall the Board of Directors authorise a related-party transaction with a shareholder unless a report has previously been issued by the Appointments and Remuneration Committee, assessing the operation from the standpoints of equal treatment of shareholders and market conditions. However, Board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions: they are performed pursuant to contracts whose conditions are standardised and applied generally to many clients; they are performed at prices or tariffs established generally by whoever is acting as a supplier of the good or service in question; and the amount does not exceed one percent of the annual revenues of the Company, in accordance with the audited annual financial statements in the last complete financial year on the date of the operation in question.

Explain whether or not approval of related-party transactions has been delegated; if so, state the body or persons to which/whom it has been delegated.

Since these are transactions within the ordinary course of corporate business and are usual and recurring, a generic prior authorisation of the line of transactions and their execution from the Board of Directors will suffice, subject to a report by the Appointments and Remuneration Committee.

D.2 Provide details of transactions that are significant either because of their amount or their content, between the company or group companies and significant shareholders in the company:

Name of significant shareholder	Name of company or member of its group	Nature of the relationship	Type of transaction	Amount (thousands of euros)
GUBEL, S.L.	PROACTINMO, S.L.	Commercial	Operating lease contracts	1,297

D.3 Provide details of transactions that are significant either because of their amount or their content, between the company or group companies and the directors or executives of the company:

Name of the administrators or directors	Name of the related party	Relationship	Nature of the transaction	Amount (thousands of euros)
HELENA IRENE REVOREDO DELVECCHIO	PROACTINMO, S.L.	Controls PROACTINMO, S.L.	Operating lease contracts	1,297
CHRISTIAN GUT REVOREDO	PROACTINMO, S.L.	Controlled by his mother PROACTINMO, S.L.	Operating lease contracts	1,297
CHRISTIAN GUT REVOREDO	PROACTINMO, S.L.	Controlled by her mother PROACTINMO, S.L.	Operating lease contracts	1,297

D.4 Provide details of transactions that are significant executed by and between the company and other companies of the same group, provided they are not removed during the process of preparing the consolidated financial statements and are not part of the company's normal business in respect of their purpose and terms.

In any event, any intra-group transaction performed with companies located in countries considered to be tax havens shall be notified:

D.5 Indicate the amount of transactions conducted with other related parties

(in thousands of euros).

D.6 Describe the mechanisms established to detect, determine and resolve possible conflicts of interest between the company and/or the group and its directors, executives or significant shareholders.

To detect, determine and resolve possible conflicts of interest with directors, the Rules and Regulations of the Board of Prosegur Compañía de Seguridad, S.A. establishes certain mechanisms:

- Disclosure obligations: in accordance with Article 38 of the aforementioned Rules and Regulations, the directors must notify the Company of all the positions they hold and all the activities they perform at other companies or entities and, in general, of any other fact or situation that may prove relevant for their actions as administrator of the Company.
- Obligations to abstain: in accordance with Article 33 of the Rules and Regulations of the Board of Directors, the directors must refrain from intervening in the deliberations that affect matters in which they have a personal interest. For this purpose, directors shall also be considered to have a personal interest when the matter affects a member of their family or a company in which they perform a management role or own a significant shareholding.

Furthermore, the aforementioned article establishes that directors may not directly or indirectly perform professional or commercial transactions with the Company unless they previously report a conflict of interest, and the Board, subject to a report from the Appointments and Remuneration Committee and Regulatory Compliance Department, approves the transaction.

With regard to significant shareholders, Article 39 of the Rules and Regulations of the Board establishes that it is up to said body to be informed of any transaction by the Company with a significant shareholder and/or with any other related party in accordance with applicable regulations, and no transactions may be authorised unless a report has previously been issued by the Appointments and Remuneration Committee, assessing the transaction from the standpoints of equality of treatment of shareholders and market conditions.

D.7 Is more than one of the Group's companies listed in Spain?

No

Identify subsidiaries that are listed in Spain:

E. Control and risk management systems

E.1 Outline the scope of the Company's Risk Management System.

Prosegur considers that the efficient management of risks is key to ensure the creation of value and to guarantee the Company's success. For this purpose, it has a robust risk management and control system implemented in its various areas of activity. The Company analyses, controls and assesses the relevant factors that might affect its daily management to meet its business goals. Accordingly, it safeguards the assets and interests of customers, employees and shareholders.

Prosegur's Risk Management System works integrally and continuously, consolidating management by area, business unit, activity, subsidiaries, geographical areas and areas of support at corporate level.

E.2 State which corporate bodies are responsible for preparing and executing the Risk Management System.

The Board of Directors is responsible for the approval of the risk control and management policy, as well as the periodic monitoring of internal information and control systems.

Among the basic responsibilities of the Audit Committee are to supervise the efficiency of internal control and risk management systems, to verify their suitability and integrity and to review the designation and replacement of the persons responsible.

The corporate risk management department is the area that defines the policies, procedures and tools for their identification and quantification, as well as the proposal of measures to mitigate risk and the ongoing monitoring of any deviation from established tolerance levels.

The processes for assessing the information and monitoring critical risk management reside with the Risk Management Committees. There are various committees that meet at different intervals. The Committees for the re-evaluation of financial risks meet monthly, operational committees and regulatory compliance committees meet monthly and quarterly, business risks in each country are re-evaluated quarterly and the global re-evaluation of all risks is conducted annually.

The internal audit department conducts regular and independent evaluations of critical risk management through the application of an evaluation model of key risk indicators. The Corporate Risk Committee is informed of the results of these processes of evaluation. The Audit Committee receives the findings of the Corporate Risk Committee concerning the results of the evaluation of critical risk management and, where applicable, the action plans agreed.

E.3 State the main risks that might affect the achievement of the business goals.

Critical risks identified:

1 Transactions in highly competitive markets. Pressure on prices and margins.
2 Transactions in rapidly-evolving markets.

3 Transactions in markets with a temporary reduction in the demand for security services.
4 Inadequate management of indirect costs.
5 Transactions in highly regulated markets.
6 Incidents involving assets guarded or loss of cash
7 Adverse regulatory changes. Increase in the intervention of governments or regulators.
8 Failures or incidents in the information technology (IT) infrastructure. IT disruptions.
9 Decline in liquidity generation or in cash management.
10 Integration difficulties or other adverse situations in the integration of corporate or business acquisitions.

E.4 Identify whether the company has a risk tolerance level.

When the risk map is prepared the catalogue of risks considered to be critical is updated. In identifying, evaluating and prioritising risks, various internal and external selection criteria are taken into account:

1. Analysis of competitors.
2. Analysis of independent experts.
3. Risks linked to the main business goals managed by corporate and local divisions.
4. The main risks identified in preparing Prosegur's risk map.

Prosegur has defined a model for the evaluation and supervision of critical risk management through key risk indicators. The indicators-based evaluation model identifies significant parameters that provide a useful measure of how each risk is managed, and assigns a corporate head of risk management monitoring.

The indicators are chosen considering that (i) they may be applied consistently in all countries, (ii) they allow measurable comparisons to be made over time and between countries, and (iii) they allow the persons responsible and, in the event, the corporate risk management department to evaluate risk management and anticipate situations of non-compliance of objectives. There are reasonable limits for each indicator that are revised and updated annually, thereby establishing levels of tolerance to each risk.

E.5 Indicate what risks have materialised during the year.

Risks that have materialised during the year are circumstantial to the business model, Prosegur's activity and the markets in which it operates, mainly due to incidents involving assets guarded, so that they tend to recur in each financial year. The risk control and mitigation systems planned for these risks have worked adequately, and consequently none of them has had a significant impact either on Prosegur's activity or on its results.

E.6 Explain the response and supervision plans for the company's main risks.

As indicated in E4, Prosegur periodically and repeatedly identifies, evaluates and prioritises the risks it considers to be critical.

Identifying and prioritising critical risks is performed with a dual objective in mind:

- Controlling their management by the Corporate Risk Committee through regular and independent evaluations of the indicators of which the critical risk management evaluation model (prepared by the internal audit department) is comprised.
- Supervision of risk management and internal control systems by the Audit Committee.

Each country, business area or support area is responsible for the adequate management of each risk through the establishment of adequate response and control systems.

The Corporate Risk Committee is responsible for the proper management of critical risks and the adequacy of the actions implemented which, in the event, are determined by the persons responsible for their management.

The Audit Committee supervises (i) both the methodology and the criteria adopted for preparing the risk map, (ii) the process for identifying and prioritising critical risks, (iii) the risk evaluation models based on key risk indicators, (iv) the selection of indicators and the establishment of adequate tolerance levels, and (v) regular evaluations thereof by the internal audit department, their review by the Corporate Risk Committee and response plans which, in the event, may exist when circumstances so require.

F. Internal control and risk management systems in relation to the process of financial reporting

Describe the mechanisms that make up the control and risk management systems in relation to the process of financial reporting (ICFR) of the company.

F.1 Framework of control

State the main characteristics of, at least:

F.1.1. What bodies and/or functions are responsible for: (i) the existence and maintenance of proper and effective ICFR; (ii) its implementation; and (iii) its supervision.

Article 5 of the Rules and Regulations of the Board establishes that said body has a general supervisory function. It is Prosegur's supreme decision-making body except in matters reserved for the General Shareholders' Meeting.

For this purpose, Article 5 of the Regulations of the Board of Directors of Prosegur establishes that one of its competencies that cannot be delegated is the approval of "the Company's general policies and strategies and, in particular, the risk control and management policy, as well as the periodic monitoring of internal information and control systems."

Article 16 of the Regulations establishes that the Audit Committee shall have, among others, the responsibility to "supervise the process of preparing and presenting regulatory financial information, to supervise the efficacy

of the Company's internal control and risk management systems, to verify that they are adequate and complete, and to review the appointment and removal of those responsible for them" and "to know the process of financial reporting and internal control systems and, for this purpose, identify the types and levels of risk, the measures to mitigate the impact of the risks identified and the control, reporting and risk management systems."

The Company's Finance Department implements internal control systems to ensure the reliability of financial information reported for all purposes.

F.1.2. Whether, most notably in relation to the process of financial reporting, the following elements are in place:

- Departments and/or mechanisms involved: (i) design and review of organisational structure; (ii) clear definition of lines of responsibility and authority, with adequate distribution of tasks and duties; and (iii) sufficient procedures for their proper dissemination inside the company.

  The design and review of the organisational structure and definition of the lines of responsibility and authority are proposed by the Managing Director and validated by the Appointments and Remuneration Committee.

  The responsibilities or duties, as well as the profile and competencies necessary for each post are defined by each direct superior and approved by the area managers with the help of experts from the Human Resources Department and approved by the corresponding Human Resources Division.

  The description and evaluation of the post (and therefore the review of the organisational structure, job map and job descriptions) are performed and updated when those in charge of the post notify the Human Resources Division

  This organisational structure is represented in a chart showing the relationships between the various departments, businesses and support activities belonging to Prosegur. An organisation chart of personnel, kept permanently up-to-date, is located on the corporate Intranet and accessible to personnel affected.

- Code of Conduct, approval body, degree of dissemination and instruction, principles and values included (indicating whether there are specific references to the record of operations and preparation of financial information), body in charge of analysing non-compliances and proposing corrective actions and penalties.

  Prosegur's Board of Directors approved a Code of Ethics and Conduct applicable to all companies belonging to the Prosegur group in all businesses and activities performed by Prosegur in all the countries where it operates. It is binding upon all members of the governing bodies, executives and personnel of Prosegur. The Code of Ethics and Conduct provides guidelines regarding how all Prosegur professionals should behave. It evidences the company's commitment to conduct itself at all times in line with common principles and standards in its relations with stakeholders affected by its activities: employees, shareholders, customers and users, suppliers and associates, authorities, public administrations and regulatory bodies, competitors and the civilian society in which it operates. At the proposal of the Audit Committee, on 28 October 2013, a revised version of the Code of Ethics and Conduct was approved by Prosegur's Board of Directors.

All Prosegur's professionals are obliged to know, subscribe to and comply with the Code of Ethics and Conduct, and to collaborate in facilitating its implementation, as well as to notify possible breaches of which they are aware.

The Code establishes that whomsoever, by action or omission, breaches the Code of Ethics and Conduct, shall be subject to the disciplinary measures that, in accordance with current labour regulations and internal policies and procedures, are applicable in each case. All reported breaches shall be analysed through an enquiry process conducted by a team of impartial experts led by the compliance official, who will present his/her findings and, in the event, propose any corrective measures to be implemented, notifying the persons who have identified or reported the breach.

Within the legal compliance section of the Code of Ethic and Conduct, express reference is made to the preparation of financial information in a thorough, clear and accurate manner, using the appropriate accounting records and its dissemination through transparent communication channels that enable the market, and in particular Prosegur's shareholders and investors, to permanently access it.

Likewise, the section concerning the use and protection of resources refers to the need to ensure that all economically significant transactions performed on Prosegur's behalf are listed clearly and accurately in the appropriate accounting records representing a true and fair view of the transactions performed, and that they are available to the internal and external auditors.

The Code of Ethics and Conduct is available on Prosegur's corporate website, and new recruits, on signing their employment contract, all receive a copy of the Code which they must sign.

In 2014, a plan to implement and disseminate the Code of Ethics and Conduct is to be developed, including the following actions:

— Approval of a new, revised version of the Code of Ethics and Conduct by the governing bodies of all the group companies in countries where Prosegur operates.
— Communication to all group employees through various media: Intranet, website, corporate magazines, notice Boards, e-mail, etc.
— Signing of the Code of Ethics and Conduct by all employees through various media.
— Continuing on-site training in the courses imparted by the Regulatory Compliance Department and online through courses run by Prosegur Corporate University.

- Complaints channel, allowing the audit committee to be notified of financial and accounting irregularities, in addition to potential breaches of the Code of Conduct and irregular activities within the organisation, stating, where applicable, whether this is confidential in nature.

Prosegur has a Complaints Channel which enables employees or third parties to notify of potential irregularities they are aware of, including with regard to financial and accounting matters.

The Complaints Channel consists in a form that is available on the website www.prosegur.com, which is permanently open, allowing the confidentiality required for each situation and the necessary anonymity to protect persons using it.

The Internal Audit Department confidentially manages communications received and conveys its findings to the Audit Committee.

- Training and periodic continuing learning programmes for personnel involved in preparing and revising financial information, and evaluation of ICFR, covering at least accounting standards, auditing, internal control and risk management.

  Prosegur pays particular attention to continuing training and the development of its professionals for the proper performance of their functions. Specifically, personnel belonging to the Finance Department (mainly the tax and financial reporting section), and the Audit Department continually attend training sessions to keep abreast of regulatory and legal changes. In the financial year 2013, 35 people in the Company's Corporate Area took training courses covering these aspects. The main purpose of these sessions is to update knowledge of the systems that generate the financial information and the new regulatory and legal developments that take place yearly.

  The Company has cooperation agreements with other organisations that allow it to constantly update the knowledge of employees involved in preparing and revising the financial information.

  Prosegur's management of training processes is centralised through the Prosegur Corporate University. The University hosts the Financial Community, aimed at professionals from the 17 financial units, comprising 128 members. The main goals of the Financial Community are to standardise financial processes and to update the criteria for accounting, tax, financial and control and risk management, and international standards.

  In 2013, persons involved in these tasks attended various courses on economic outlook and new accounting and tax developments.

F.2 Evaluation of financial reporting risks

State, at least:

F.2.1. The main characteristics of the risk identification process, including the risk of error or fraud, with regard to:

- Whether such a process exists and is documented.

  The Finance Department identifies, using the ICFR scope matrix, the risks affecting financial reporting from the standpoint of accounting records and potential non-compliance with accounting standards, and it documents the design of controls implemented.

- Whether the process covers all the financial reporting goals (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations), and whether and how often it is updated.

  The ICFR scope matrix is aimed at identifying the accounts and entries that have significant risk associated with them, whose potential impact on financial reporting is material and, which therefore require special attention. In this regard, in the process of identifying the significant accounts and breakdowns a series of quantitative variables (balance of the account) and qualitative variables (complexity of transactions; changes and complexity of regulations; need to use estimates or projections; application of judgement and qualitative importance of the information) are considered.

  This ICFR scope matrix is based on the balance sheet and consolidated income statement included in the audited Consolidated Financial Statements. Said matrix is periodically updated, after the Consolidated Financial

Statements and Interim Financial Statements are prepared, and/or whenever there is a change in the consolidation scope. In 2013, the scope matrix was last updated for the content of the Interim Financial Statements at 30 June 2013.

For each of these significant accounts and breakdowns included in the scope matrix, the associated critical processes and sub-processes have been defined, and the risks that might generate errors and/or fraud in financial reporting have been identified, covering all the financial reporting objectives (existence and occurrence; completeness; valuation; presentation, breakdown and comparability; and rights and obligations).

- The existence of a process of identification of the consolidation scope, considering, among other aspects, the possible existence of complex corporate structures, or instrumental or special purpose vehicles.

The Legal Department is in charge of informing the Financial Department in regard to the transactions within its sphere affecting the structure of the group and the consolidation scope.

Among the competencies of the Audit Committee is to supervise the adequate definition of the consolidation scope.

The Financial Department keeps a record of all the companies included in the consolidation scope. It determines the manner of control or influence, the legal form and the kind of direct or indirect holdings in all the companies. This is continuously updated and allows historic changes in the scope to be traced. On a monthly basis, the Financial Department determines the consolidation scope based on the companies' records, on international accounting standards and on Prosegur's internal rules concerning this matter. Changes to the consolidation scope are entered into the Group's electronic consolidation system, in which the ownership structure of the companies within the consolidation scope is kept permanently updated.

- State whether the process takes into account the effects of other risk types (operating, technological, financial, legal, reputational, environmental, etc.) to the extent they affect the financial statements.

As described in section E, Control and Risk Management Systems, Prosegur has a corporate risk map. This process to identify risks takes into account the effects of other kinds of risk (operating, financial, strategic, regulatory compliance, technological and others) which might have an adverse effect on the reliability of financial reporting.

With regard to technological risks and those relating to reporting processes, Prosegur issues reports for evaluation purposes. Corrective actions are proposed in connection with the availability and capacity of systems, security of access and the cost of availability of the information. The Information Security Department cooperates in the analysis of risks relating to IT systems, validating the controls verified by the Internal Audit Department. The Information Security Department conducts risk analyses of new technological solutions.

All input in Prosegur's IT systems is subject to internal policies linked to maintenance, completeness of information and periodic backing up.

- Which of the company's governing bodies supervises the process.

Supervision of ICFR is the responsibility of the Audit Committee.

F.3 Control activities

State, indicating their main characteristics, at least whether there are:

F.3.1. Review and authorisation procedures for financial reporting and the description of ICFR, to be published in securities markets, indicating those responsible for them, and documentation describing the flows of activities and controls (including those relating to the risk of fraud) of the various group of transactions that might have a material impact on the financial statements, including the procedure for account closure and the specific review of relevant judgements, estimates, valuations and projections.

Prosegur conducts periodic reviews of the financial information it prepares, as well as the description of ICFR, in accordance with various levels of responsibility in order to ensure information quality. The Financial Department is in charge of preparing the description of ICFR in coordination with the departments involved. This process culminates in the review by the Audit Committee and it is therefore also approved in the Annual Corporate Governance Report, validated by the full Board of Directors.

The Financial Department has described the flow of activities and controls on significant transactions which affect the financial statements. The documentation of these flows defines the applicable rules of action and the information systems used for the process of closing accounts. Personnel involved in the process of preparing financial information are continuously trained and informed with regard to the procedures for the accounting closure of Individual and Consolidated Financial Statements and Accounts. The documents detail the basic areas for preparing, reviewing and approving consolidated accounting closures and accounting closures for companies belonging to the Group.

Prosegur discloses financial information to the securities markets on a quarterly basis. The Financial Department is ultimately responsible for financial reporting. In the description of the flow of activities in the accounting closure process, the control activities to ensure the reliability of the information are defined. The corporate areas within the Financial Department analyse and supervise the information prepared. The parent company's annual financial statements, Prosegur's consolidated annual financial statements and the half-yearly financial reports are all revised by the Audit Committee prior to being prepared by the Board of Directors, in accordance with Article 16 of its Rules and Regulations.

The Audit Committee reviews any other relevant information prior to publication through the regulatory bodies.

The Board of Directors approves and, in the event, formulates the financial information presented which is later published via the Spanish Securities Markets Commission and presented publicly.

In 2013, the Financial Department documented the risk of error or fraud in financial reporting and the controls that affect all critical processes/sub-processes at Prosegur España. These processes cover the various kinds of transaction that may have a material impact on the financial statements (acquisitions, sales, personnel expenses, etc.), and the specific consolidation and reporting process.

In this connection, Prosegur has identified all the processes necessary to prepare the financial information, in which it has used relevant judgements, estimates, valuations and projections, considering all of them to be critical.

The documentation of each of these critical processes comprises:

- A description of each of the sub-processes linked to each process.
- Details of the information systems affecting sub-processes.

- Details of the internal procedures and rules approved by the Department, and regulating said sub-processes.
- Description of the key and non-key controls mitigating each of the risks identified. For each control, the following have been identified:
- Organisational structures and/or functions of persons in charge of each of the key and non-key controls identified.
- Frequency of the controls.
- Level of automation of the controls.
- Type of control: preventive or detective.

The specific review of the relevant judgements, estimates and valuations for quantifying goods, rights and obligations, revenues and expenses and any other commitments listed in the Individual and Consolidated Annual Financial Statements is performed by the Financial Department with the collaboration of the rest of Prosegur's Support Departments. Assumptions based on business performance are analysed jointly with the Business Departments.

The Chief Financial Officer and the Managing Director analyse the reports issued and approve financial information before it is presented to the Audit Committee and the Executive Committee of the Board of Directors.

F.3.2. Internal control policies and procedures concerning information systems (including control of access, tracking of changes, operation thereof, operating continuity and segregation of functions) that underpin the company's significant processes in relation to the preparation and publication of financial information.

One of the specific functions of the Risk Management Department is the continuous evaluation of the part of the internal control system linked to information systems, which include support to the issuance of financial information.

There is an Information Security Committee which is a management body comprising representatives from all the substantive areas of Prosegur.

This Committee is responsible for:

- Aligning the information security objectives with the main strategic business lines.
- Approaching Prosegur's information security as a global activity integrated within the business.
- Coordinating and approving the proposals received for projects linked to information security.
- Providing the necessary resources for developing information security initiatives.
- Identifying and evaluating security risks in respect of business needs.

The Information Security Committee monitors all these functions through a Master Plan.

Control of access to information systems is managed by assigning a personalised user name and password. Internal audits are conducted of the processes to control access to the systems at least once a year. A procedure is in place to control access to the Prosegur's data processing centre; access is restricted to authorised personnel and all access is recorded.

There is a process for managing changes in the life-cycles of soft ware; all production changes are subject to this process.

Prosegur systems and information are backed up and in a redundant infrastructure that allows business continuity. Furthermore, Prosegur has an alternative data processing centre if the main one fails.

Throughout 2014, the Group will continue to strengthen the process to control access and manage users in all the countries and systems with financial impact.

F.3.3. Internal control policies and procedures aimed at supervising the management of activities outsourced to third parties, and those aspects of evaluation, calculation or valuation commissioned to independent experts that might have a material impact on the financial statements.

The recurring activities in the process of preparation of financial information are not outsourced by Prosegur.

Prosegur requests advice from independent experts in situations of the following kind:

a) Evaluation of the tax impact of corporate restructuring transactions.
b) Tax advice for subsidiaries in preparing tax returns subject to specific regulations.
c) Estimates of the fair value of certain assets, branches of activity or businesses.
d) Verification of the efficacy of the money laundering prevention system.

The corporate Financial and Legal Departments supervise the results of accounting, legal and tax advisory services. When hiring external advisers, depending on the amounts involved, decision-making processes involve the consideration of at least three proposals from the cost and professional qualification standpoints. Prosegur only hires experts in tasks that underpin valuations, judgements or accounting calculations when they are registered with the relevant collegiate or similar bodies, and when they are from companies of recognised prestige in the market. The relevant departments of Prosegur have adequate personnel to validate the conclusions of the reports issued.

In 2013, third parties were subcontracted to conduct activities relating to "Purchase Price Allocation (PPA)" in respect of the acquisition of subsidiaries made in 2012.

F.4 Reporting and communication

State, indicating the main characteristics, whether the company has at least:

F.4.1. A specific function for defining and refreshing accounting policies (accounting policy department or area) and resolving doubts or conflicts deriving from their interpretation, maintaining a fluid communication with the persons responsible for the operations within the organisation, and an up-to-date accounting policies manual , communicated to the business units through which the company operates.

The Corporate Financial Reporting Department, which belongs to the Finance Department, is responsible for preparing, issuing, publishing and later implementing the Accounting Standards of Prosegur under the internal certification of the 3P process management system (Policies, Processes Prosegur).

Among the functions of the Corporate Financial Reporting Department is the analysis of International Accounting Standards, in order to comply with:

- The establishment of Support Standards or procedures to help personnel in relation to the process of preparing financial information.
- The analysis of transactions requiring specific accounting treatment.

- The resolution of queries regarding the application of specific accounting standards.
- The evaluation of possible future impacts on the financial statements, as a result of new developments or changes to international accounting standards.
- The list of external auditors in relation to the criteria applied, and the accounting estimates and judgements..
- The resolution of any doubt arising from the various interpretations of the standards.

Prosegur's accounting manual is updated annually. The latest version, dated December 2013, was approved by the Chief Financial Officer and distributed to all the Group's departments in January 2014.

F.4.2. Mechanisms to compile and prepare financial information with standardised formats, for application and use by all units of the company or group which support the main financial statements and the notes thereto, as well as detailed information on ICFR.

The process to compile and prepare consolidated financial information is centralised. The first phase of this process begins at the subsidiaries of the Prosegur Group, based on enterprise resource planning (ERP) platforms under the supervision of the Financial Department. Based on the subsidiaries' financial statements, and through IT systems programmed to extract and aggregate data, the individual and consolidated financial statements are compiled and analysed.

There is a periodic reporting process to obtain the necessary information for the line items of the consolidated annual accounts. Prosegur's Accounting Plan is applied at all Prosegur's subsidiaries for the purposes of compiling information for the consolidation of financial statements.

F.5 Supervision of the system's operation

State, indicating their main characteristics, at least:

F.5.1. The ICFR supervisory activities performed by the audit committee and whether the company has an internal audit function that supports the committee in its oversight of the internal control system, including ICFR. Also state the scope of the evaluation of ICFR in the year and the procedure for the person in charge of the evaluation to convey the findings, whether the company has a plan of action detailing the possible corrective measures, and whether the impact on financial reporting has been considered.

In accordance with the provisions of Article 16.3 of the Rules and Regulations of the Board of Directors, among the basic responsibilities of the Audit Committee are the following:

- To review Prosegur's accounts, ensuring the correct application of the main generally-accepted accounting principles, and to report proposed modifications to accounting principles and criteria suggested by the management of Prosegur.
- To evaluate the result of each audit and the responses of the management team to the auditors' recommendations, and to mediate in the event of a discrepancy between the two in relation to the principles and criteria applicable in preparing the financial statements, and to discuss with the accounts auditor any significant weaknesses in the internal system detected during the audit.
- To supervise the efficacy of the internal control and risk management systems, checking that they are suitable and complete.
- To supervise compliance with the audit contract, ensuring that the opinion on the annual accounts and the main content of the audit report are written clearly and accurately.

- To review any relevant information which the Board of Directors must provide to the markets and their supervisory bodies.
- To supervise the process of drawing up and presenting the regulated financial information.
- To supervise the company's internal auditing services.

Supervision of internal auditing includes, but is not limited to, approving the audit plans, determining who must execute them, evaluating the sufficiency of the work performed, revising and evaluating the results and considering their effect on the financial reporting, and monitoring corrective actions.

Prosegur has an internal audit department that is functionally dependent upon the Audit Committee. Its goals and functions include (i) assisting the Audit Committee in the objective compliance with its responsibilities, (ii) verifying the adequate management of risks, and (iii) ensuring the completeness and reliability of accounting information. The internal audit department has prepared a programme for revision of ICFR which is executed over a three-year period and integrated in the annual work schedules submitted for approval to the Audit Committee. In 2013, the internal audit department's actions in regard to ICFR had a dual objective:

Firstly, to prepare and document standard programmes for verifying the operation and effectiveness of the internal control systems of each relevant process for ICFR. The verification programmes of the department internal auditing for each process include the identification and supervision of controls linked to risks in respect of the financial reporting of each process and the tests to verify the design and effectiveness of the controls.

And secondly, to apply the verification programmes. In 2013, significant processes were reviewed in relation to financial information in Spain and other European and Latin American subsidiaries (cash, financial assets and liabilities, personnel, stocks and work-in-progress, and consolidation and reporting).

The internal audit department verifies the state of execution of the recommendations included in its audit reports, including those concerning ICFR verification. In 2013, two half-yearly reports were issued on the state of execution of the guidelines issued to the members of the Audit Committee.

Additionally, the internal audit department conducts half-yearly evaluations of critical risk management, including financial reporting risk, based on key risk indicators, their comparison with the established limits and their performance over time. The results are presented to the Corporate Risk Committee for analysis and to the Audit Committee for supervision of their management.

F.5.2. Whether there is a discussion procedure in which the auditor (in accordance with technical auditing standards), the internal auditing function and other experts may convey to senior management and the audit committee or directors of the company any significant weaknesses in the internal control they have discovered during the review process of the annual accounts or other reviews they have been commissioned to perform. State also if there is an action plan to correct or mitigate the weaknesses observed.

The Audit Committee meets with the external auditors to review both the conclusions of their audit of the annual accounts and the findings from work on the procedures agreed regarding half-yearly financial statements. Likewise, external auditors report on any internal control weaknesses and opportunities for improvement that they may have identified during the course of their work.

The Audit Committee meets with the corporate financial department, responsible for preparing the annual financial statements and interim financial information which Prosegur provides to the markets and their supervisory

bodies, in order to review and discuss any relevant matter in the process of preparing and presenting regulatory financial information.

The Audit Committee meets regularly with the internal audit department that presents the conclusions of its verification work on the operation and efficacy of ICFR procedures, the control weaknesses pinpointed, the recommendations issued and the state of execution of the action plans agreed to mitigate the weaknesses.

In 2013, the external auditor attended three Audit Committee meetings for the presentation and review of conclusions on the auditing of annual accounts, interim half-yearly financial statements and analysis of weaknesses in internal control and opportunities for improvement identified during the course of their work.

The Chief Financial Officer and the Internal Audit Director attended all six meetings of the Audit Committee in 2013.

F.6 Other significant information

Not applicable

F.7 External auditor's report

State:

F.7.1. Whether the ICFR information sent to the markets has been reviewed by the external auditor, in which case the company must include the relevant report as an annex. Otherwise, it should explain why.

Prosegur has submitted for review by the external auditor the ICFR information sent to the markets for the financial year 2013. The scope of the auditor's review procedures was in accordance with the Guidelines for Action and the model auditor's report referring to information concerning the internal control system on financial reporting of listed companies of July 2013, issued by the Spanish Auditors' Institute (Instituto de Censores Jurados de Cuentas de España).

G. Degree of implementation Corporate Governance guidelines

State the degree to which the company has adhered to the recommendations of the Unified Good Governance Code.

If any guideline is not followed or only partially followed, a detailed explanation must be included so that shareholders, investors and the market in general have enough information to assess the company's action. General explanations are not acceptable.

1. The Bylaws of listed companies should not limit the maximum number of votes that a single shareholder may cast, or contain other restrictions that hamper taking control of the company through the acquisition of its shares in the market.

See sections: A.10, B.1, B.2, C.1.23 and C.1.24.

Compliant

2. When the parent company and a subsidiary of it are both listed, they both publicly and accurately define:

   a) The respective areas of activity and possible business relations between them, and those of the listed subsidiary with other companies in the group.
   b) The mechanisms in place to resolve potential conflicts of interest.

   See sections: D.4 and D.7

Not applicable

3. Although not expressly required by Mercantile Legislation, transactions implying a structural change in the company and, in particular, the following, are subject to approval at the General Shareholders' Meeting:

   a) The transformation of listed companies into holding companies, through "subsidiarisation" or the incorporation to subsidiaries of essential activities hitherto conducted by the company itself, even when the latter retains full control over them;
   b) Any acquisition or disposal of key operating assets that would effectively alter the company's corporate purpose;
   c) Operations that are equivalent to the company's liquidation.

   See section: B.6

Compliant

4. The detailed proposals of agreements to be adopted at the General Shareholders' Meeting, including information to which recommendation 27 refers, should be made public at the time of publishing the meeting notice.

Compliant

5. At the General Shareholders' Meeting there should be separate votes regarding matters that are substantially independent, so that shareholders may exercise their voting preferences separately. This rule shall apply in particular to:

   a) The appointment or ratification of directors, with separate voting on each candidate;
   b) In the case of amendments to the Bylaws, to each article or group of articles that are substantially independent.

Compliant

6. The companies allow voting to be split in order for financial intermediaries who appear as legitimate shareholders but who are acting on behalf of different clients, may issue their votes in accordance with their clients' instructions.

Compliant

7. The Board performs its functions with unity of purpose and independence of criterion, treats all shareholders equally and is guided by the interests of the company, understood as maximising, over time, the company's economic value.

It likewise ensures that the company abides by the laws and regulations in its dealings with stakeholders; fulfils its obligations and contracts in good faith; respects the customs and good practices of the sectors and territories where it does business; and upholds any additional social responsibility principles it has subscribed to voluntarily.

Compliant

8. The Board undertakes, as its core mission, to approve the company's strategy and the necessary organisation for its implementation, and to supervise and ensure that management fulfils the objectives set and upholds the company's corporate purpose and interests. And, for this purpose, the entire Board of Directors reserves the powers to approve:

a) The Company's general policies and strategies, and, in particular:

i) The strategic or business plan, and management goals and annual budgets;
ii) Investment and financing policy;
iii) Definition of the structure of the group of companies;
iv) Corporate governance policy;
v) Corporate social responsibility policy;
vi) Remuneration and evaluation of senior officers;
vii) Risk control and management policy, and periodic monitoring of internal information and control systems;
viii) Dividend policy, as well as the policies and limits applying to treasury stock.

See sections: C.1.14, C.1.16 and E.2

b) The following decisions:

i) At the proposal of the company's chief executive, the appointment and, where applicable, the removal, of senior officers, and their severance clauses.
ii) Directors' remuneration, and, in the case of executives, additional remuneration for their executive functions and other conditions that must be upheld by their contracts.
iii) The financial information which, as a listed company, must be published periodically.
iv) All kinds of investments and operations which, due to their sizeable amount or special characteristics, are considered strategic, unless they must be approved by the General Shareholders' Meeting;
v) The creation or acquisition of shareholdings in special-purpose vehicles or entities with registered offices in countries or territories that are considered to be tax havens, and any other similar transaction or operation which, due to its complexity, might undermine the transparency of the group.

c) **The transactions performed by the company with directors, significant shareholders or shareholders represented on the Board, or with persons linked to them ("related-party transactions").**

However, Board authorisation need not be required for related-party transactions that simultaneously meet the following three conditions:

1ª. They should be governed by standard form agreements applied on an across-the-Board basis to a large number of clients;
2ª. They should be performed at prices or rates established generally by whoever acts as the supplier of the good or service in question;
3ª. Their amount should not exceed 1% of the company's annual revenues.

It is recommended that the Board approve related-party transactions subject to a favourable report from the audit committee or, in the event, whichever other committee has been mandated to issue a report; and that directors affected, as well as not exercising or delegating their right to vote, are absent from the meeting room while the Board is discussing this matter.

It is recommended that the competencies attributed to the Board herein be non-delegable, with the exception of those mentioned in points b) and c), which may be adopted for reasons of urgency by the Executive Committee for subsequent ratification by the Board in full.

See sections: D.1 and D.6

Compliant

9. The Board should be the right size to function efficiently and with participation, meaning that it is advisable for it to have at least five and at most fifteen members.

See section: C.1.2

Compliant

10. External directors, proprietary and independent, should occupy an ample majority of Board places, while the number of executive directors should be the minimum practical bearing in mind the complexity of the corporate group and the ownership interests they control.

See sections: A.3 and C.1.3.

Compliant

11. Among external directors, the relation between proprietary members and independents should match the proportion between the capital represented on the Board by proprietary directors and the remainder of the company's capital.

This strict proportionality criterion may be eased, so that the weighing of proprietary directors is greater than would correspond to the total percentage of capital they represent:

1º In large cap companies where few or no equity stakes attain the legal threshold for significant shareholdings, despite the considerable sums actually invested.
2º In companies with a significant number of shareholders represented on the Board, with no relations between them.

See sections: A.2, A.3 and C.1.3

Compliant

The votes of proprietary directors are represented proportionately despite the formal classification of Executive Directors.

12. The number of independent directors should represent at least one third of all Board members.

See section: C.1.3

Compliant

13. The nature of each director should be explained by the Board to the General Shareholders' Meeting, which should effect or ratify their appointment, and their appointment should be confirmed or, where applicable, reviewed annually in the Corporate Governance Report, subject to prior verification by the Appointments Committee. Said report should also explain why proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% of share capital; and it should outline the reasons why, where applicable, formal requests have been denied for presence on the Board of Directors from shareholders whose stakes are equal to or higher than that of others at whose behest proprietary directors have been appointed.

See sections: C.1.3 and C.1.8

Compliant

14. When there are few or no women directors, the appointments committee should ensure that, when new vacancies arise:

a) The process of filling Board vacancies entails no «implicit bias against women candidates;
b) The company makes a conscious effort to include women with the target profile among the candidates for Board places.

See sections: C.1.2, C.1.4, C.1.5, C.1.6, C.2.2 and C.2.4.

Not applicable

15. The Chairperson, as the person responsible for the proper operation of the Board of Directors, should ensure that directors are supplied with sufficient information in advance of Board meetings, and work to procure a good level of debate and the active involvement of all members, safeguarding their rights to freely express and adopt positions; he or she should organise and coordinate regular evaluations of the Board and, where appropriate, the company's chief executive, along with the chairpersons of the relevant Board committees.

    See sections: C.1.19 and C.1.41

    Compliant

16 When the chairperson of the Board of Directors is also the chief executive of the company, one of the independent directors should be empowered to request that a Board meeting be called or new items be added to the agenda of business; to coordinate and reflect the concerns of external directors; and to lead the Board's evaluation of its chairperson.

    See section: C.1.22

    Not applicable

17. The Secretary should take care to ensure that the Board's actions:

    a) Are in line with the letter and spirit of the Law and the prevailing regulations, including those approved by regulatory authorities;
    b) Conform to the provisions of the Bylaws and the Rules and Regulations of the Shareholders' Meeting, the Board and any other applying to the company;
    c) Take into account the good governance guidelines contained in the Unified Code accepted by the company.

    And, to safeguard the independence, impartiality and professionalism of the Secretary, his or her appointment or removal should be proposed by the Appointments Committee and approved by the Board in full; and said appointment or removal should be recorded in the Rules and Regulations of the Board of Directors.

    See section: C.1.34

    Compliant

18. The Board of Directors should meet as often as necessary to efficiently perform its duties, following the schedule of dates and matters established at the beginning of the year, and each director may propose other items for inclusion on the agenda that were not initially envisaged.

    See section: C.1.29

    Compliant

19. Director absences should be kept to the bare minimum and quantified in the Annual Corporate Governance Report. When directors have no choice but to delegate their vote, they should do so with instructions.

    See sections: C.1.28, C.1.29 and C.1.30

    Compliant

20. When directors or the secretary are concerned regarding a proposal or, in the case of directors, regarding the company's performance, and said concerns are not resolved at the Board meeting, the parties concerned may request that this be recorded in the minutes.

    Compliant

21. The Board in full should evaluate the following points on a yearly basis:

    a) The quality and efficiency of the Board's operation;
    b) Based on a report submitted by the Appointments Committee, how well the chairperson and chief executive have carried out their duties;
    c) The performance of its committees on the basis of the reports furnished by them.

    See sections: C.1.19 and C.1.20

    Compliant

22. All directors should be able to exercise their right to receive any additional information they require on matters within the Board's competence. And, unless otherwise provided by the Bylaws or the Rules and Regulations of the Board, they should be able to address their request to the chairperson or the secretary to the Board.

    See section: C.1.41

    Compliant

23. All directors should be entitled to obtain from the company all necessary advice in the performance of their duties. And the company should provide the adequate channels for exercising this right, which in special circumstances may include external advisory services paid for by the company.

    See section: C.1.40

    Compliant

24. The companies should establish an orientation programme that provides new directors with swift and sufficient knowledge of the company, and its corporate governance rules. Directors should also be offered refresher programmes when circumstances so advise.

Compliant

25. Companies should insist that directors devote the necessary time and effort to their duties to perform them efficiently and, as a result:

    a) **Directors should apprise the Appointments Committee of any other professional obligations, in case they might detract from the necessary dedication;**
    b) **Companies should lay down rules about the number of directorships their Board members can hold.**

    See sections: C.1.12, C.1.13 and C.1.17

Partially compliant

The company is compliant with section a) but it is not compliant with section b).

26. The appointment or re-election proposals of directors submitted by the Board of Directors to the General Shareholders' Meeting, and their provisional appointment by co-option, should be approved by the Board of Directors:

    a) **At the proposal of the Appointments Committee, in the case of independent directors.**
    b) **Subject to a report from the Appointments Committee in all other cases.**

    See section: C.1.3

Compliant

27. Companies should post the following director particulars on their websites, and keep them permanently updated:

    a) **Professional experience and background;**
    b) **Directorships held in other companies, listed or otherwise;**
    c) **Indication of the category of directorship, specifying, in the case of proprietary directorships, the shareholder they represent or with whom they have ties.**
    d) **The date of their first and subsequent appointments as a company director; and**
    e) **Shares held in the company and any options on the same.**

Compliant

28. Proprietary directors should resign when the shareholder they represent disposes of its entire shareholding. They should also resign when the shareholder whose interests they represent reduces its stake to such a level that its number of proprietary directors should be reduced.

    See sections: A.2, A.3 and C.1.2

Compliant

29. The Board of Directors should not propose the removal of independent directors before the expiry of their tenure as mandated by the Bylaws, except where just cause is found by the Board, based on a proposal from the Appointments Committee. In particular, just cause shall be said to exist if the director has failed to fulfil the duties inherent to his/her post or has incurred in any of the circumstances that cause him/her to cease to be independent, in accordance with the provisions of Order ECC/461/2013.

    It shall also be possible to propose the removal of independent directors as a result of takeover bids, mergers or other similar corporate operations, which imply a change in the company's capital structure, when such changes in the Board of Directors are triggered by the criterion of proportionality set forth in Recommendation 11.

    See sections: C.1.2, C.1.9, C.1.19 and C.1.27

    Compliant

30. Companies should establish rules to oblige directors to report and, in the event, resign, in scenarios that might damage the credit and reputation of the company, and, in particular, to oblige them to report to the Board any criminal proceedings for which they are indicted, as well as the subsequent developments of these proceedings.

    If a director is investigated or indicted for any of the offences listed in Article 213 of the Capital Companies Act, the Board should examine the case as soon as possible and, in light of the specific circumstances, decide whether or not the director should continue in his/her post. The Board should disclose all such determinations in the Annual Corporate Governance Report.

    See sections: C.1.42, C.1.43

    Compliant

31. All directors should clearly express their opposition when they consider a proposal submitted to the Board to be contrary to the interests of the company. The same applies, in particular to independent and other directors not affected by the potential conflict of interest, when the decision could jeopardise the interests of shareholders not represented on the Board.

    When the Board makes material or reiterated decisions about which a director has expressed serious reservations, then he or she should draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next Recommendation.

    The terms of this Recommendation also apply to the Secretary to the Board; director or otherwise.

    Compliant

32. When, due to resignation or any other reason, a director leaves his/her post before the end of his/her term, he/she should explain why in a letter to all members of the Board. And, without prejudice

to its being notified as a price-sensitive information, the reason for the termination should be explained in the Annual Corporate Governance Report.

See section: C.1.9

Not applicable

33. Executive directors should receive remuneration through the delivery of shares in the company or group companies, options on shares or instruments indexed to the share price, variable remuneration linked to the performance of the company or pension systems.

    This recommendation shall not include the delivery of shares when it is conditional upon the directors holding them until they leave their post.

Compliant

34. External directors' remuneration should sufficiently compensate them for the dedication, abilities and responsibilities that the post entails, but should not be so high as to compromise their independence.

Compliant

35. Remuneration linked to the company's results should take into account possible qualifications in the external auditor's opinion that might detract from said results.

Not applicable

36. In the case of variable remuneration, remuneration policies should incorporate the precise necessary technical ceilings and precautions to ensure that it is in line with the professional performance of its beneficiaries and do not simply derive from the general performance of the markets or the company's business sector or other similar circumstances.

Compliant

37. When there is an executive committee, the structure of the various categories of directors should be similar to that of the Board itself and its secretary should be the secretary to the Board.

    See sections: C.2.1 and C.2.6

Compliant

38. The Board of Directors should always be informed of the matters discussed and the decisions approved by the Executive Committee and that all members of the Board of Directors should receive a copy of the minutes of the Executive Committee's meetings.

Compliant

39. As well as the Audit Committee required by the Securities Market Act, the Board of Directors should establish a Committee, or two separate Committees, for Appointments and Remuneration.

    The rules governing the make-up and operation of the Audit Committee and the committee or committees of Appointments and Remuneration should be set forth in the Rules and Regulations of the Board, and include the following:

    a) **The Board should appoint the members of these committees, taking into account the knowledge, skills and experience of the directors and the mandate of each committee; it should discuss their proposals and reports, and, at the first meeting of the full Board after their meetings, these committees should give an account of their activity and the work they have done;**
    b) **These committees should comprise external directors only and should have a minimum of three members. The above is understood to be without prejudice to the attendance of executive directors or senior officers, when expressly so agreed by the members of the committee.**
    c) **Committee chairpersons should be independent directors.**
    d) **These committees may engage external advisers when they feel this is necessary for discharging their duties.**
    e) **Minutes should be kept of their meetings, a copy of which should be sent to all members of the Board.**

    See sections: C.2.1 and C.2.4

    Compliant

40. The job of supervising compliance with internal codes of conduct and corporate governance rules should be entrusted to the Audit Committee, the Appointments Committee or, as the case may be, separate Compliance or Corporate Governance committees.

    See sections: C.2.3 and C.2.4

    Compliant

41. Members of the Audit Committee, and in particular its chairperson, should be appointed based on their knowledge and experience in accounting, auditing or risk management.

    Compliant

42. Listed companies should have an internal auditing section which, under the supervision of the audit committee, ensures that the internal information and control systems work properly.

    See section: C.2.3

    Compliant

43. The head of internal auditing should present an annual work programme to the Audit Committee; report to it directly on any incidents arising during its implementation; and submit an activities report at the end of each year.

Compliant

44. Control and risk management policy should specify at least:

a) **The various types of risk (operating, technological, financial, legal, reputational, etc.) to which the company is exposed, including among the financial risks, contingent liabilities and other off-balance sheet risks;**
b) **The establishment of the risk level the company sees as acceptable;**
c) **Measures in place to mitigate the impact of risk events should they occur;**
d) **The internal reporting and control systems to be used to control and manage the above risks, including contingent liabilities and off-balance-sheet risks.**

See section: E

Compliant

45. The Audit Committee's role should be:

1 **With respect to internal control and reporting systems:**

a) **To ensure that the main risks identified as a result of supervising the efficacy of the company's internal control and internal auditing systems are properly managed and disseminated.**
b) **To monitor the independence and efficacy of the internal audit function; propose the selection, appointment, re-appointment and removal of the head of internal audit; propose the department's budget; receive regular report-backs on its activities; and verify that senior management are acting on the findings and recommendations of its reports.**
c) **To establish and oversee a mechanism whereby staff can report, confidentially and, if necessary, anonymously, any irregularities they detect in the course of their duties, in particular financial or accounting irregularities, with potentially serious implications for the firm.**

2 **With respect to the external auditor:**

a) **To receive regular information from the external auditor on the progress and findings of the audit programme, and check that senior management are acting on its recommendations.**
b) **To monitor the independence of the external auditor, to which end:**

i) **The company should submit to the CNMV as price-sensitive information the change in auditor and accompany it with a statement on any disagreements with the outgoing auditor and, in the event, the content thereof.**
ii) **It should investigate the issues giving rise to the resignation of any external auditor.**

See sections: C.1.36, C.2.3, C.2.4 and E.2

Compliant

46. The Audit Committee may call upon any employee or executive of the company, and even ask them to testify without the presence of any other executive.

Compliant

47. The Audit Committee should notify the Board, prior to the latter's making the relevant decisions, in regard to the matters listed in Recommendation 8:

    a) **The financial information which, as a listed company, must be published periodically. The Committee should ensure that interim statements are drawn up under the same accounting principles as the annual statements and, to this end, may ask the external auditor to conduct a limited review.**
    b) **The creation or acquisition of shareholdings in special-purpose vehicles or entities with registered offices in countries or territories that are considered to be tax havens, and any other similar transactions or operations that, due to their complexity, might undermine the group's transparency.**
    c) **Related-party transactions, unless the task of previously issuing a report has been attributed to a committee other than those of supervision and control.**

    See sections: C.2.3 and C.2.4

Compliant

48. The Board of Directors should strive to present the accounts to the General Shareholders' Meeting without reservations or qualifications in the audit report and that, in the exceptional event that they do exist, both the chairperson of the audit committee and the auditors should clearly explain to the shareholders the content and scope of said reservations or qualifications.

    See section: C.1.38

Compliant

49. The majority of members of the Appointments Committee, or, if it is a single committee, the Appointments and Remuneration Committee, should be independent directors.

    See section: C.2.1

Compliant

50. In addition to the functions set forth in the aforementioned Recommendations, the Appointments Committee should undertake the following duties:

    a) **Evaluate the balance of skills, knowledge and experience on the Board, define the roles and capabilities required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.**

b) Examine or organise, in appropriate form, the succession of the chairman and chief executive, making recommendations to the Board so the handover proceeds in a planned and orderly manner.
c) Report on the senior officer appointments and removals which the chief executive proposes to the Board.
d) Report to the Board with regard to the various issues outlined in Recommendation 14 herein.

See section: C.2.4

Compliant

51. The Appointments and Remuneration Committee should consult the chairperson and chief executive of the company, especially on matters concerning executive directors.

And any Board member should be able to suggest directorship candidates to the Appointments Committee for its consideration.

Compliant

52. In addition to the functions set forth in the aforementioned Recommendations, the Appointments Committee should undertake the following duties:

a) Make proposals to the Board of Directors regarding:

i) The remuneration policy for directors and senior officers.
ii) The individual remuneration and other contractual conditions of executive directors.
iii) The standard conditions for senior officer employment contracts.

b) Oversee compliance with the remuneration policy set by the company.

See sections: C.2.4

Compliant

53. The Appointments Committee should consult the chairperson and chief executive of the company, especially on matters concerning executive directors and senior officers.

Compliant

H. Other relevant information

1. If there are any relevant aspects of corporate governance in the company or group companies that have not been discussed in other sections of this report, but which it is necessary to include in order to offer more thorough and reasoned information on the structure and practices of governance in the company or its group, briefly outline them.
2. In this section any other information, clarification or nuance relating to the previous sections of the report may be included, provided they are relevant and not repetitive.

   Specifically, indicate whether the company is subject to corporate governance legislation other than Spanish legislation and, if so, include such information as is obligatory and different from the information presented herein.

3. The company may also indicate whether it has voluntarily subscribed to other international, sector-specific codes of ethics or good practices, or codes pertaining to other spheres. If applicable, the code in question must be identified and the date of subscription indicated.

GENERAL CLARIFICATION: It is hereby certified that the data contained in this Report refer to the financial year ended on 31 December 2013, except in those matters specifically and expressly referring to another date.

EXPLANATORY NOTE TO SECTION A.3: The number of shares in the table under the heading ´equivalent number of shares´, refers to the maximum number of shares which there is an option to receive, although the number of shares actually received will depend on compliance with the terms and conditions provided in the Long-Term Incentives Plan approved at the General Shareholders' Meeting held on 29 May 2012.

EXPLANATORY NOTE TO SECTION A.8: On 10 January 2014, Prosegur sold a treasury shareholding representing 4.032% of its total share capital, amounting to a total of 123.16 million euros.

This Annual Corporate Governance Report has been approved by the Board of Directors of the company, at its meeting on 27/02/2014.

State whether any directors voted against or abstained from approving this Report.

No

KPMG Auditores S.L.
Edificio Torre Europa
Paseo de la Castellana, 95
28046 Madrid

Auditors' Report on the "Information concerning the System of Internal Control over Financial Reporting (ICFR)" of Prosegur Compañía de Seguridad, S.A. for 2013.

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Directors
Prosegur Compañía de Seguridad, S.A.

As requested by the Board of Directors of Prosegur Compañía de Seguridad, S.A. (the "Company") and in accordance with our proposal letter dated 30 January 2014, we have applied certain procedures to the "Information concerning the ICFR" attached in section F of the Annual Corporate Governance Report of Prosegur Compañía de Seguridad, S.A. for 2013, which summarises the Company's internal control procedures for annual financial reporting.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the information concerning the ICFR attached.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the annual accounts and in accordance with Technical Auditing Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit of accounts, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the *Action Guide referring to the Auditors' Report on Information on Internal Control over Financial Reporting for listed entities*, published on the website of the Spanish Securities Market Commission (CNMV), which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2013 described in the attached Information concerning the ICFR. Consequently, had additional procedures been applied to those defined in the Action Guide, or an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

KPMG Auditores S.L., sociedad española de responsabilidad limitada, es una filial de KPMG Europe LLP y firma miembro de la red KPMG de firmas independientes afiliadas a KPMG International Cooperative ("KPMG International"), sociedad suiza.

Reg. Mer Madrid, T. 11.961, F. 90, Sec. 8, H. M -188.007, Inscrip. 9
N.I.F. B-78510153

2

Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to the Revised Audit Law, approved by Legislative Royal Decree 1/2011 of 1 July 2011, we do not express an audit opinion in the terms envisaged in such legislation.

The procedures applied were as follows:

1 Reading and understanding of the attached information prepared by the Company in relation to the ICFR – disclosures included in the directors' report – and evaluation of whether it covers all the information required, taking into account the minimum content described in Section F, concerning the ICFR description, of the standard Annual Corporate Governance Report pursuant to CNMV Circular 5/2013 of 12 June 2013.

2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.

3. Review of explanatory documentation supporting the information detailed in point 1 above, and which will mainly include that made directly available to those responsible for preparing the descriptive information on the ICFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the audit committee.

4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICFR gained as a result of the procedures performed within the framework of the audit work on the annual accounts.

5. Reading of the minutes of the meetings of the Board of Directors, audit committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICFR with the information detailed in point 1 above.

6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the ICFR, no inconsistencies or incidents have come to light that could affect it.

This report has been prepared exclusively within the context of the requirements laid down by Securities Market Law 24/1988 of 28 July 1988, amended by Sustainable Economy Law 2/2011 of 4 March 2011 and by CNMV Circular 5/2013 of 12 June 2013, for the purposes of the description of the ICFR in Annual Corporate Governance Reports.

KPMG Auditores, S.L.
(*Signed on original in Spanish*)

Bernardo Rücker-Embden

27 February 2014

Information on Audit Committee activities in financial year 2013

1. Introduction

Regulation

The Audit Committee of Prosegur Compañía de Seguridad was created in 2003.

Its regulation is contained in articles 27 of the Articles of Association and 16 of Board Regulations.

Responsibilities

Among the responsibilities of the Audit Committee are:

- To propose the appointment of the auditor, terms of engagement, scope of professional mandate and, as the case may be, revocation or non-renewal thereof.
- To review company accounts, ensure compliance with legal requirements and proper application of generally accepted accounting principles, as well as report on the proposals for modification of accounting criteria and principles suggested by the Management.
- To act as a communication channel between the Board of Directors and the auditors, assess the results of each audit and the responses of the management team to their recommendations.
- To supervise compliance of audit contract, ensuring that the opinion on the financial statements and main content of the audit report are drafted in a clear and accurate manner.
- To review issue prospectuses, regular financial information and any other relevant information that the Board should provide to the markets and their supervisory bodies.
- To supervise the internal audit services, with presentation each year by the head of internal audit of a working plan, incidents and activity report.
- To be acquainted with the process of financial information and internal control systems and, to this end, to identify types and levels of risk, measures to mitigate the impact of identified risks and risk control, information and management systems.
- To examine the compliance with codes of conduct, the Regulations of the Board of Directors and, in general, with the rules of corporate governance of the Company and make any proposals required for improvement.
  Specifically, the Audit Committee is responsible for receiving information and, as the case may be, to issue a report on (i) the actions and decisions made by the Regulatory Compliance Management in the performance of its duties in accordance with what is set forth in the Internal Conduct Regulations of the Company and (ii) the disciplinary measures to be applied, as the case may be, to senior executive managers of the Company.

— To establish, if deemed appropriate and, as the case may be, to supervise, a system enabling the employees to communicate, in a confidential and, if deemed appropriate, anonymous manner, any anomalies of potential significance, particularly those of a financial and accounting nature, detected within the companies.

Composition of the Committee and attendance to meetings in 2013.

The Audit Committee is a delegated committee of the Board of Directors and, therefore, is made up of Directors of the Company.

At 31 December of 2013, the composition of the Audit Committee was as follows:

Name	Type of Director
Mr Pedro Guerrero (Chairman)	Independent
Ms Chantal Gut Revoredo	Representative director (Gubel, S.L.)
Mr Isidro Fernández Barreiro	Other external
Mr Eugenio Ruiz-Gálvez Priegoo	Other external

Secretary of Committee, not member: Ms Sagrario Fernández Barbé

The Committee, in accordance with its regulation, meets whenever called by agreement of the Board of Directors, of the Committee itself or its Chairman and, at least, four times a year. Six sessions were held in 2013.

The attendance to meetings of the Audit Committee in 2013 has been as follows:

Mr Pedro Guerrero Guerrero	5 meetings
Ms Chantal Gut Revoredo	5 meetings
Mr Isidro Fernández Barreiro	5 meetings
Mr Eugenio Ruiz-Gálvez Priego	6 meetings

Depending on the agenda of the Committee, other management personnel and external advisers have also attended the meetings, among which are the external auditors who, at least twice a year, are requested to report to the Committee.

Minutes are drawn up of Audit Committee meetings which are available to all members of the Board of Directors.

2. Activities during 2013

1. Financial information

The Committee has dedicated special attention to the review, prior to the review carried out by the Executive Committee and the Board of Directors and publication, of the financial statements of the Company and the Prosegur Group, as well as of the quarterly financial information and half-yearly financial statements and the remaining information provided to the market or the supervisory bodies.

During financial year 2013 and, in particular, in the meetings of 25 February, 29 April, 24 July and 28 October, a review of the regular public information sent by the Company to the CNMV (Spanish Securities Market Commission) was carried out.

2. Accounts audit

In the meeting of 20 March it was agreed to propose to the Board of Directors that it should in turn put forward to the General Meeting of Shareholders the re-appointment of KPMG Auditores S.L. as the auditor of the individual and consolidated accounts of the Prosegur Group and the companies within the Group for financial year 2013.

The Accounts Auditors attended the meetings held on 25 February to present their conclusions on the accounts audit for 2012, on the 29 April to present the recommendations for improvement to be carried out in the areas identified during the audit performed in regard to financial year 2012, and on 24 July to present the results on agreed procedures for financial statements at 30 June 2013.

3. Codes of conduct

The Audit Committee is responsible for ensuring compliance with the codes of conduct and, in particular, corporate governance rules.

During 2013, the Audit Committee has supervised their compliance, particularly in regard to the internal conduct regulations and the Code of Ethics and Conduct. In the meeting of 28 October, the Audit Committee approved the proposal for modification and the drafting of a new Code of Ethics and Conduct to replace the former one of 2009 and to subject it to the approval of the Board of Directors.

4. Internal control and risk management

The Audit Committee is responsible, among other duties, for overseeing internal control and risk management procedures in Prosegur.

On 20 March 2013, the Internal Audit Manager presented for approval the report on 2012 activities and the working plan for 2013 drawn up (i) on the basis of the Prosegur Risk Map and (ii) in accordance with the plan of verification of internal control on financial information. The Internal Audit Manager has regularly reported on the execution of the working plan by attending the Audit Committee meetings.

Among the activities carried out by the internal audit department and supervised by the Audit Committee are the following:

— Update of the risk map for each of the businesses and countries in which Prosegur has operations.
— Conclusion of projects contained in the working plan for 2013.
— Receipt and analysis of reports and complaints received via the complaints and claims channel.
— Preparation of six-monthly follow-up reports of recommendations agreed in audits carried out. For each recommendation, a formal document of commitment to the audited area is defined, specifying an action plan, the person responsible for the execution of the plan, the scheduled date of completion and, whenever possible, the quantification of the result obtained.

The Committee has received the results of the assessment of critical risks carried out by the Risk Committee for review.