

## ANNEX I

### ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED CORPORATIONS

#### ISSUER IDENTIFICATION DATA

REFERENCE FINANCIAL YEAR ENDED

31/12/2013

CORPORATE TAX ID.

A-28430882

REGISTERED NAME

PROSEGUR COMPAÑÍA DE SEGURIDAD S.A.

REGISTERED ADDRESS

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# MODEL OF ANNUAL REPORT ON DIRECTOR REMUNERATION OF LISTED CORPORATIONS

## A THE COMPANY'S REMUNERATION POLICY FOR THE YEAR UNDERWAY

A.1 Describe the company's remuneration policy. This section shall include information on:

- General principles and bases for remuneration policy.
- The most significant changes in remuneration policy compared to the policy applied in the previous year, and amendments during the year in the conditions for exercising options already conferred.
- Criteria used and composition of peer groups of companies whose remuneration policies have been reviewed to establish the company's remuneration policy.
- Relative significance of the variable items of remuneration with respect to the fixed items and criteria used to determine the various components of the Directors' remuneration package (*remuneration mix*).

### Describe the remuneration policy

The principles and bases of the Directors' remuneration are set forth in sections 3 to 5 of Article 22 of the Company's Bylaws, as follows:

"22.3. The office of Director is remunerated. The remuneration of Directors consists of an annual fixed fee for attending each meeting of the Board of Directors and its Committees. The compensation to be paid by the Company to its Directors collectively shall not exceed the maximum amount established for that purpose by the General Shareholders' Meeting [...].

22.5. Regardless of the compensation provided for in the preceding paragraphs derived from membership of the Board of Directors, the Directors with other executive or advisory duties in the Company, whatever the nature of their relationship with it, shall be entitled to remuneration that has been agreed for performing such duties [...]."

Remuneration structure:

- Fixed amount: Directors shall be entitled to receive a fixed amount in accordance with the positions they occupy on the Board of Directors and its Committees.

- Per diems: Directors shall be entitled to receive certain amounts as per diems for meetings of both the Board of Directors and the Executive Committee and the consultative or oversight committees (Audit Committee and Appointments and Remuneration Committee).

Changes: There have been no significant changes to the structure of remuneration policy.

Criteria: Article 28 of the Rules and Regulations of the Board of Directors establishes that the Board shall endeavour to ensure that remuneration to Directors is in line with market requirements and, in the event, and where deemed appropriate, that part of said remuneration be linked to the Company's returns. Furthermore, in relation to External Directors, Article 29 of the aforementioned Rules and Regulations states that the Board of Directors and the Appointments and Remuneration Committee shall adopt any measures in their powers to ensure that remuneration to External Directors is in line with certain guidelines.

Relative significance of the variable items of remuneration with respect to the fixed items: Only the Managing Director receives variable remuneration, as explained in section A4.

A.2 Disclose the preparatory work and the decision-making process followed to determine the remuneration policy and the role, as appropriate, of the Appointments and Remuneration Committee and other supervisory bodies in designing the remuneration policy. Where applicable, this information shall include the mandate given to the remuneration committee and the identity of the external advisers whose services were used to define the remuneration policy. It shall also state the category of the Directors who, in the event, intervened in defining the remuneration policy.

**Describe the process to devise the remuneration policy**

Preliminary work:

- 1) The Appointments and Remuneration Committee meets once a year to prepare the Annual Report on Directors' Remuneration. Based on this report, it proposes to the Board of Directors the system and amount of annual Directors' remuneration for the year underway, its application in the previous year and for future years.
- 2) The Board of Directors approves Board remuneration for the year underway and the Annual Report on Directors' Remuneration as separate items on the agenda. A copy of said report duly completed by the Secretary shall be deposited at the Company's secretariat.
- 3) Once it approves the Annual Report on Directors' Remuneration, the Board shall propose to the General Shareholders' Meeting the consultative approval thereof.
- 4) Lastly, the Annual Report on Directors' Remuneration is submitted for consultative approval by the General Shareholders' Meeting.

No external adviser has received a mandate with regard to the remuneration policy.

The Appointments and Remuneration Committee comprises the following members:

Chairperson

Eugenio Ruiz-Galvez Priego (Independent Director)

Members

Chantal Gut Revoredo (Executive Director)

Isidro Fernández Barreiro (Independent Director)

Pedro Guerrero Guerrero (Independent Director)

Secretary and Member

Fernando Vives Ruiz (Independent Director)

- A.3 Indicate the amount and nature of fixed components, itemised as appropriate, of the remuneration received by managing directors for discharging senior management duties and any additional remuneration for the chairman or for membership of any Board Committees, any per diems for attendance at Board or Committee meetings or any other fixed amounts for discharging director duties, together with an estimate of the fixed annual payment they give rise to. Indicate any other non-cash benefits and the basic performance benchmarks for which they are granted.**

**Describe the fixed components of remuneration**

At its meeting of 28 June 2010, Prosegur' General Shareholders' Meeting agreed to establish, for the year 2010 and onwards, the maximum amount of annual fixed remuneration payable by the Company to its Directors for their Directorships, and the maximum amount of remuneration to Executive Directors, for their duties.

In accordance with that limit, Directors' remuneration for their work as Directors and membership of the Board's committees in 2014 is established as follows (there has been no increase with respect to 2013):

- Board of Directors: fixed remuneration of 39,900 euros and per diems of 1,050 euros, for both the Chairperson and the members.
- Executive Committee: fixed remuneration of 40,000 euros for the Chairperson and 25,000 euros for members; both are entitled to per diems of 1,500 euros.
- Audit Committee: fixed remuneration of 33,750 euros for the Chairperson and 25,000 euros for members; both are entitled to per diems of 1,500 euros.
- Appointments and Remuneration Committee: fixed remuneration of 17,850 euros for the Chairperson and 14,700 euros for members; both are entitled to per diems of 1,050 euros.

The following fixed remuneration is also established (with no increase with respect to 2013):

- Managing Director: 625,000 euros
- Chairperson: 470,596 euros.
- Deputy-Chairperson: 157,500 euros.

- A.4 Detail the amount, nature and main features of the variable components of the remuneration schemes.**

In particular:

- Identify each of the remuneration schemes of which Directors are beneficiaries, their scope, date of approval, date of implementation, period of validity and main characteristics. With regard to options on shares and other financial instruments, the general characteristics of the plan shall include information on the conditions for exercising them for each plan.

- State any remuneration in the form of profit-sharing schemes or bonus payments, and the reasons why they are granted.
- Describe the basic performance benchmarks for any system of annual bonus payments.
- The category of Directors (Executive Directors, External Proprietary Directors or Other External Directors) who benefit from remuneration schemes or plans that include variable remuneration.
- The grounding for these variable remuneration schemes or plans, the chosen criteria for evaluating the performance, and the components and evaluation methods to determine whether or not said evaluation criteria have been fulfilled, and an estimate of the outright amount of variable remuneration originated by the remuneration plan in place, depending on the degree of compliance with the assumptions or goals taken as a reference.
- In the event, information shall be provided regarding established periods of deferral or postponement of payment and/or periods for retaining shares or other financial instruments where these exist.

<b>Describe the variable components of remuneration systems</b>
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Only the Managing Director receives variable remuneration, in the amount of 500,000 euros. Obtaining this variable remuneration is directly linked to the degree of achievement of value creation of the Group, in accordance with the goals established for the year. The amount of variable remuneration is established at the end of each year, on the basis of the percentage of fixed annual remuneration. These goals are chosen considering their significance for the Company, in its different business areas and regions, and the sustainable Creation of Value. The Appointments and Remuneration Committee approves the degree of achievement of value creation targets and the resulting variable remuneration.

Furthermore, the Managing Director takes part in the Long-Term Incentives Scheme known as Plan 2014, approved at the General Shareholders' Meeting of 29 May 2012. Plan 2014 is linked to the 2012-2014 strategic plan and it is gauged by the Group's value creation. Plan 2014 has an accrual period of three years with an option for another two years of extension (2016 inclusive).

**A.5 Describe the main features of long-term savings schemes, including retirement and other survival benefits, partially or fully funded by the company, allocated internally or externally. Furthermore, provide an estimate of the amount of equivalent annual cost, indicating the type of plan, whether it is a defined-contribution or a defined-benefit plan, the terms for vesting of economic rights in favour of Directors and compatibility with any other type of compensation for early cancellation or termination of the contractual relationship between the company and the Director.**

Also state contributions in favour of the Directors to defined-contribution pension plans; or the increase in the Directors' vested rights, in respect of defined-benefit plans.

<b>Describe the long-term savings schemes in place</b>
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**Not applicable**

**A.6 Indicate any severance pay agreed or paid in the event of termination of the duties as Director.**

<b>Outline severance pay</b>
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No specific notice has been established for terminating the relationship of Executive Directors with the company, or severance pay or golden parachutes in the event of cancellation or termination of said relationship.

A.7 Indicate the conditions of contracts of Executive Directors exercising senior management functions. Among other aspects, state the duration, caps on severance amounts, seniority clauses, notice periods, payments to replace notice periods, and any other clause relating to bonuses, as well as severance packages or golden parachutes for early cancellation or termination of the contractual relationship between the company and its Executive Directors. Include, among others, pacts or agreements on non-competition, exclusivity, seniority or loyalty and post-contractual non-competition.

**State the basic conditions of Executive Director contracts.**

Chantal Gut Revoredo has a special, open-term employment contract for senior management in force since 21 November 2013. Said contract does not contain specific severance or seniority clauses, or clauses of a similar nature. However, Chantal Gut Revoredo has undertaken to fulfil a non-competition requirement throughout the duration of her contract. The notice period for terminating the contract, for both Chantal Gut Revoredo and the Company, is three months. Should the Company not provide this period of notice, the Director is entitled to receive the equivalent amount of salaries for the outstanding notice period.

A.8 Outline any supplementary remuneration accrued to Directors as compensation for services provided other than those inherent in their post.

**Describe supplementary remuneration**

Chantal Gut Revoredo has received 6,211.43 euros in consideration as Director of International Expansion. In 2014, the remuneration established for Chantal Gut Revoredo is 70,500 euros per annum, with no additional variable amount.

A.9 State any remuneration in the form of advances, loans or guarantees granted, along with the rate of interest, essential features and any amounts returned, as well as the obligations assumed on their behalf in the form of guarantees.

**Describe advance payments, loans and guarantees granted**

Not applicable.

A.10 Describe the main characteristics of remuneration in kind.

**Describe remuneration in kind**

Life insurance premium for the Chairperson and Managing Director, and other items totalling 16,737 euros in 2013. Said remuneration in kind shall be maintained in 2014.

A.11 State the remuneration accrued to Directors pursuant to payments made by the listed company to a third-party company in which the Directors provide services, when said payments are aimed at remunerating the Directors' services at the company.

**Describe the remuneration accrued to Directors pursuant to payments made by the listed company to a third-party company to which the Directors provide services**

Not applicable

A.12 Disclose any kind of compensation other than those listed above, of whatever nature and provenance within the group, especially when it may be accounted as a related-party transaction or when its omission would detract from a true and fair view of the total remuneration accrued to the Director.

**Describe the other items of remuneration**

Not applicable

A.13 Describe the actions taken by the Company with respect to the remuneration system to reduce exposure to excessive risks and adjust it to the Company's long-term objectives, values or interests, including, as appropriate: measures in place to guarantee that the remuneration policy is based on the long-term results of the Company, the measures in place to establish an appropriate balance between the fixed and variable components of the remuneration, the measures adopted with respect to professional categories of employees whose professional activities have a material effect on the entity's risk profile, the reimbursement formulae or clauses set out to claim the return of variable components of the remuneration based on results when these components have been paid based on data that have been proved clearly to be inaccurate and measures in place to prevent conflicts of interest.

**State the actions implemented to reduce risks**

Directors' fixed remuneration remains unchanged since 2012. Said remuneration is in line with that of similar posts at other companies.

**B REMUNERATION POLICY PLANNED FOR FUTURE YEARS**

B.1 Provide an overall summary of the remuneration policy planned for future years and disclose the policy with respect to: fixed components and per diems, and variable components, the relationship between remuneration and results, the pension systems, the terms of the contracts of Executive Directors, and estimates of the most significant changes in the remuneration policy with respect to previous years.

**General overview of planned remuneration policy**

Prosegur's remuneration policy in future years shall be based on fixed remuneration established in accordance with the duties performed within the Company and with market practices. It shall be supplemented with variable remuneration plans that measure value creation at the Company in the periods established for that purpose. Plan 2014 is based on value creation at the Company in the 2012-2014 period, with an additional extension of two years.

B.2 Describe the decision-making process behind the design of the remuneration policy planned for future years and the role of the Remuneration Committee, if one exists.

**Describe the decision-making process behind the design of the remuneration policy**

- 1) The Appointments and Remuneration Committee meets once a year to prepare the Annual Report on Directors' Remuneration. Based on this report, it proposes to the Board of Directors the system and amount of annual Directors' remuneration for the year underway, its application in the previous years and for future years.
- 2) The Board of Directors approves Board remuneration for the year underway and the Annual Report on Directors' Remuneration as separate items on the agenda. A copy of said report duly completed by the Secretary shall be deposited at the Company's secretariat.
- 3) Once it approves the Annual Report on Directors' Remuneration, the Board shall propose to the General Shareholders' Meeting the consultative approval thereof.
- 4) Lastly, the Annual Report on Directors' Remuneration is submitted for consultative approval by the General Shareholders' Meeting.

B.3 Describe the incentives created by the company in the remuneration policy to reduce exposure to excessive risks and adjust it to the company's long-term objectives, value and interests.

**Describe the incentives to reduce risks**

The Managing Director participates in the Long-Term Incentives Scheme known as Plan 2014. Plan 2014 is linked to the 2012-2014 strategic plan and it is gauged by the Group's value creation. Plan 2014 has an accrual period of three years with an option for another two years of extension (2016 inclusive).

**C OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED IN THE LAST COMPLETE FINANCIAL YEAR**

**C.1 Describe the item and structure main features of the remuneration policy applied during the year and the itemised individual remuneration accrued to each Director appearing in section D herein, as well as a summary of the how the Board of Directors applied the policy.**

**Describe the main features and the itemised individual remuneration of the remuneration policy applied during the year**

In 2013, remuneration to Directors for their activities as such (i.e., aside from any activities as executives) was structured, within the framework of the law and Bylaws, in accordance with the following remuneration criteria and items, within the maximum limit established for this purpose at the General Shareholders' Meeting, and pursuant to the provisions of Article 22 of the Bylaws:

1. Fixed amount
2. Per diems

Directors do not receive any other kind of remuneration for their activities as such.

Remuneration structure of Executive Directors for discharging executive duties in 2013:

Aside from their remuneration as Directors, the Chairperson, Deputy-Chairperson and Managing Director received annual remuneration for discharging their executive duties, which presents the following structure:

1. Fixed remuneration: for the Chairperson, Deputy-Chairperson and Managing Director.
2. Short-term variable remuneration (annual): The Managing Director also receives annual variable remuneration (a bonus) depending on the degree of compliance with the established goals.
3. Long-term variable remuneration: The Managing Director also participates in the Company's Long-Term Incentive Schemes.
4. Life insurance and other: for both Executive Directors.

**D** DETAIL THE INDIVIDUAL REMUNERATION ACCRUED BY EACH DIRECTOR

Name	Category	2013 accrual period
ISIDRO FERNANDEZ BARREIRO	Other external	From 01/01/2013 to 31/12/2013.
HELENA IRENE REVOREDO DELVECCHIO	Executive	From 01/01/2013 to 31/12/2013.
CHRISTIAN GUT REVOREDO	Executive	From 01/01/2013 to 31/12/2013.
MIRTA MARIA GIESSO CAZENAVE	Proprietary	From 01/01/2013 to 31/12/2013.
CHANTAL GUT REVOREDO	Executive	From 01/01/2013 to 31/12/2013.
EDUARDO PARAJA QUIROS	Independent	From 01/01/2013 to 31/12/2013.
PEDRO GUERRERO GUERRERO	Independent	From 01/01/2013 to 31/12/2013.
EUGENIO RUIZ-GALVEZ PRIEGO	Independent	From 01/01/2013 to 31/12/2013.
FERNANDO VIVES RUIZ	Independent	From 01/01/2013 to 31/12/2013.

D.1 Complete the following tables on the individual remuneration accrued to each Director in the year (including remuneration for discharging executive duties in the year).

**a) Remuneration accrued at the company covered by this report:**

**i) Cash remuneration (in thousands of euros)**

Name	Salary	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership of the Board Committees	Severance	Other items	Total for 2013	Total for 2012
HELENA IRENE REVOREDO DELVECCHIO	471	0	22	0	0	80	0	30	603	
CHRISTIAN GUT REVOREDO	625	0	21	475	0	65	0	19	1,205	
CHANTAL GUT REVOREDO	0	0	33	0	0	105	0	0	138	



<b>Name</b>	<b>Salary</b>	<b>Fixed remuneration</b>	<b>Per diems</b>	<b>Short-term variable remuneration</b>	<b>Long-term variable remuneration</b>	<b>Remuneration for membership of the Board Committees</b>	<b>Severance</b>	<b>Other items</b>	<b>Total for 2013</b>	<b>Total for 2012</b>
ISIDRO FERNANDEZ BARREIRO	0	157	32	0	0	105	0	0	294	
MIRTA MARIA GIESSO CAZENAVE	0	0	4	0	0	40	0	0	44	
PEDRO GUERRERO GUERRERO	0	0	33	0	0	113	0	0	146	
FERNANDO VIVES RUIZ	0	0	23	0	0	80	0	0	103	
EUGENIO RUIZ-GALVEZ PRIEGO	0	0	33	0	0	108	0	0	141	
EDUARDO PARAJA QUIROS	0	0	4	0	0	40	0	0	44	

## ii) Share-based compensation schemes

CHRISTIAN GUT REVOREDO Plan 2014												
date of implementation	Ownership of options at the start of 2013						Options assigned in 2013					
	No. of options	No. of shares affected	Strike price (€)	Exercise period			No. of options	No. of shares affected	Strike price (€)	Exercise period		
29/05/2012	1,812,740	1,812,740	33.10	2015 to 2017			0	0	0.00	Not applicable		
Requirements: not applicable												
Shares delivered in 2013			Options delivered in 2013				Unexercised and expired options	Options at the end of 2013				
No. of shares	Price	Amount	Strike price (€)	No. of options	No. of shares affected	Gross profit (€m)	No. of options	No. of options	No. of shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other requirements for the year: not applicable												

## iii) Long-term savings schemes

**b) Remuneration accrued to the company's Directors for belonging to the Boards of other group companies:**

**i) Cash remuneration (in thousands of euros)**

Name	Salary	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership of the Board	Severance	Other items	Total for 2013	Total for 2012
HELENA IRENE REVOREDO DELVECCHIO	0	0	0	0	0	0	0	0	0	0
CHRISTIAN GUT REVOREDO	0	0	0	0	0	0	0	0	0	0
CHANTAL GUT REVOREDO	0	0	0	0	0	0	0	0	0	0
ISIDRO FERNANDEZ BARREIRO	0	0	0	0	0	0	0	0	0	0
MIRTA MARIA GIESSO CAZENAVE	0	0	0	0	0	0	0	0	0	0
PEDRO GUERRERO GUERRERO	0	0	0	0	0	0	0	0	0	0
FERNANDO VIVES RUIZ	0	0	0	0	0	0	0	0	0	0
EUGENIO RUIZ-GALVEZ PRIEGO	0	0	0	0	0	0	0	0	0	0
EDUARDO PARAJA QUIROS	0	0	0	0	0	0	0	0	0	0

**ii) Share-based compensation schemes**

**iii) Long-term savings schemes**

**c) Summary of remuneration (in thousands of euros):**

The summary must include the amounts relating to all remuneration items included in this report that have been accrued to Directors, in thousands of euros.

In the case of the Long-Term Savings Scheme, contributions or payments made to such schemes must also be included:

Name	Remuneration accrued at the Company				Remuneration accrued at group companies				Total		
	Total cash remuneration	Amount of shares granted	Gross profit on options exercised	Company total in 2013	Total cash remuneration	Amount of shares delivered	Gross profit on options exercised	Group total in 2013	Total in 2013	Total in 2012	Contribution to savings schemes in the year
HELENA IRENE REVOREDO DELVECCHIO	603	0	0	603	0	0	0	0	603	604	0
CHRISTIAN GUT REVOREDO	1,205	0	0	1,205	0	0	0	0	1,205	1,198	0
CHANTAL GUT REVOREDO	138	0	0	138	0	0	0	0	138	140	0
ISIDRO FERNANDEZ BARREIRO	294	0	0	294	0	0	0	0	294	297	0
MIRTA MARIA GIESSO CAZENAVE	44	0	0	44	0	0	0	0	44	46	0
PEDRO GUERRERO GUERRERO	146	0	0	146	0	0	0	0	146	144	0
FERNANDO VIVES RUIZ	103	0	0	103	0	0	0	0	103	61	0
EUGENIO RUIZ-GALVEZ PRIEGO	141	0	0	141	0	0	0	0	141	143	0
EDUARDO PARAJA QUIROS	44	0	0	44	0	0	0	0	44	46	0
<b>TOTAL</b>	<b>2,718</b>	<b>0</b>	<b>0</b>	<b>2,718</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,718</b>	<b>2,705</b>	<b>0</b>

D.2 Describe the relationship between the remuneration of Directors and results or other benchmarks for measuring the company's performance, explaining, as appropriate, how changes in the company's performance may have influenced the variation in Directors' remuneration.

The Managing Director receives annual variable remuneration (a bonus) depending on the degree of compliance with the established goals.

The Managing Director also participates in the Company's Long-Term Incentive Schemes.

In 2014, the variable remuneration accrued to the Managing Director is linked to compliance with goals in accordance with the Group's value creation.

The Company's Long-Term Incentive Schemes measure value creation, which is established as the variation in EBITDAs in the reference period. The variation in debt in the years measured by the schemes shall be deducted from this variation.

D.3 Disclose the result of the consultative vote at the General Shareholders' Meeting on the Annual Report on Director Remuneration, indicating the number of votes against, if any:

	Number	% of total
<b>Votes cast</b>	479,305,159	77.67%

	Number	% of votes cast
<b>Votes against</b>	456,356	0.10%
<b>Votes in favour</b>	478,848,803	99.90%
<b>Abstentions</b>	0	0.00%

## **E** OTHER RELEVANT INFORMATION

If there are any relevant aspects of Directors' remuneration at 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 remuneration structure and practices of the company in respect of its Directors, briefly outline them.

Not applicable.

This Annual Remuneration 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.

Yes

No