

## APPENDIX I

### ANNUAL REPORT ON REMUNERATION OF DIRECTORS OF LISTED CORPORATIONS

#### COMPANY PROFILE OF THE ISSUER

<b>DATE OF RELEVANT FISCAL YEAR-END</b>	31/12/2016
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<b>C.I.F. [V.A.T. No.]</b>	A-28430882
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<b>BUSINESS NAME</b>
PROSEGUR, COMPAÑIA DE SEGURIDAD, S.A.

<b>BUSINESS NAME</b>
PAJARITOS 24, MADRID

## **A** COMPANY POLICY ON REMUNERATION FOR THE CURRENT YEAR

A.1 Explains the Company's remuneration policy. This section will include information on:

- General principles and fundamentals of the remuneration policy.
- The most important changes made to the remuneration policy in relation to those applied during the previous fiscal year, as well as amendments made during the year to the conditions of exercising options already awarded.
- Criteria used and composition of the groups of comparable companies whose remuneration policies have been examined in order to establish the company's own remuneration policy.
- Relative importance of variable remuneration items compared to fixed items and criteria followed to determine the different components of the remuneration package for directors (mix of remuneration).

### **Explain the remuneration policy.**

The principals and fundamentals are listed in sections 3 to 5 of Article 22 of the Company's articles of association, referring to the Directors' remuneration in the following terms:

"22.3. The position of Director is compensated. Remuneration for Directors will consist of an annual fixed allocation and daily allowance for attendance of each session of the Company's Board of Directors and Committees. The remuneration the Company can pay to its Directors as a whole must not exceed the maximum quantity set aside for this purpose at the General Shareholders Meeting..."

22.5. Independent of the remuneration set out in the previous sections derived from belonging to the Board of Directors, the Directors who perform other executive or advisory functions in the Company, regardless of the nature of their relationship with said company, will have the right to receive the agreed remuneration for performing said functions (...)"

Structure of remuneration:

- Fixed amount: the Director has the right to receive a fixed amount based on the roles he or she performs as part of the Board and their Committees.
- Daily attendance allowances: the Directors have the right to be paid certain amounts as allowances for attendance of both Board of Director meetings and meetings of the Executive Committee and consulting or Monitoring Commission (Auditory Commission and Appointments and Remuneration Committee).

Changes: No important changes have been made to the structure of the remuneration policy.

Criteria: Furthermore, Article 28 of the Board of Director's regulation establishes that the Board will ensure that the Director's remuneration is moderated on the basis of market requirements and, where applicable and if deemed appropriate, that a part will be linked to Company profits. Similarly, with regard to external Directors, Article 29 of the cited regulation states that the Board of Directors and the Appointments and Remuneration Committee will take all practicable steps to ensure that remuneration of the external Directors is adjusted to certain guidelines.

Relative importance of the variable remuneration items in relation to fixed items: Only the Managing Director has variable remuneration as detailed in section A4.

A.2 Information on the preparatory work and decision-making process followed to determine the remuneration policy and role performed, in this case, by the Remuneration Committee and other supervisory bodies in shaping the remuneration policy. This information will include, where appropriate, the mandate and composition of the Remuneration Committee and the identity of the external advisors used to set out the remuneration policy. Equally the nature of any directors involved in setting out the remuneration policy will be expressed.

### Explain the process for setting out the remuneration policy

Preparatory tasks:

1st) The Appointments and Remuneration Committee meets once a year to prepare the Annual Report on Remuneration of Directors. Through said report, the Board of Directors proposes the system and amount of annual remuneration for directors for the current year, its application to the previous fiscal year and to future fiscal years.

2nd) The Board of Directors approves remuneration of the Board of Directors for the current fiscal year and the Annual Report on Remuneration of Directors in separate Agenda items. An example of said report duly completed by the Secretary is deposited at the Secretariat of the Company.

3rd) Once the Board approves the Annual Report on Remuneration of Directors, the Board proposes advisory approval of said report to the General Shareholders Meeting as a separate Agenda item.

4th) Finally, the Annual Report on Remuneration of Directors is submitted to the General Shareholders Meeting for advisory approval.

No mandate has been given to any external consultant with regard to the remuneration policy.

From 2017 the Committee for Appointments and Remuneration will be composed of the following members:

Chair

Pedro Guerrero Guerrero (Independent Director)

Members Helena Irene Revoredo Delvecchio (Proprietary Director)

Isidro Fernández Barreiro (Other External Director)

Eugenio Ruiz-Galvez Priego (Independent Director)

Fernando Vives Ruiz (Independent Director)

Non-member Secretary

Miguel Ángel Bandrés Gutiérrez

A.3 Indicate the amount and nature of fixed elements, with breakdown, where appropriate, of remuneration for senior management functions performed by executive directors, additional remuneration as president or member of any board committee, of the daily allowance for belonging to the board and its committees or other fixed remuneration as director, as well as an estimation of the annual fixed remuneration arising therefrom. Identify other benefits not paid in cash and the fundamental parameters for which they are conferred.

### Explain the fixed components of the remuneration

At their meeting on 28 June 2010, the Prosegur General Shareholders Meeting agreed to fix, for the fiscal year 2010 and following years, the maximum amount of fixed annual remuneration that the Company can pay to its Directors in their capacity as such, as well as the maximum remuneration for executive Directors in their capacity as such.

In compliance with said limit, remuneration of the Directors for their activities as such and membership of Board committees remained fixed as the following amounts for the fiscal year 2017:

- Board of Directors: fixed remuneration of 79,500 euros and daily allowance of 1,850 euros, for the Chair and for Members.
- Auditing Committee: fixed remuneration of 33,750 euros for the Chair and 25,000 euros for Members; both roles have a daily allowance of 1,850 euros.
- Appointments and Remuneration Committee: fixed remuneration of 17,850 euros for the Chair and 14,700 euros for Members; both roles have a daily allowance of 1,400 euros.

In addition, the following fixed remuneration was established:

- Chief Executive Officer\*: 749,752 euros
- Chair: 470,596 euros.
- Vice-chair: 157,500 euros.

\* If the IPO of Prosegur Cash, S.A. is conducted and with effect from the date of admission to trading of its shares on the Spanish stock exchanges, it is proposed that the remuneration of the CEO can be distributed between the two companies (i.e. Prosegur Compañía de Seguridad, S.A. and Prosegur Cash, S.A.)

A.4 Explain the amount, nature and main features of the variable components of the remunerative systems.

In particular:

- Identify each of the remunerative plans that the directors benefit from, their scope, approval date, implementation date, validity period and main characteristics: In the case of plans involving stock options and other financial tools, the general features of the plan will include information on the conditions for exercise of said options or financial tools for each plan.
- Indicate any remuneration for participation in income or premiums, and the reason these are given.
- Explain the fundamental parameters and the foundation of any system of annual bonuses.

- The categories of directors (executive directors, external proprietary directors, external independent directors or other external directors) who are beneficiaries of the remunerative systems or plans which incorporate variable remuneration.
- The basis of said variable remuneration systems or plans, criteria chosen to evaluate performance, and components and evaluation methods to determine whether said evaluation criteria have been met and an estimation of the overall amount of the variable remuneration that would arise from the current remuneration plan, based on the extent of compliance of the hypotheses or objectives it takes as its reference.
- Where appropriate, information will be given on deferral periods or deferred payment established and/or periods of retention of stock or other financial tools, if they exist.

**Explain the variable components of the remuneration systems**

Only the Managing Director has variable remuneration for a theoretical amount of 500,000 euros. The procurement of said variable by the Managing Director is directly related to the degree of Value Creation achieved by the Group, based on the set goal for the fiscal year. The amount of variable remuneration is determined at the close of each fiscal year on the basis of the percentage of annual fixed remuneration. Selection of these goals is made by taking into account relevancy for the Company, both in its different areas of business and different geographical areas, as well as sustainable Value Creation. The Appointments and Remuneration Committee approves the degree of Value Creation achieved and the variable remuneration derived from this.

Furthermore, the Managing Director participates in the long-term incentives plan called 2015-2017 Plan approved by the General Shareholders Meeting on 28 April 2015. Said 2015-2017 Plan is linked to the 2015-2017 strategic plan and is measured by the Group's Value Creation, calculated on the basis of change in the EBITA during the period analysed minus change in the debt level during the same period. The 2015-2017 Plan has a vesting period of three years.

If the IPO of Prosegur Cash, S.A. is conducted and with effect from the date of admission to trading of its shares on the Spanish stock exchanges, it is proposed that the remuneration of the CEO can be distributed between the two companies (i.e. Prosegur Compañía de Seguridad, S.A. and Prosegur Cash, S.A.)

- A.5 Explain the principal features of the long-term savings systems, including retirement and any other survivor's benefit, financed in part or in full by the company, whether internal or external staff, with an estimate of the amount or equivalent annual cost, indicating the type of plan, whether it is a contribution or a benefit, the conditions for consolidating the financial rights in favour of the directors and their compatibility with any type of compensation for early cancellation or termination of the contractual relationship between the company and the director.

Also indicate the contributions in favour of the director for pension plans with set contribution; or the increase in the vested rights of the director, when it comes to contributions to set benefit plans.

**Explain the long-term savings systems**

N/A

- A.6 Indicate any termination payments agreed or paid in the event of termination of the director's functions.

**Explain the termination payments**

No specific notice periods have been established for termination of the relationship of the Executive Directors with the company, nor have termination payments or redundancy payouts for the cancellation or termination of said relationship been established.

- A.7 Indicate the conditions the contracts of those who exercise senior management roles as executive directors must comply with. Among other matters, information will be given on the duration, limits and amount of termination payments, permanency clauses, notice periods and pay as a substitute for said notice period, and any other clauses relating to contracting bonuses, as well as termination payments or redundancy pay for early cancellation or termination of the contractual relationship

between the company and the executive director. Include, among other things, the pacts or agreements on non-competition, exclusivity, permanence or loyalty and post-contractual non-competition.

**Explain the conditions of the contracts of the executive directors**

N/A

A.8 Explain any additional remuneration accrued by the directors as payment for services rendered other than those inherent to their role.

**Explain the supplementary remuneration**

N/A

A.9 Indicate any remuneration in the form of advances, credits and guarantees given, with an indication of the interest rate, main features and any amounts returned, as well as the obligations assumed by them by way of guarantee.

**Explain the advances, credits and guarantees given**

N/A

A.10 Explain the main features of the remuneration in kind.

**Explain the remuneration in kind**

Life Insurance premium for the Chair and the Managing Director, as well as other items amounting to 57,267 euros in total during 2016. For 2017 said remuneration in kind will be maintained in similar terms.

A.11 Indicate the remuneration accrued by the director by virtue of the payments that the listed company makes to a third party in which the director performs services, when said payments are intended to remunerate the services carried out by the director in the company.

**Explain the remuneration accrued by the director by virtue of the payments that the listed company makes to a third party in which the director performs services**

N/A

A.12 Any item of remuneration other than those previously mentioned, whatever its nature or the entity of the group paying it, especially when it may be considered a related-party transaction or its issue distorts the true image of the total remuneration accrued by the director.

**Explain the other items of remuneration**

N/A

A.13 Explain the actions taken by the company in relation to the remuneration system to reduce exposure to excessive risks and adjust it to the long-term aims, values and interests of the company, which will include, where appropriate, a reference to: measures intended to ensure that the remuneration policy takes care of the long-term results of the company, measures that establish a suitable balance between the fixed and variable components of the remuneration, measures adopted with regard to those categories of staff whose professional activities have a material impact on the risk profile of the entity, formulas or recovery clauses to be able to claim for the return of the variable components of the remuneration based on the results when said

components have been paid due to data whose inaccuracy has subsequently been manifestly demonstrated and measures intended to avoid conflicts of interest, where appropriate.

#### Explain the actions taken to reduce risks

The variable remuneration of the Managing Director, both annual and the long-term variable incentive, is linked to the Group's Value Creation, according to the concrete aims for each fiscal year, established by agreement of the Board of Directors and recommended by the Appointments and Remuneration Committee. The degree to which objectives are achieved and therefore the amount accrued will be decided by the Appointments and Remuneration Committee at the close of each fiscal year. In the event the Managing Director, for whatever reason, gives up his role before the close of the fiscal year, he will lose all rights to the annual payment of the variable from said fiscal year. At the Company's request, the Managing Director agrees to return the amount corresponding to any variable annual remuneration received when it is proven that the payment was not adjusted to the established performance conditions or when the payment was made due to data whose inaccuracy is subsequently proven.

## **B PLANNED REMUNERATIVE POLICY FOR FUTURE FISCAL YEARS**

Repealed.

## **C GLOBAL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED DURING THE CLOSED FISCAL YEAR**

C.1 Briefly explain the main features of the structure and remunerative items of the remuneration policy applied during the closed fiscal year, which calls for the details of the individual remuneration accrued by each of the directors named in section D of this report, as well as a summary of the decisions taken by the board regarding application of said items.

#### Explain the structure and remunerative items of the remuneration policy applied during the fiscal year

During the fiscal year 2016, the remuneration corresponding to the Directors for their activities as such (i.e. aside from any activity as executives) was structured, within the legal and statutory framework, in accordance with the following criteria and remunerative items, within the maximum limit set to this effect by the General Shareholders Meeting, in compliance with the provisions in Article 22 of the articles of association:

1. Fixed amount
2. Daily attendance allowances.

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

Remuneration structure for the executive Directors for executive functions exercised during 2016:

Aside from remuneration as Directors, the Chair, the Vice-Chair and the Managing Director received the corresponding remuneration for exercising their executive functions, which has the following structure:

1. Fixed remuneration: for the Chair, the Vice-Chair and the Managing Director.
2. Short-term variable remuneration (annual): The Managing Director also receives a variable annual remuneration (bonus) based on the degree to which objectives are met.
3. Long-term variable remuneration: The Managing Director also participates in the Company's Long-Term Incentive Plans.
4. Life insurance and other insurance: for both executive Directors.

**D DETAILS OF THE INDIVIDUAL REMUNERATION ACCRUED BY EACH OF THE DIRECTORS**

Name	Typology	Accrual period fiscal year 2016
FERNANDO DORNELLAS SILVA	Independent	From 27/04/2016 to 31/12/2016.
ISIDRO FERNANDEZ BARREIRO	Other External	From 01/01/2016 to 31/12/2016.
EUGENIO RUIZ-GALVEZ PRIEGO	Independent	From 01/01/2016 to 31/12/2016.
PEDRO GUERRERO GUERRERO	Independent	From 01/01/2016 to 31/12/2016.
HELENA REVOREDO DELVECCHIO	Proprietary	From 01/01/2016 to 31/12/2016.
CHANTAL GUT REVOREDO	Proprietary	From 01/01/2016 to 31/12/2016.
CHRISTIAN GUT REVOREDO	Executive	From 01/01/2016 to 31/12/2016.
FERNANDO VIVES RUIZ	Independent	From 01/01/2016 to 31/12/2016.
EDUARDO PARAJA QUIROS	Independent	From 01/01/2016 to 27/04/2016.
MIRTA MARIA GIESSO CAZENAVE	Proprietary	From 01/01/2016 to 27/04/2016.

D.1 Complete the following tables on individual remuneration of each of the directors (including remuneration for exercising executive functions) accrued during the fiscal year.

a) Remuneration accrued in the company which is the subject of this report:

i) Remuneration in cash (in thousands of €)

Name	Salaries	Fixed remuneration	Daily allowances	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership of the Board's Committees	Termination payments	Other items	Total year 2016	Total Year 2015
HELENA REVOREDO DELVECCHIO	471	40	15	0	0	8	0	32	566	619
CHRISTIAN GUT REVOREDO	739	40	18	500	0	27	0	25	1,349	1,338
ISIDRO FERNANDEZ BARREIRO	0	197	27	0	0	48	0	0	272	297
CHANTAL GUT REVOREDO	0	40	14	0	0	8	0	0	62	117
MIRTA MARIA GIESSO CAZENAVE	0	10	1	0	0	0	0	0	11	44

Name	Salaries	Fixed remuneration	Daily allowances	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership of the Board's Committees	Termination payments	Other items	Total year 2016	Total Year 2015
EUGENIO RUIZ-GALVEZ PRIEGO	0	40	26	0	0	55	0	0	121	142
EDUARDO PARAJA QUIROS	0	10	1	0	0	0	0	0	11	44
PEDRO GUERRERO GUERRERO	0	40	24	0	0	52	0	0	116	148
FERNANDO DORNELLAS SILVA	0	27	8	0	0	0	0	0	35	0
FERNANDO VIVES RUIZ	0	40	18	0	0	22	0	0	80	105

## ii) Remuneration system based on stocks

CHRISTIAN GUT REVOREDO 2015-2017 Plan												
Implementation Date	Ownership of options at the start of the fiscal year 2016					Options assigned during the fiscal year 2016						
	No. Options	Affected stocks	Strike price (€)	Fiscal year period		No. Options	Affected stocks	Strike price (€)	Fiscal year period			
28/04/2015	956,856	956,856	4.70	2015 to 2017		0	0	0.00	N/A			
Conditions: Not applicable												
Stocks delivered during the fiscal year 2016			Options exercised during the fiscal year 2016				Expired stock options not exercised	Options at the end of the fiscal year 2016				
No. of Stocks	Price	Amount	Strike price (€)	No. Options	Affected stocks	Benefit Gross (€m)	No. Options	No. Options	Affected stocks	Strike price (€)	Fiscal year period	
0	0.00	0	0.00	0	0	0	0	956,856	956,856	4.70	2015 to 2017	
Other exercise requirements: Not applicable												

## iii) Long-term savings systems

**b) Remuneration accrued by the directors of the company for membership of boards of other companies in the group:**

**i) Remuneration in cash (in thousands of €)**

Name	Salaries	Fixed remuneration	Daily allowances	Short-term variable remuneration	Long-term variable remuneration	Remuneration for membership of the Board's Committees	Termination payments	Other items	Total Year 2016	Total Year 2015
HELENA 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
ISIDRO FERNANDEZ BARREIRO	0	0	0	0	0	0	0	0	0	0
CHANTAL GUT REVOREDO	0	0	0	0	0	0	0	0	0	0
MIRTA MARIA GIESSO CAZENAVE	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
PEDRO GUERRERO GUERRERO	0	0	0	0	0	0	0	0	0	0
FERNANDO DORNELLAS SILVA	0	0	0	0	0	0	0	0	0	0
FERNANDO VIVES RUIZ	0	0	0	0	0	0	0	0	0	0

**ii) Remuneration system based on stocks**

**iii) Long-term savings systems**

### c) Summary of remuneration (in thousands of €)

The summary must include all the amounts corresponding to all the remuneration items included in this report which have been accrued by the director, in thousands of euros.

In the case of the long-term Savings Systems, the contributions or endowments made to this type of system will be included:

Name	Remuneration accrued in the Company				Remuneration accrued in the companies in the group				Totals		
	Total Remuneration in cash	Amount of the options granted	Gross profit of the options exercised	Company total for fiscal year 2016	Total Remuneration in cash	Amount of stocks delivered	Gross profit of the options exercised	Group Total for Fiscal Year 2016	Total for Fiscal Year 2016	Total for Fiscal Year 2015	Contribution to the savings systems during the fiscal year
HELENA REVOREDO DELVECCHIO	566	0	0	566	0	0	0	0	566	619	0
CHRISTIAN GUT REVOREDO	1,349	0	0	1,349	0	0	0	0	1,349	1,338	0
ISIDRO FERNANDEZ BARREIRO	272	0	0	272	0	0	0	0	272	297	0
CHANTAL GUT REVOREDO	62	0	0	62	0	0	0	0	62	117	0
MIRTA MARIA GIESSO CAZENAVE	11	0	0	11	0	0	0	0	11	44	0
EUGENIO RUIZ-GALVEZ PRIEGO	121	0	0	121	0	0	0	0	121	142	0
EDUARDO PARAJA QUIROS	11	0	0	11	0	0	0	0	11	44	0
PEDRO GUERRERO GUERRERO	116	0	0	116	0	0	0	0	116	148	0
FERNANDO DORNELLAS SILVA	35	0	0	35	0	0	0	0	35	0	0
FERNANDO VIVES RUIZ	80	0	0	80	0	0	0	0	80	105	0
<b>TOTAL</b>	<b>2,623</b>	<b>0</b>	<b>0</b>	<b>2,623</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,623</b>	<b>2,854</b>	<b>0</b>

**D.2 Report on the relationship between the remuneration obtained by the directors and the results or other performance measurements of the entity, explaining, where appropriate, how changes in the company's performance were able to influence the variation in remuneration of the directors.**

Only the Managing Director has variable remuneration for a theoretical amount of 500,000 euros. The procurement of said variable by the Managing Director is directly related to the degree of Value Creation achieved by the Group, based on the set goal for the fiscal year. The amount of variable remuneration is determined at the close of each fiscal year on the basis of the percentage of annual fixed remuneration. Selection of these goals is made by taking into account relevancy for the Company, both in its different areas of business and different geographical areas, as well as sustainable Value Creation. The Appointments and Remuneration Committee approves the degree of Value Creation achieved and the variable remuneration derived from this. Furthermore, the Managing Director participates in the long-term incentives plan called 2015-2017 Plan approved by the General Shareholders Meeting on 28 April 2015. Said 2015-2017 Plan is linked to the 2015-2017 strategic plan and is measured by the Group's Value Creation, calculated on the basis of change in the EBITA during the period analysed minus change in the debt level during the same period. The 205-2017 Plan has a vesting period of three years.

**D.3 Report on the result of the general assembly's consultative vote on the remuneration of the previous fiscal year, indicating the number of negative votes cast:**

	Number	% of the total
<b>Votes cast</b>	544,650,425	88.68%

	Number	% of the total
<b>Negative votes</b>	1,202,118	0.22%
<b>Votes in favour</b>	543,328,717	99.76%
<b>Abstentions</b>	119,590	0.02%

**E OTHER INFORMATION OF INTEREST**

If there is any relevant aspect regarding the subject of remuneration of the directors which we have been unable to collect in the other sections of this report, but which must be included in order to collate more complete and reasoned information on the remunerative structure and practices of the company with regard to its directors, detail these in brief.

N/A

This annual remuneration report has been approved by the Company's board of directors, at their meeting on 30/01/2017.

State whether there were directors who voted against or who abstained from approving this Report.

Yes [ ]

No [X]